AGF Total Return Bond Class

AGF | Investments

Fund Commentary

Q2 | 2026

Morningstar Category	Inception Date	Portfolio Managers
Global Core Plus Fixed Income	April 18, 2016 (Series MF) April 18, 2016 (Series F)	**AGF Investments Inc.** **Tom Nakamura**, VP, Head of Fixed Income & Currencies & Portfolio Manager

Market Overview

The global economy was characterized by divergent growth trajectories during the reporting period, driven by the geopolitical conflict in the Middle East and energy price shocks. In the United States, the Gross Domestic Product growth rate for the first-quarter of 2026 rose to 2.1%, while the labour market remained broadly stable and the unemployment rate declined slightly to 4.2% in June. Headline inflation rose to 4.2% in May on higher energy prices, and continues to hold above the U.S. Federal Reserve's (Fed's) 2% target rate. The Fed held its federal funds rate steady in the 3.50% to 3.75% range, but signaled a commitment to price stability and indicated a more hawkish tilt. The Eurozone economy shrank by 0.1% in the first quarter, however, the European Central Bank prioritized sticky inflation by lifting its policy rate by 25 basis points to 2.4% in June. Canadian economic growth stalled in the first calendar quarter of 2026, but early data is projecting a rebound in the second quarter. The Bank of Canada held its interest rate steady at 2.25% to balance recessionary risks against elevated energy costs.

The Bank of Japan raised its policy rate by 25 bps to a 31-year high of 1% in June, to manage persistent energy cost pressures on production and employment. Emerging market (EM) returns were strongly positive across asset classes over the quarter, supported by higher real yields and improving policy frameworks. South Korea and Taiwan benefited from their positioning in artificial intelligence driven value chain trade, while Brazil, Mexico and Argentina benefitted from the trade in commodities and near-shoring of supply chains.

Global bond markets delivered positive returns during the period, primarily due to a combination of lower yields in select economies, and strong corporate credit fundamentals resulting in tightening credit spreads. U.S. Treasury yields faced upward pressure from higher inflation and tighter monetary policies from select major central banks. Within fixed income markets, credit sectors outperformed sovereign bonds, due to compression of credit spreads, rising yields along with resilient corporate fundamentals, and the negative impact of record government borrowing on sovereign debt. Global investment-grade (IG) underperformed high-yield (HY) corporate bonds, on a relative basis, as a risk on environment favored higher beta categories.

Additionally, floating-rate loans, which was the second highest performing category, generated positive returns by capturing higher coupon income amid rising Treasury yields, completely insulated from interest rate risk.

Fund Overview | June 30, 2026

Annualized Performance in CAD, Net of Fees	3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	PSD+
AGF Total Return Bond Class - Series MF^	1.8%	4.2%	3.7%	0.4%	1.3%	1.4%
AGF Total Return Bond Class - Series F^	2.1%	5.1%	4.6%	1.2%	2.1%	2.3%
Benchmark*	3.1%	5.9%	7.7%	2.1%	3.4%	3.8%

Source: AGF Investments. One cannot invest directly in an index. **Past performance is not indicative of future results.** ^Effective April 30, 2025, AGF Investments LLC is a subadvisor to AGF Total Return Bond Class. *40% Bloomberg Global High-Yield Bond Index (Hedged to CAD) / 40% Bloomberg Emerging Markets Bond Index (Hedged to CAD) / 20% Bloomberg Global Aggregate Index. On March 1, 2021, AGF Total Return Bond Class benchmark changed from a blended index of 40% Bloomberg Emerging Markets Aggregate Index / 40% Bloomberg Global High-Yield Index / 20% Bloomberg Global Aggregate Bond Index to a blended index of 40% Bloomberg Emerging Markets Aggregate Index (CAD-hedged)/ 40% Bloomberg Global High-Yield Index (CAD-hedged)/ 20% Bloomberg Global Aggregate Bond Index. The benchmark change was applied from that date forward. Series MF MER: 1.79%, Series F MER: 0.96%, as of March 31, 2026. +Performance Start Date (PSD): April 28, 2016 (Series MF); May 2, 2016 (Series F). Benchmark PSD reflects the PSD of Series MF.

The AGF Total Return Bond Class (Series MF) underperformed the blended benchmark during the quarter. Security selection was the primary contributor, while category allocation detracted from performance during the period.

Within Corporate Bonds, the Fund's overweight allocation to Investment Grade bonds was a detractor, while the underweight allocation to High Yield bonds was also a detractor. However, selection effects within High Yield Bonds contributed to performance.

Moreover, the Fund's underweight allocation to Government Related Bonds (Agency, Local Authority, MBS, Sovereign, Supranational, Treasury) was a detractor from overall performance, while selection effects contributed. An underweight allocation to Government owned bonds contributed the most, while an overweight allocation to Supranational government bonds detracted the most. Furthermore, security selection within Supranational bonds contributed.

Lastly, Currency and Foreign Exchange management detracted from performance over the reporting period. The Fund's overweight position to the Turkish Lira and to the South African Rand contributed to performance, while an overweight position to the Canadian dollar and underweight position to the U.S. Dollar detracted.

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Market Outlook

The Fund Manager remains selective with a disciplined strategy focused on quality issuers of government and corporate bonds with strong fundamentals and capable of supporting debt servicing, along with a focus on tactical duration management. Corporate debt with prudent leverage and disciplined capital allocation continues to reinforce investor confidence, supported by financial discipline, transparency, and reliable income and attractive relative value across investment-grade and select high-yield sectors. Elevated yields relative to historical norms continue to offer a more attractive total return profile, while also helping bonds to better act as an equity market hedge.

Global monetary policy may diverge in the upcoming year, owing to the resilience in the labour market and higher-than-expected economic growth in the U.S., while inflation pressures and geopolitical uncertainty could negatively impact other developed market economies. We expect interest rates in Canada to be dependent on economic growth, considering the central banks' willingness to look through the initial inflationary pressures resulting from higher energy prices. The Fund Manager remains vigilant of the impact of rising global sovereign debt along with the potential for a continuation of geopolitical tensions.

Series F securities can be purchased under the simplified prospectus only through a registered dealer who has obtained consent of AGF to offer Series F securities.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in share or unit value and reinvestment of all dividends or distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

MER as of March 31, 2026. AGFI may, in its discretion, temporarily waive some or all of the expenses of the Fund, which will result in a reduction in the MER. AGFI may cease to offer any such waiver at any time without notice.

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