

An aerial night view of a city with lights reflecting on the ground. A large, white, curved wing or structure is visible in the foreground, extending from the right side towards the center. The sky is dark with some light clouds. The city lights are concentrated in the lower half of the image, with a large body of water visible in the center.

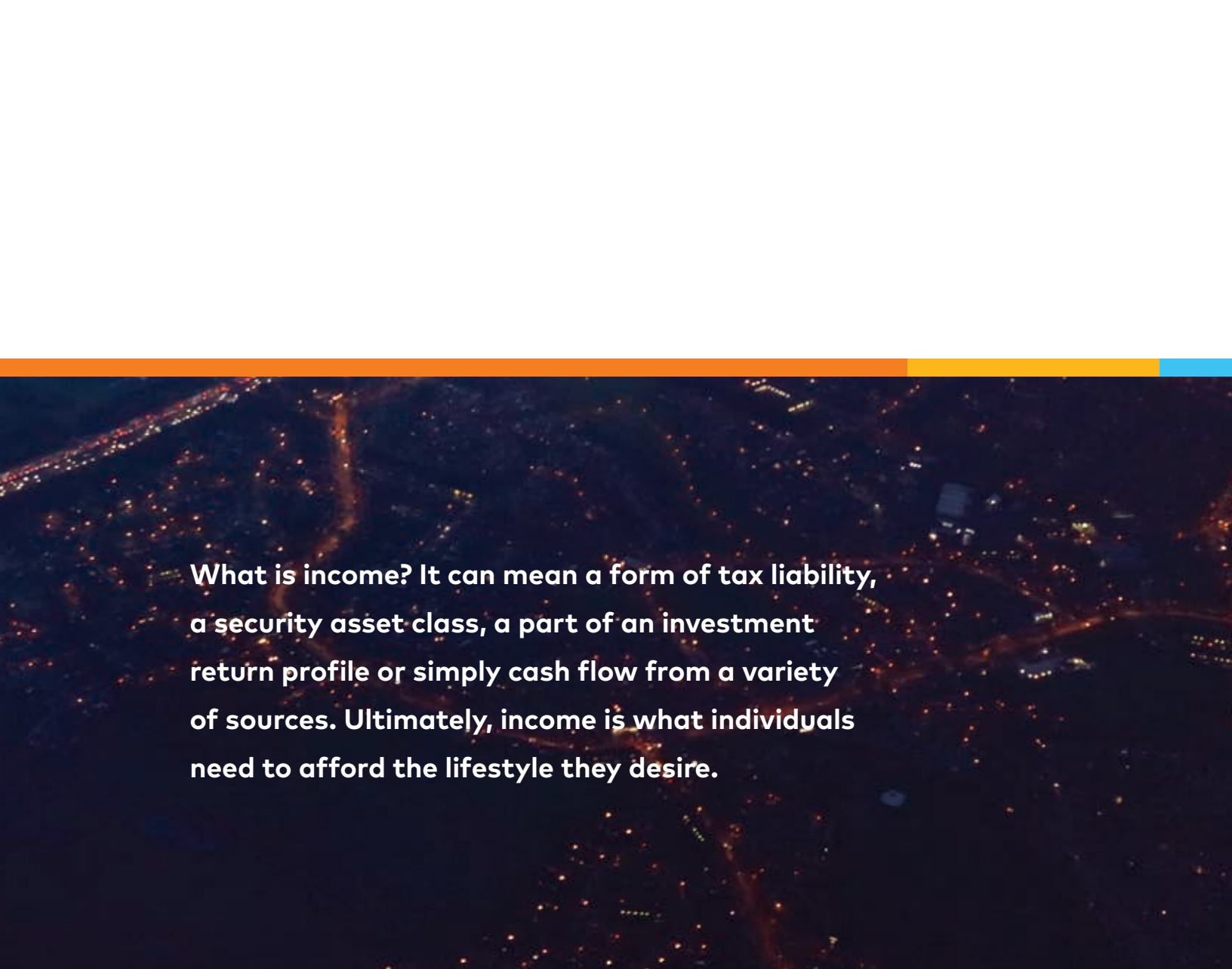
AGF INCOME

Beyond uncertainty lies a world full of opportunity

Protecting future income and growth with a global perspective





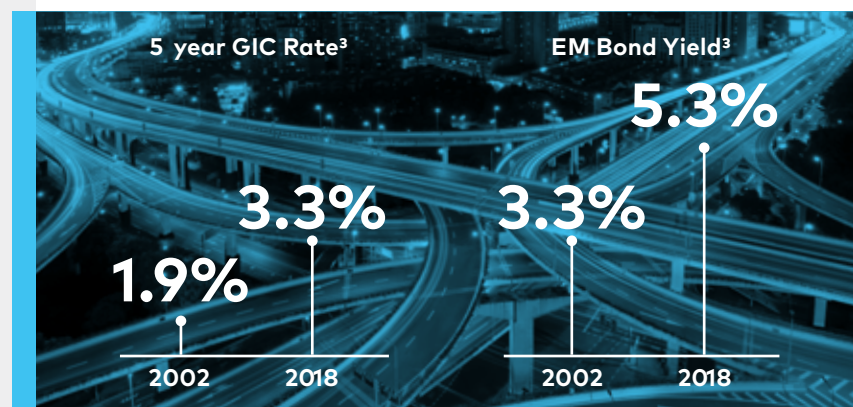


What is income? It can mean a form of tax liability, a security asset class, a part of an investment return profile or simply cash flow from a variety of sources. Ultimately, income is what individuals need to afford the lifestyle they desire.

To achieve this outcome, there are many investment factors that need to be considered. Probably the most critical factor is yield. Yield can help improve an investment's total return profile, cushion an investment portfolio in times of volatility or directly fund a retirement income plan. Finding yield, however, has been a challenge.

Market Headwinds

Investors face a number of headwinds when considering an investment strategy that can generate the yield they need to meet their financial goals. Taking an active approach to generating yield can help investors manage through these headwinds:



¹ Source: Bloomberg from November 30, 2002 to November 30, 2018.

Developed countries selected based on their relative economic size in relation to other developed nations.

² Source: Morningstar Research Inc. as at November 30, 2018.

Returns are based in local currencies.

³ Source: GIC Rates - Statistics Canada; EM Bond Rates: Morningstar Research Inc. based on MSCI EM Index, weighted yield to maturity as at November 30, 2018.

For illustration and educational purposes only. Not to be construed as investment advice. All indices referenced above are unmanaged and unavailable for direct investing.

Constrained Yields

We've been in a sustained period of falling rates that have only recently begun to tick upwards in North America. However, we won't likely see the heights reached prior to the 2008 Financial Crisis.



Bonds

In the face of constrained yields, the need for strong core fixed income solutions plus yield diversifiers are becoming increasingly important.

Rising Rates

The U.S. Fed and Bank of Canada have begun increasing interest rates and there are indications that this trend will likely continue. Rising rates tend to have an inverse relationship with the prices of traditional fixed income investment solutions.



Equities

Increasing exposure to quality dividend paying equity solutions can help mitigate the risk of rising rates while providing greater sources of yield.

Risk/Reward Inconsistency

As interest rates continue to rise, investments with inherently less risk begin to look more attractive. But some perspective is important as there exists the potential for a high opportunity cost to locking in at today's rates instead of participating as yields continue to rise.



Alternative Sources

Alternative sources of income can come from a specialized sector, a different approach to dividend growth or broader exposure to global debt securities.

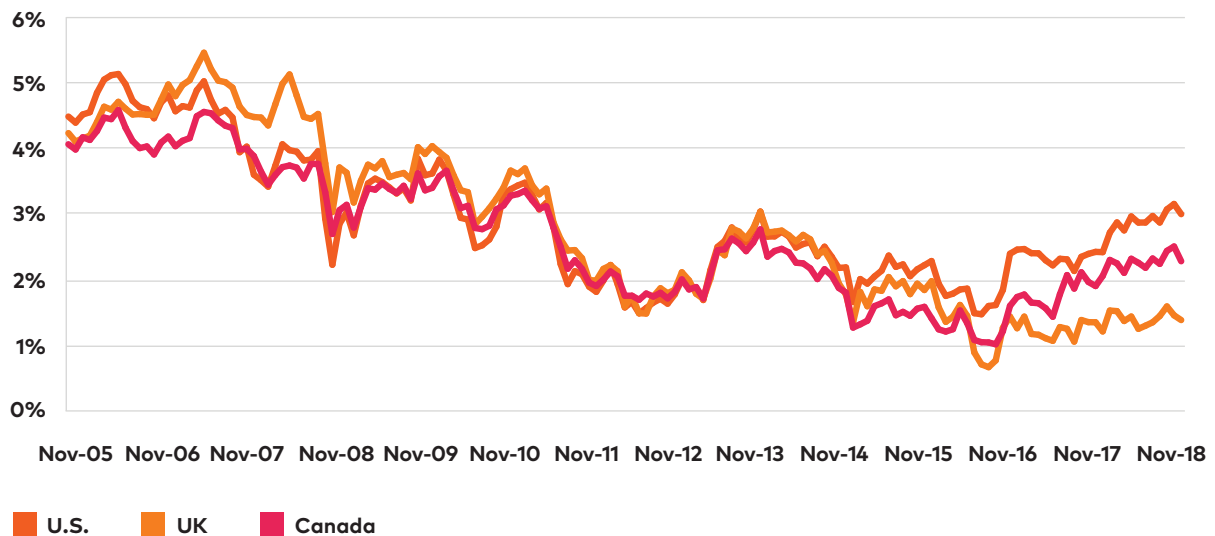
Bonds



The need for stable domestic core fixed income has not necessarily diminished. However, to combat constrained yields, combining strong core fixed income with diversified sources of yield can help portfolios provide a more comfortable risk/return profile while still participating in a rising market.

Generating Yield Continues to Be a Challenge

Developed Markets 10-Year Government Bond Yields



Source: Bloomberg from November 30, 2005 to November 30, 2018. Developed countries selected based on their relative economic size in relation to other developed nations.

Portfolio Solutions:

100%

Hedged back to the C\$

AGF Fixed Income Plus Fund

Over 20% exposure to higher yielding fixed income

AGF Total Return Bond Fund/Class

Broad exposure to global fixed income

AGFiQ Enhanced Core Global Multi-Sector Bond ETF (QGB)

Factor-based approach to global fixed income

Taking an Active Approach to Fixed Income

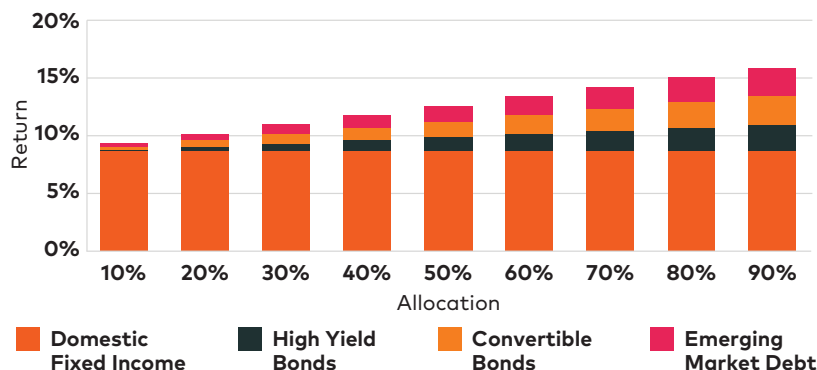
Focusing on domestic bonds can be a good strategy for certain investors. However, in order to increase yield potential and combat a changing rate environment, an active, diversified approach to fixed income is increasingly necessary to mitigate risk and increase risk-adjusted returns.

Like Equities, Fixed Income Diversification is Becoming Increasingly Important

2010	2011	2012	2013	2014	2015	2016	2017
Real Return +11.09%	Real Return +18.35%	Global HY Bonds +16.96%	Convertible Bonds +24.70%	U.S. Bonds +15.52%	Convertible Bonds +21.58%	Global HY Bonds +10.32%	U.S. Bonds +9.61%
Global HY Bonds +8.83%	DM Bonds +12.62%	EM Bonds +15.33%	Global HY Bonds +14.53%	EM Bonds +14.20%	EM Bonds +21.47%	U.S. Bonds +6.91%	Convertible Bonds +8.43%
CAD Corp. Bonds +7.34%	U.S. Bonds +10.51%	Convertible Bonds +10.06%	FR Loans +12.35%	Real Return +13.18%	U.S. Bonds +20.59%	FR Loans +6.35%	CAD Corp. Bonds +3.38%
EM Bonds +6.95%	CAD Gov't Bonds +10.20%	FR Loans +7.24%	U.S. Bonds +4.55%	Convertible Bonds +12.96%	FR Loans +19.11%	EM Bonds +6.08%	Global HY Bonds +3.18%
CAD Gov't Bonds +6.51%	EM Bonds +9.62%	CAD Corp. Bonds +6.22%	Global Bonds +3.94%	FR Loans +10.75%	Global HY Bonds +16.67%	CAD Corp. Bonds +3.73%	CAD Gov't Bonds +2.18%

Source: Morningstar Research Inc. as at November 30, 2018, based on the 5-year annualized rate of return. Real Return by FTSE Canada Real Return Bond, Global HY Bonds by Bloomberg Barclays Capital Global High Yield TR C\$, CAD Corp. Bonds by FTSE Canada All Corp Bond, EM Bonds by Bloomberg Barclays Capital EM USD Aggregate TR USD, CAD Gov't Bonds by FTSE Canada All Government Bond, U.S. Bonds by Bloomberg Barclays Capital US Agg Bond TR USD, DM Bonds by S&P Global Developed Sovereign Bd TR USD, Convertible Bonds by ICE BofAML Global 300 Convertible Bond TR USD, FR Loans by S&P/LSTA Leveraged Loan TR.

Historical Impact of Greater Fixed Income Diversification



The addition of a variety of fixed income solutions to a core fixed income portfolio has the potential to increase risk-adjusted returns.

Source: Morningstar Research Inc. as at November 30, 2018, based on the 5-year annualized rate of return. Domestic Fixed Income represented by FTSE TMX Canada Universe Bond Index, High Yield by Bloomberg Barclays Capital Global High Yield TR Index (USD), Convertible Bonds by ICE BofAML Global 300 Convertible Bond TR Index (USD), Emerging Market Debt by Bloomberg Barclays Capital EM Aggregate TR Index (USD).

AGF High Yield Bond Fund

90% exposure to high yield corporate bonds

AGF Global Convertible Bond Fund

100% allocation to convertible corporate bonds

AGF Global Bond Fund

Over 80% investing in global government bonds

AGF Floating Rate Income Fund

85% exposure to term loans

Data is as at December 31, 2018. Portfolio holdings and market exposure may change at any time due to ongoing portfolio transactions. For complete information about an investment fund managed by AGF Investments, please refer to the funds' simplified prospectus and/or Fund Facts or ETF Facts (as applicable) which are available on www.AGF.com.

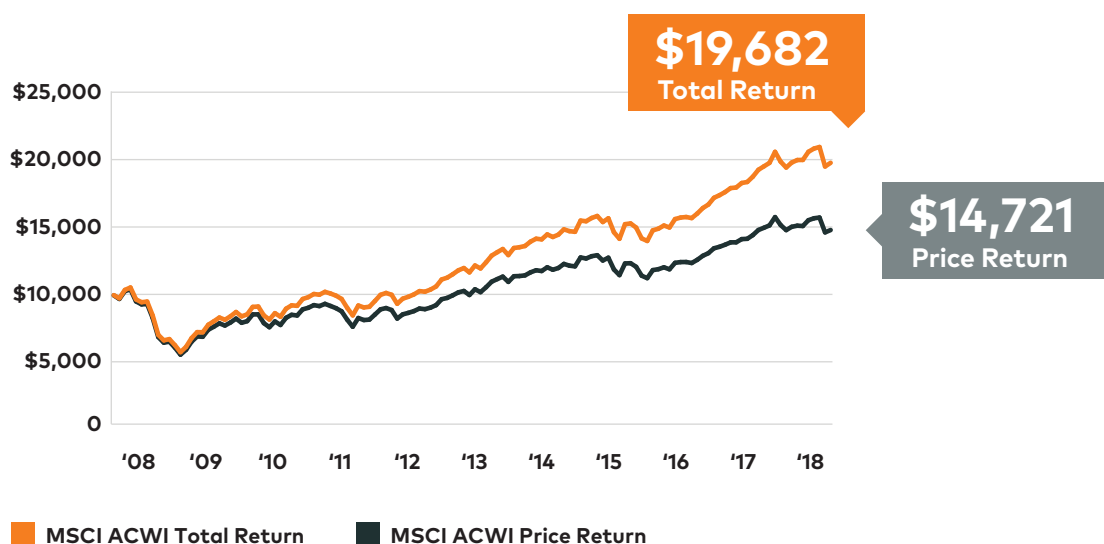
Equities



Increasing exposure to quality dividend paying equity solutions can help mitigate the effects of rising rates and provide greater sources of yield.

Dividends Can Be Additive to an Investment Portfolio's Total Return Profile

Growth of \$10,000 of the MSCI ACWI - Total Return vs. Price Return



Source: Morningstar Research Inc. as at November 30, 2018. Returns are based in local currencies.

Portfolio Solutions:

AGF Global Strategic Balanced Fund

Global dividend exposure matched with diversified fixed income

AGF Canadian Large Cap Dividend Fund

Combination of dividends and capital growth from Canadian companies and interest income

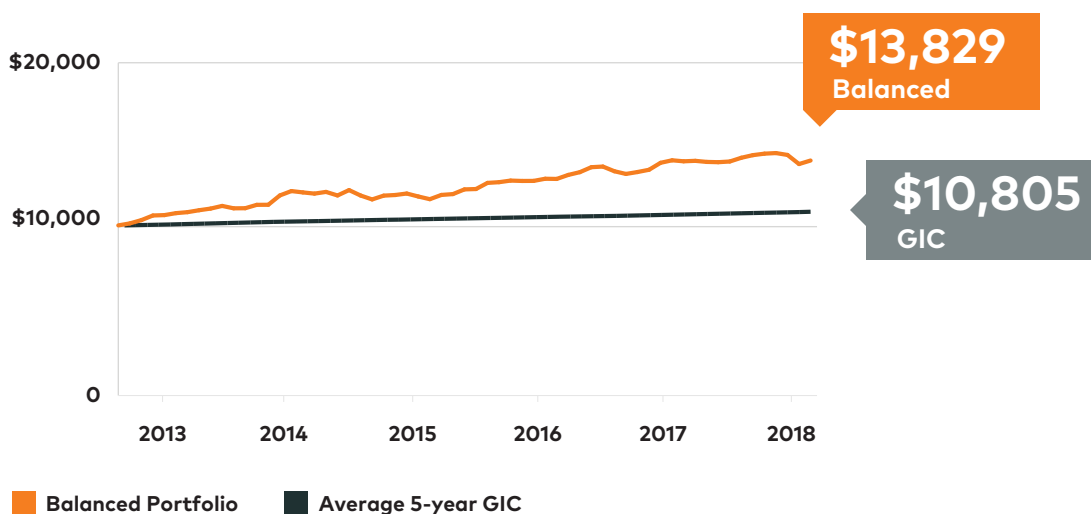
AGF Emerging Markets Balanced Fund

Complete exposure to the emerging markets

Locking in to Today's Rates Can Reduce Future Growth Potential

Seeking exposure to a diversified set of yield solutions has the potential to provide capital appreciation while ensuring continued market participation.

Rolling 5-year Returns - GICs vs. a Balanced Portfolio



Source: Morningstar Research Inc, as at November 30, 2018. Rolling 5-year Return based on an investment of \$10,000 – GICs vs. Balanced Portfolio (40% bonds (30% FTSE Canada Bond Universe Index/10% Bloomberg Barclay Capital Global Aggregate Bond index (C\$)), 60% Equity (30% S&P/TSX Composite TR Index, 15% S&P500 (C\$), 15% MSCI EAFE Index (C\$)). Mutual funds, unlike GICs, are not insured by the Canada Deposit Insurance Corporation or any other deposit insurer, nor guaranteed by any entity.

AGF Tactical Income Fund

Domestic balanced portfolio with some global exposure

AGFiQ Dividend Income Fund

100% invested in Canadian dividend-paying companies; 0-1% cash at any given time

AGF Global Dividend Class/Fund

100% exposure to global dividend-paying companies

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Alternative Sources

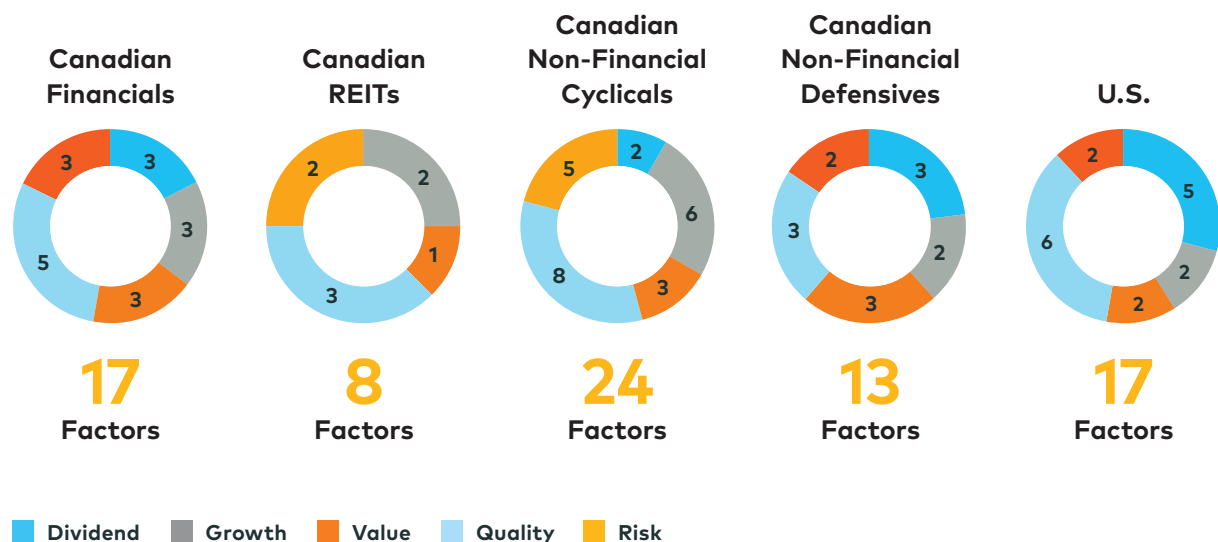


Alternative sources of income can come from a specialized sector, such as listed infrastructure, a different approach to achieving dividend growth or identifying sources of income that go beyond domestic markets. These investment vehicles can provide investors with the ability to further broaden their sources of yield and increase their potential to generate return in almost any market environment.

Taking a Factor-based Approach to Finding Dividend-Paying Companies

Traditionally, the focus has tended to be on a company's ability to pay out a dividend or the priority placed on paying out a dividend. However, not enough focus is placed on the factors that can help predict ongoing dividend growth. There are more than 250 factors that have the potential to predict dividend growth over time. Reducing that number down to the factors or combination of factors that have this necessary predictive power has become a new challenge.

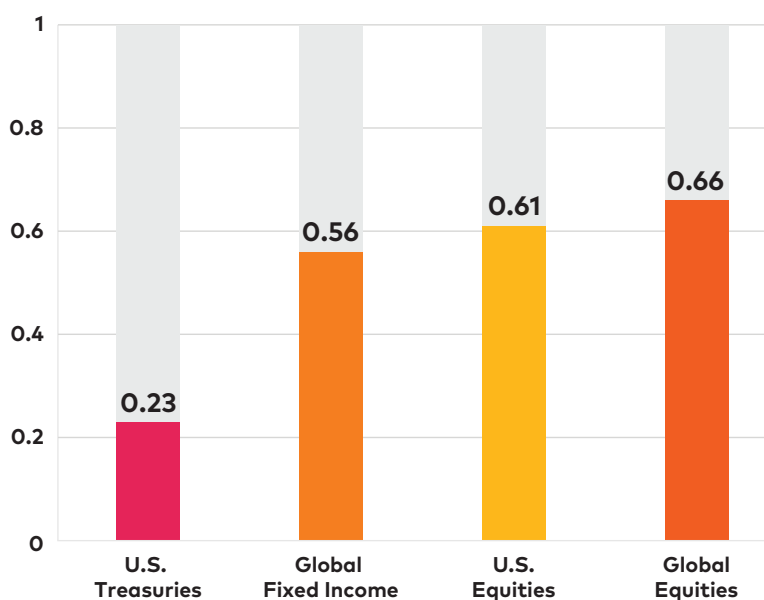
AGFiQ's investment team uses a proprietary model to isolate over 40 factors of various yield sectors that can help determine a company's propensity to pay or grow their dividends.



Source: Bloomberg LP; AGFiQ as at November 30, 2018. Data based on quintile rankings of average factor returns during six-month periods when the U.S. 10-year treasury was rising/falling.

A Historical Look at Listed Infrastructure

5-year Correlation to Global Infrastructure

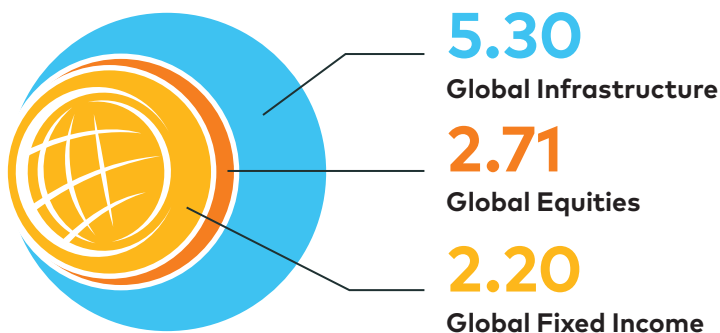


This asset class tends to be less correlated to traditional asset classes, providing the potential for greater yields and risk-adjusted returns.

Source: Morningstar Research Inc, as at December 31, 2018. Global Fixed Income represented by Bloomberg Barclays Capital Global Aggregate Index, U.S. Treasuries by Bloomberg Barclays Capital Aggregate Bond Treasury TR Index, U.S. Equities by S&P 500 TR Index, Global Equities by MSCI World Index, Global Infrastructure by Dow Jones Brookfield Global Infrastructure Index. All indexes in USD unless otherwise stated.

Attractive Yields

Listed infrastructure may offer higher dividend yields due to greater predictability of long term cash flows.



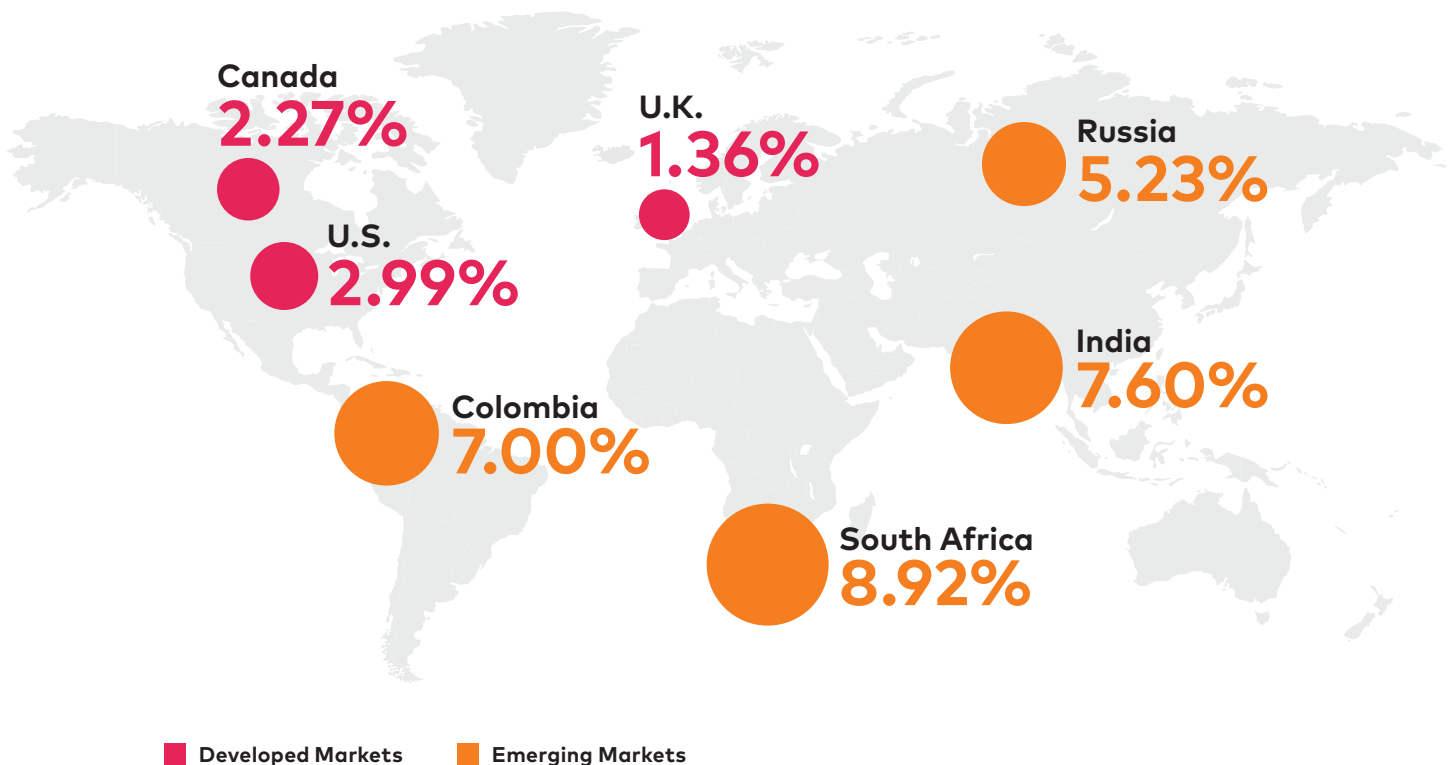
Source: Morningstar Research Inc, as at December 31, 2018. Global Infrastructure represented by Dow Jones Brookfield Infrastructure TR Index (USD), Global Equities by MSCI ACWI NR Index (USD) and Global Fixed Income by Bloomberg Barclays Capital Global Aggregate Bond TR Index (USD).

Alternative Sources

Emerging Market Bonds

Locking into a set return, though it appears safe, has the potential for greater loss when you learn that as rates rise, a variety of securities have the potential to increase their return potential. Looking at yields around the world, we see greater opportunity in emerging markets.

10-year Government Bond Yields



Source: Bloomberg as at November 30, 2018.

Portfolio Solutions:

AGFiQ Dividend Income Fund

100% invested in Canadian dividend-paying companies;
0-1% cash at any given time

AGFiQ Enhanced Global Infrastructure ETF (QIF)

100% exposure to companies that relate to infrastructure spending

AGF Emerging Markets Bond Fund

100% invested in emerging market debt

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AGF Income Solutions

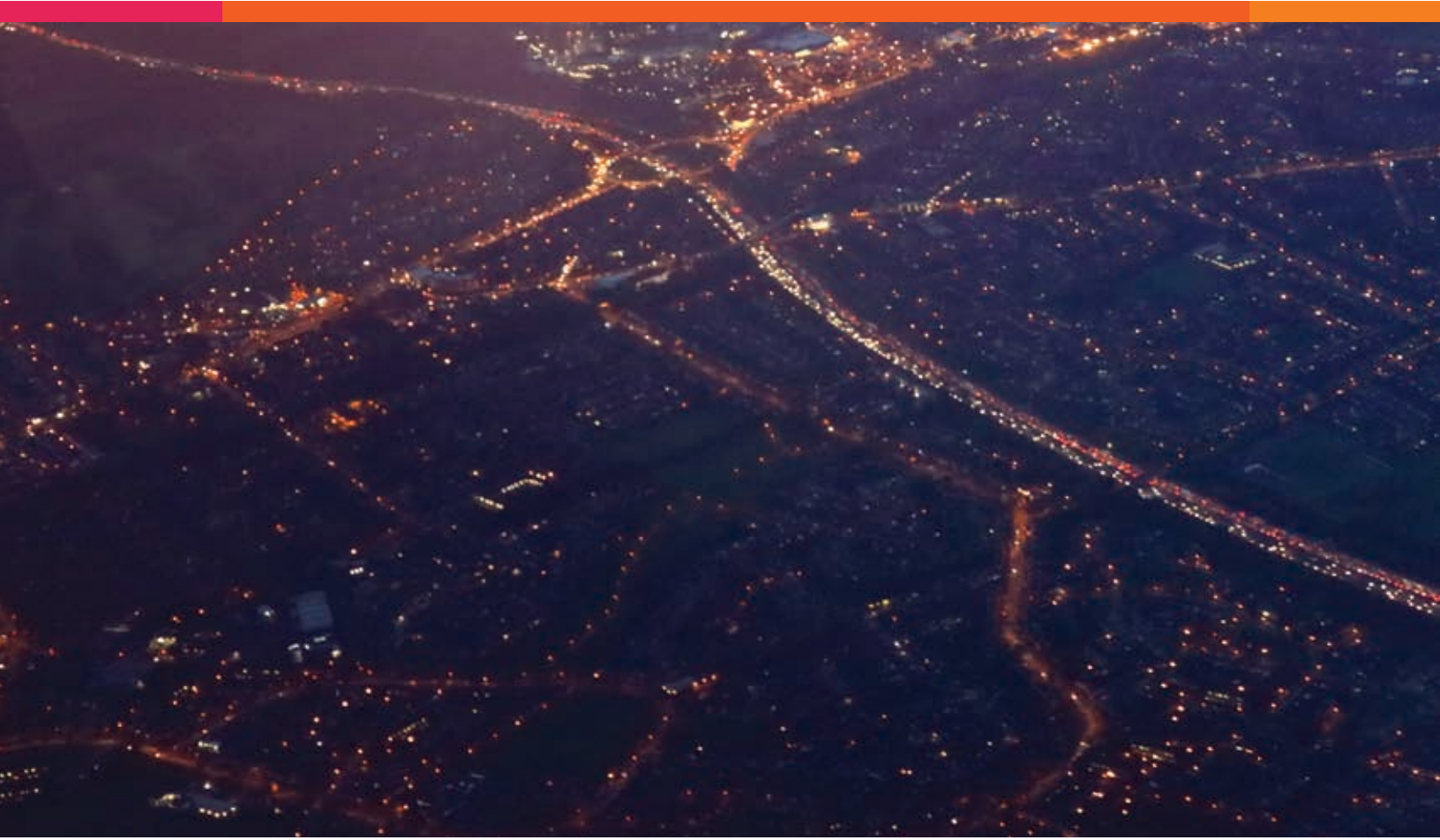
Bonds	Equities	Alternative Sources
AGF Fixed Income Plus Fund	AGF Income Focus Fund	AGFiQ Dividend Income Fund
AGF Total Return Bond Fund/Class	AGF Diversified Income Fund	AGFiQ Enhanced Global Infrastructure ETF (QIF)
AGFiQ Enhanced Core Global Multi-Sector Bond ETF (QGB)	AGF Tactical Income Fund	AGF Emerging Markets Bond Fund
AGF Global Bond Fund	AGF Global Strategic Balanced Fund ⁵	
AGF Global Convertible Bond Fund	AGF Emerging Markets Balanced Fund	
AGF High Yield Bond Fund ⁴	AGFiQ Dividend Income Fund ⁶	
AGF Floating Rate Income Fund	AGF Canadian Large Cap Dividend Fund/Class	
	AGF Global Dividend Fund/Class	
AGF Equity Income Focus Fund		
AGF Elements Yield Portfolio/Class ⁷		
AGF Strategic Income Fund		
AGFiQ MultiAsset Income Allocation ETF (QMY)		

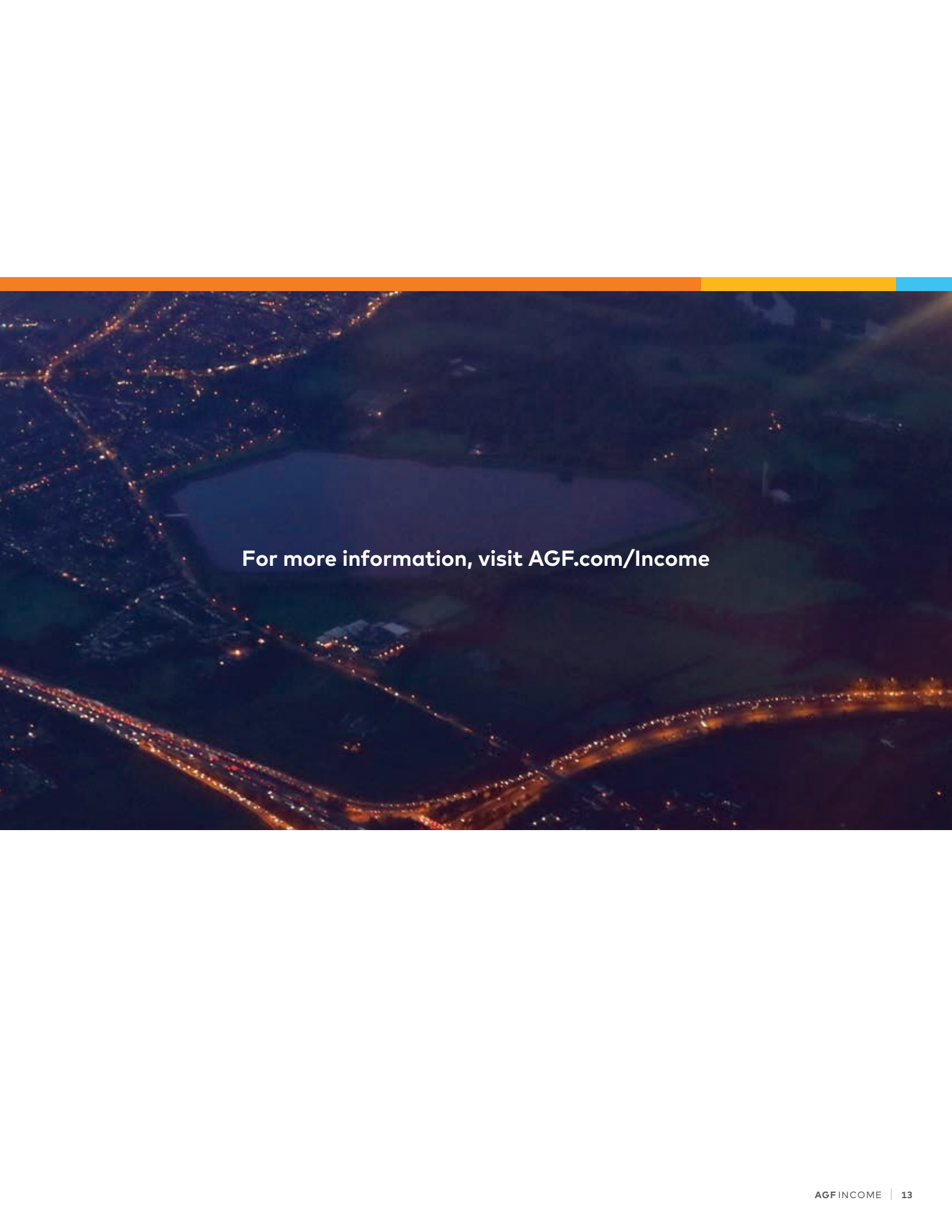
⁴ On April 10, 2012, unitholders approved a change in the investment objective providing the Fund with greater flexibility to invest in high-yield bonds issued or guaranteed by corporations around the world.

⁵ AGF Global Balanced Fund was renamed AGF Global Strategic Balanced Fund effective April 26, 2018.

⁶ AGF Dividend Income Fund was renamed AGFiQ Dividend Income Fund effective April 26, 2018.

⁷ For more information regarding the underlying funds, please refer to AGF.com/Funds. For up-to-date information, visit AGF.com/Elements.



An aerial night photograph of a city. A large, dark lake is the central feature. The city lights are visible around the lake and along the roads. The image is dark, with the city lights providing the primary illumination. A horizontal bar with orange, yellow, and blue segments is at the top of the page.

For more information, visit [AGF.com/Income](https://www.agf.com/Income)

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Publication Date: January 21, 2019.