Conflicts of Interest Disclosure Statement

In this document, when you see the terms **we**, **us**, **our**, or **AGFI**, these all refer to AGF Investments Inc.

What is a conflict of interest?

A conflict of interest is any situation where the interests of any two parties are inconsistent or divergent. For example, a conflict of interest may arise where:

- AGFI or our employees may be influenced to put our interests ahead of yours;
- your trust in AGFI or our employees may be compromised, because of either monetary or non-monetary benefits that are available to us or our employees, or potential detriments to which either we or our employees may be subject; or
- there are differing interests among our clients, which may result in preferential treatment for some in the operation and management of their account.

We assess the materiality of a conflict based on the circumstances and whether the conflict may reasonably be expected to affect any or all of your decisions, our decisions and/or the decisions of our employees.

As a portfolio manager, an exempt market dealer and a mutual fund dealer[1], we may occasionally face conflicts between our interests and those of our clients, between the interests of our employees and those of our clients, or between the interests of one client and those of another.

How do we handle conflicts of interest?

AGFI has policies and procedures in place to identify existing and reasonably foreseeable material conflicts of interest and ensure that such material conflicts of interest are always (i) addressed in your best interest or (ii) avoided if they cannot be addressed in your best interest. AGFI manages material conflicts of interest through a range of administrative and organizational processes to maintain logical and physical segregation by business area, preserve the highest level of confidentiality, (which includes restricting information flows) and ensure independence in our activities, all of which are designed to safeguard the interests of our clients.

Specifically, we respond to material conflicts of interest in the following ways:

- We avoid them – naturally, this includes all material conflicts that Canadian securities legislation prohibits, but it also includes those that we cannot effectively manage, mitigate or address in your best interest
- We control them – we are able to manage and mitigate a number of material conflicts through internal controls, such as policies and procedures, review processes, reporting and oversight committees
- We disclose them – throughout this document, we cover the various material conflicts of interest that we have identified. We discuss the nature and extent of each conflict, including providing examples where helpful. We outline the potential impact of each conflict on you and the risk that each could pose to you. We also explain how we have either already addressed each conflict or how we will do so

[1] Restricted to distributing affiliated mutual funds to a limited group of investors. Not a member of the Mutual Fund Dealers Association of Canada.

To help manage conflicts or the appearance of conflicts, AGFI employees must confirm annually that they have complied with AGF Management Limited's Code of Business Conduct and Ethics (the "**Code**"). The Code addresses and enforces AGF Management Limited ("**AGF**") and its subsidiaries' commitment to the maintenance of high standards of conduct and professionalism in all employee dealings on behalf of AGFI.

In addition, we act as an investment fund manager to publicly offered Canadian mutual funds (the "**AGF Mutual Funds**") and Canadian ETFs (collectively, the "**AGF Funds**"). Each of the AGF Funds has an Independent Review Committee ("**IRC**"). The IRC reviews and advises on AGF Funds' "conflict of interest matters"[2]. We manage the conflicts of interest we have as the investment fund manager in the best interest of the AGF Funds and based upon either the approval or recommendation from the IRC of the AGF Funds.

By providing you with this Conflict of Interest Disclosure Statement, we are ensuring that you are adequately informed about material conflicts of interest so that you are able to independently assess how they may affect the products and services we provide.

Related and Connected Issuers/Related Registrants

We are the investment fund manager and trustee of the AGF Funds, all of which are issuers of securities. As such, we are, or may be deemed to be, related or connected to the AGF Funds. We also provide investment management services to certain of the AGF Funds and our subsidiaries and affiliates may also provide investment management services to the AGF Funds. We are also the investment fund manager and trustee of AGFI pooled funds and Highstreet branded pooled funds that are sold pursuant to an offering memorandum. As an exempt market dealer and mutual fund dealer, we distribute certain of the AGFI pooled funds and AGF Mutual Funds directly to institutional clients. The Highstreet branded pooled funds are distributed exclusively by our subsidiary, Highstreet Asset Management Inc. ("**Highstreet**"). A potential conflict of interest may arise when clients invest in securities of these related or connected issuers, as we might benefit from those investments through increased management fees. Where AGFI recommends an investment in an AGF Mutual Fund or AGFI pooled fund, AGFI will disclose its relationship or connection to such fund or other connected issuer to the client and receive the client's written consent to the investment.

Lists of these related and connected issuers and related registrants are included in the AGFI Client Disclosure Document – you would have received a copy of this document at the time of opening your account, and updated versions annually thereafter and when there is a material change. One of these issuers is AGF, a publicly listed company whose non-voting class securities are listed on the TSX (AGF.B). We are wholly owned by AGF.

We have the following controls in place to address these conflicts:

- We do not act as an advisor in respect of the publicly traded securities of AGF;
- In accordance with applicable Canadian securities legislation, our AGF Funds are permitted to invest in securities of other funds that are related or connected issuers – known as a "fund on fund investment" – but we ensure that there is no duplication of management fees for the same service; and
- We collect internal semi-annual certifications to attest that there has been no duplication of management fees for the same service due to fund on fund investments.

[2] "Conflict of interest matters" and the role of the IRC are governed by National Instrument 81-107 *Independent Review Committee for Investment Funds*.

There may be another potential conflict of interest due to some of our officers and/or directors also serving as officers and/or directors of other AGF related entities. As a result, they may have access to information related to those other entities and may be in a position to benefit from that information.

We have the following controls in place to address this conflict:

- All such potential situations require internal corporate approvals, and we also complete regulatory disclosure and obtain Canadian securities regulatory approval where required;
- Ethical wall arrangements are in place to limit the internal exchange of information; and
- At various times of the year, we enact "blackout" periods, where we prohibit certain employees with access to confidential information from trading in securities of AGF.

Certain of AGF's subsidiaries provide regulated services and are registered in Canada and/or in foreign jurisdictions. The following are all considered related registrants of AGFI:

- AGF Investments America Inc. ("**AGFA**") and AGF Investments LLC ("**AGFUS**"), each a registered investment adviser with the U.S. Securities and Exchange Commission ("**SEC**");
- AGF International Advisors Company Limited, an entity regulated in Ireland and registered in Australia;
- Doherty & Associates Ltd. and Highstreet, each a subsidiary of AGFI and registered as a portfolio manager and exempt market dealer in Canada;
- Cypress Capital Management Ltd., a subsidiary of AGFI and registered as a portfolio manager and investment fund manager in Canada;
- Cypress Capital Management US Limited, a subsidiary of Cypress Capital Management Ltd. and a registered investment adviser with the SEC; and
- AGF Securities (Canada) Limited ("**AGFSC**"), a Canadian order-execution-only securities dealer and introducing broker supervised by the Investment Industry Regulatory Organization of Canada.

(collectively, the "**Related Registrants**")

We are also related to another registered entity, Priviti Capital Corporation, which, as a result of an equity stake held by AGF, is also considered related.

The Related Registrants are all separate legal entities that carry on their businesses independently. Certain of these entities may provide advisory services to AGF Funds. Our investment management personnel provide portfolio management and research services to clients of AGFUS through a participating affiliate arrangement and AGFA obtains all of its investment advisory services from individuals employed by us. AGFSC is a non-advising, order-execution-only broker that does not market its investment dealer services generally to the public and does not make any investment recommendations to its clients or Related Registrants. AGFSC currently does not provide any trade execution services to us or any other Related Registrant.

AGFI and all of our Related Registrants have arrangements with AGF and/or AGFI in respect of the sharing of certain non-advisory or non-dealer support services, such as compliance, legal, finance and accounting.

We monitor material conflicts of interest situations resulting from any of the above relationships according to applicable regulatory requirements and design internal policies to protect the clients' best interests. Each Related Registrant maintains its own policies and procedures to address these and other potential conflicts of interest situations that may arise in the normal course of providing their services to clients. Each entity has its own independent monitoring and oversight processes in respect of its policies and procedures.

Proprietary Products

In the course of providing our dealing activities, we may distribute securities to you that we also manage:

- The AGF Mutual Funds are a family of mutual funds, offered under a simplified prospectus, that are available via registered dealers to the general public. We may distribute institutional series of the AGF Mutual Funds to institutional clients.
- The AGFI pooled funds are prospectus-exempt funds, which we offer under an offering memorandum to eligible investors. We may distribute these pooled funds, from time to time, to certain eligible investors.

Collectively, we refer to all of these securities as "proprietary products". Lists of these proprietary products are included in the AGFI Client Disclosure Document – you would have received a copy of this document at the time of opening your account, and updated versions annually thereafter and when there is a material change.

In each case, we act as the investment fund manager to these proprietary products, which means that we are responsible for the operation of the funds, including hiring portfolio managers to manage each fund's portfolio. In most cases, we are also the portfolio manager, which means that we provide investment management services to the fund. To the extent we can access information for comparable products, we perform periodic due diligence on comparable (non-proprietary) products in the market and evaluate whether the proprietary products are competitive with the alternatives available in the market.

Since we only distribute proprietary products, the suitability determination that we and our employees conduct may not consider the larger market of non-proprietary products or whether those non-proprietary products would be better, worse or equal in meeting your investment needs and objectives.

In some cases, we may act as the portfolio manager to a segregated account that invests only in our proprietary products. In those cases, the client is aware of and has approved the investment policy statement as we will not consider the larger market of non-proprietary products when allocating for these types of segregated accounts.

Conflicts of Interest Relating to AGFI Personnel

The Code and AGFI's related policies and procedures establish basic principles for employee conduct, which, among other things, prohibit an employee from:

- disclosing confidential information acquired in the course of their work regarding the activities of AGFI, including AGFI's clients;
- accepting gifts that could influence their ability to exercise objective and independent business judgement; or
- engaging in any business transaction that would place their personal interest ahead of AGFI's interests.

Personal Trading

A potential conflict of interest could arise when our employees buy or sell securities in their own personal investment accounts. Some employees have access to and use confidential information as part of their day-to-day responsibilities, either about our clients' accounts specifically or about our trading strategies generally. Other employees may not use such information in their roles but may (or potentially may) have access to it. Without appropriate controls, an employee could use this confidential information for personal gain – for example, by trading in a security before we trade it in client accounts and potentially receiving a better price on that trade (also known as "front running").

To ensure that the best interests of our clients are placed ahead of employees' personal interests and to avoid any actual or perceived conflicts of interest with respect to personal trading, AGFI has established a Code of Ethics for Personal Trading (the "**Personal Trading Code**"). The Personal Trading Code requires that all employees that are identified as having access, or potential access, to client trading information (i.e., an access person) are required to pre-clear personal trades to avoid conflicts with client trading. In addition, we have a system of controls to reconcile all access person trading to certifications and broker statements.

Outside Business Activities

A potential conflict of interest could arise when any of our employees conduct other business activities not related to their responsibilities at AGFI. These activities could take many forms, including, but not limited to:

- volunteering;
- political participation;
- operating an independent business;
- serving as an officer or a board member for a not-for-profit organization, private company or public company; or
- financial involvement with other companies or external organizations outside AGF.

Outside business activities may (or may be perceived to) compromise the employee's independence, cause confusion for our clients or interfere with the employee's ability to perform their job responsibilities.

Our primary control to address this conflict is our Non-AGFI Activities Approval Process, which includes the employee providing full disclosure of the intended activities, followed by multiple levels of review and approval and a determination of whether the outside activities present a conflict of interest for the employee before we allow an employee to engage in those activities. Additionally, any individuals who are registered with a Canadian securities regulatory authority are required to receive regulatory approval and provide ongoing disclosure of any changes.

Conflicts of Interest Relating to Investment Advisory Activities

The following sets out existing and reasonably foreseeable material conflicts of interest that may arise in AGFI's capacity as a portfolio manager to institutional clients, the AGFI pooled funds, the Highstreet pooled funds and the AGF Funds (hereinafter referred to as "clients").

Fair Allocation of Investment Opportunities

A potential conflict of interest could arise when determining how to allocate investment opportunities across client accounts, both in terms of which clients will participate and the extent to which they will participate. For example, without appropriate controls in place, a portfolio manager could choose to allocate trades that receive better prices to clients who pay higher fees on their accounts or with whom they have a personal relationship of some kind. As a result, clients who did not receive those better prices may ultimately experience poorer performance or miss out on some investment opportunities.

We have a number of controls in place, as set out in our Fair Allocation Policy, designed to ensure that we treat all accounts fairly:

- Our portfolio managers must submit all investment orders through our trade order management system. Each order is approved, time stamped and recorded on the order blotter. Assuming there are no restrictions on a given order, we bulk together all purchases and sales for the same security (regardless of the account or fund) in a block trade.
- When a block trade is only partially filed, we base the allocation of the execution price and the commissions on the proportion of the original time-stamped orders. Where different brokers fill

an entire block at once or at essentially the same time, we allocate the average price and commissions on the entire block across all bulked orders.

- We typically allocate the filled amount across the original orders on a pro-rata basis. Sometimes, there may be a cap on the number of securities available that is beyond the control of our portfolio managers – in the case of treasury issues or hot issues, for example. When that occurs, we will allocate the total number of securities we receive across all of the participating portfolios so that we treat portfolios fairly based on the significance of that transaction to the mandates of those portfolios.

Other controls we have in place include periodic reviews, reports and certifications by our portfolio managers and traders to attest to fair allocation of investment opportunities across client accounts.

Best Execution

Best execution is defined as the most advantageous execution terms reasonably available under the circumstances. This includes such factors as price, speed of execution, certainty of execution and the overall cost of the transaction. A potential conflict of interest could arise in parts of that process such as selecting the broker to execute the trade – in the event an employee allowed their own personal bias to affect that decision, best execution for the client may not be achieved.

AGFI's Best Execution and Broker Selection Policy (the "**Best Execution Policy**") sets out the framework for execution of all investment transactions, to ensure that we continually adhere to both best execution principles and applicable regulatory requirements. Under the Best Execution Policy, we engage a third-party service provider with expertise and access to global market trade information to conduct a quarterly analysis and assessment of trade costs for all AGFI client assets. The assessment considers several factors and provides us with the information needed to assess the relative performance of our trading team with respect to best execution.

In addition, all trading employees are required to certify quarterly that they have been in compliance with the Best Execution Policy.

Soft Dollars

A potential conflict of interest could arise around the practice known as "soft dollars". This refers to directing the transactions of client accounts to specific brokers in return for goods and services beyond order execution. There would be an inherent conflict in any situation where a client pays more than the lowest possible commission rate, or where a firm conducts excessive trading in a client's account to generate a large amount of soft dollar credits. Commissions paid by one client might also result in goods and services for the benefit of other clients.

Our primary control to address this conflict is the AGFI Use of Client Commissions (Soft Dollar) Policy (the "**Soft Dollar Policy**"). The Soft Dollar Policy requires that the goods and services we receive must be used to assist with trading/investment decisions we make on our clients' behalf – which we call "Permitted Services" – and that clients derive reasonable benefit from the use of such Permitted Services. Examples of Permitted Services include trading or modelling software, market data, research and trading advice, all of which directly assist in the investment decision-making process.

While the Permitted Services may not always directly or exclusively benefit the client whose commissions paid for them, over time, all clients whose commissions were involved in securing the Permitted Services must ultimately receive a fair and reasonable benefit.

We undertake quarterly reviews and reporting of all soft dollars generated and services received. All trading employees are also required to certify quarterly that they have been in compliance with the Soft Dollar Policy.

Fees and Valuation Practices

As we charge our clients fees for our advisory services based upon the market value of a client's account, a potential conflict of interest could arise with respect to valuing the investments in our investment funds and institutional client accounts. While determining the value of a given security is often straightforward, there are certain situations – private investments and other unlisted securities, illiquid securities, etc. – where determining the value can be more complicated. An inflated valuation could help to attract investors to a fund, or result in investors or clients being overcharged management fees.

Our primary control to address this conflict is the AGFI Valuation and Accounting Policy (the "**Valuation Policy**"), which mandates our approach to determining a value for all types of securities. A copy of the Valuation Policy is available upon request. As part of the Valuation Policy, we also have a Valuation Committee that is comprised of members that are independent of our portfolio management responsibilities. The Valuation Committee approves the valuation of all illiquid and private securities on at least a monthly basis.

Trade Errors

A potential conflict of interest could arise when either one of our employees or the executing broker makes an error in executing a portfolio trade. Errors could result from a trade of the wrong security, a trade in the wrong direction (for example, a purchase instead of a sale), a trade being outside the price instructions provided, a trade for the wrong quantity of securities, a trade being placed in the wrong account, or a trade order being duplicated.

We address this conflict via the AGFI Trade Error Policy, to ensure that we remedy trade errors in the best interest of our clients. When an employee identifies a trade error, they must notify our Trade Error Committee immediately. The Trade Error Committee will review the error details and decide how to resolve the error. We correct and cover the cost of trade errors where the error results in a loss to the client's account, while gains in a client's account due to a trade error will accrue to the client. Our Trading Desk must certify quarterly that all trade errors have been addressed per the Trade Error Policy.

Inter-Fund Trades and Cross Trades

A potential conflict of interest could arise when we are on both sides of a trade – for example, purchasing or selling securities between funds of the same manager. The AGF Funds are subject to the inter-fund self dealing investment prohibitions of Canadian securities legislation; however, they are permitted to conduct certain inter-fund trades in accordance with the requirements of National Instrument 81-107 *Independent Review Committee for Investment Funds*. The AGF Funds' IRCs have issued standing instructions to allow us to proceed with inter-fund trades in accordance with AGFI's Inter-Fund Trading Policy, which ensures that an inter-fund trade achieves a fair and reasonable result for the relevant AGF Funds and is in the best interests of the respective securityholders of the AGF Funds. Without adequate controls, inter-fund trades could be at a price less favourable than the market or might not be equally beneficial to both sides of the trade.

Canadian securities legislation outlines certain prohibitions in connection with cross trading. AGFI will NOT:

- cross trade between any personal account of any AGFI employee, officer or director and any client account;
- cross trade between any AGFI pooled funds or Highstreet pooled funds;
- cross trade between any segregated accounts unless specifically permitted by the clients; or
- execute any inter-fund trade between AGF Funds, unless in accordance with the Inter-Fund Trading Policy.

Additionally, our Trading Desk must certify quarterly that they have been in compliance with the Inter-Fund Trading Policy.

NAV Errors

A potential conflict of interest could arise when we make an error in calculating the Net Asset Value ("**NAV**") of one of our funds. The impact of a NAV error to an individual client could be either positive or negative, depending on the nature of the error.

We address this conflict via the AGFI NAV Error Correction Policy, the objective of which is to ensure that investors are treated fairly and both the AGF Fund and investor are made whole, based on certain thresholds. Where an investor/AGF Fund has benefitted due to an error, regardless of materiality, the investor/AGF Fund retains the gains.

Proxy Voting

A potential conflict of interest could arise when we have the opportunity to exercise voting rights on securities held by one of our clients. A further potential conflict could arise when we have the opportunity to exercise voting rights on a security, and either we or one of our employees has a business arrangement with the company that issued those securities.

Without adequate controls, we could cast a vote that is in our interest or in the company's interest, rather than in the interests of our clients.

We address this conflict via the AGFI Proxy Voting Policy and Guidelines ("**Proxy Voting Policy and Guidelines**"), which provides a framework to ensure a disciplined and consistent approach to voting. To assist us, we use the services of an independent, third-party firm to provide proxy voting recommendations, and we have developed the Proxy Voting Policy and Guidelines based on those recommendations. Our portfolio managers are expected to cast their votes in line with the Proxy Voting Policy and Guidelines and, in the absence of a specific guideline, they are expected to vote in the best interests of our clients, with the aim of maximizing positive economic shareholder value.

In cases where we or one of our employees has a business arrangement with the company on whose securities we would be voting, we refer the matter to the Proxy Voting Committee. The Committee will review third-party research and other public information and then advise the portfolio manager how to cast the votes. Where appropriate, they may advise the portfolio manager to abstain from voting completely. We perform semi-annual certifications to identify securities where we are conflicted due to these business arrangements.

As a further control, the Proxy Voting Committee also reviews all votes cast that do not follow the Proxy Voting Policy and Guidelines, including the rationale for why the portfolio manager cast the vote the way they did.

Our Proxy Voting Policy and Guidelines is available on our website.