AGF preferred pricing solutions for your high-net worth clients.

FAQ

AGF Preferred Pricing Solutions for your High-Net-Worth Clients

What are the preferred pricing solutions available at AGF?

AGF offers two ways of accessing preferred pricing for existing and prospective investors:

1. Embedded Fee Series: Investors with assets of $100,000 or more in any embedded fee mutual fund (Series MF, Classic, T, V and F) except for money market will automatically have access to preferred pricing in the form of a Management Fee Rebate.
2. Disembedded Fee Series: Through direct enrollment in AGF Gold Label, offered in Series Q (for commission-based models) and Series W (for fee-based models) AGF Gold Label offers management fee reductions at source by having fees paid directly by investors through account asset redemption.

What is the target market?

AGF Preferred Pricing solutions are for mass affluent investors who are looking to consolidate assets to realize a discount that is afforded by large purchases. The target market is households with investable assets of at least $100,000.

AGF Preferred Pricing Minimums and Additional Details

How do investors qualify?

An investor must have at least $100K in book or market value in the same fund or a minimum of $250K in aggregate book or market value in all qualifying funds in accounts that are linked as a household. Investors must also maintain these minimum balances (book or market value) in order to maintain their preferred pricing status.

What constitutes fund assets for the purposes of initial qualification?

In this context, all series and purchase options (FE, NL, LL, DSC, USD/CAD) of the same fund held in the same account and/or across multiple linked accounts are considered "one fund". Note that trust and corp versions of the same fund strategy are not considered "one fund" for this purpose.

What is the minimum purchase amount after investors have qualified for AGF Preferred Pricing?

Following the initial purchase, the minimum subsequent purchase is $25 for AGF funds and $100 for Elements Portfolios, whether by lump sum or by PAC.

What are the pricing thresholds that must be met in order to qualify for further price discounts?

TIER 1	TIER 2	TIER 3	TIER 4	TIER 5
$100K - $250K	>$250K - $500K	>$500K - $1M	>$1M - $3M	>$3M

Tiered pricing is available on assets over $250K with further tiered breaks at $500K, $1M and above $3M.

As each new price threshold is met, every dollar above the tier threshold will receive the further discount. As a result, investors with over $250K invested in the program may receive a blended effective rate that is driven by the book value of invested assets.

Do investors need to make a purchase into the same fund in order to qualify for the further tier price discounts (i.e. with over $250K in assets)?

No. All assets in any AGF funds within the same account or held in linked accounts are aggregated for the purposes of determining the investors' end pricing structure.

When an investor qualifies for the next tier level price discount, does the discount apply from dollar one?

No. The price will remain the same for assets up to $250K (on a book value basis). When an investor invests more than $250K, the additional discount is applied to the market value portion which relates to the book value amount over $250K. Given this approach, the investor will end up receiving a final effective rate known as the 'blended rate.' Refer to the example below for more information.

How are the management fees and blended rates calculated?

Example: For Gold Label Series Q

Today, investor Joe Smith invests $125,000 into Series Q of AGF Canadian Growth Equity Fund. Joe pays a 0.90% management fee on the market value of his investment. Two months later, Joe invests $175,000 into Series Q of AGF Emerging Markets Fund. Joe now has an aggregate total of $300,000 (book value) invested in the Gold Label program and qualifies for $250K tier pricing for the assets over $250,000 (in this case, $50,000 in assets qualifies for the additional discount). Therefore, the blended rate is calculated as follows:

Given that funds can have different management fees (AGF Canadian Growth Equity Fund Series Q pricing is 0.90% and AGF Total Return Bond Fund Series Q pricing is 0.75%), the fees for incremental dollars over each tier threshold need to be weighted to the book value of the initial purchase and then applied to the market value. For example, as in the case above:

	BOOK VALUE	TOTAL AGGREGATE ASSETS	WEIGHTED MULTIPLIER
AGF Total Return Bond Fund	$125,000	$300,000.00	42%
AGF Canadian Growth Equity Fund	$175,000	$300,000.00	58%

Therefore, assuming markets were flat, the proportional Series Q fees would be applied as follows:

	ASSETS	<$250K FEE	ASSETS OVER $250K	>$250K FEE
AGF Total Return Bond Fund	$104,167	$781	$20,833	$151
AGF Canadian Growth Equity Fund	$145,833	$1,313	$29,167	$248
Total	$250,000	$2,094	$50,000	$399
Total Series Q Fees (excl. Service Fee)	$2,493			
Blended Rate	0.83%			

If the market value of an AGF fund that has qualified for preferred pricing increases to the level of the next discount tier, does the investor realize the new discount?

No. AGF Preferred Pricing solutions tier levels are measured based on book value of dollars invested into the program and not the market value.

Is a dealer agreement required?

Series MF, T, V and Q do not require a dealer agreement, but Series F and W, which are fee-based series, do. Before submitting a Series F or W purchase, please confirm you have a dealer agreement in effect.

If the market value drops below $100K, will they be redeemed out of their respective preferred pricing series?

No, for both Gold Label funds and the embedded fee series as long as the book or market value remains higher than $100K, this will not be an issue.

How Preferred Pricing on AGF Embedded Fee Series Works:

- AGF's solution consists of a fund manufacturer management fee rebate (MFR) across all currently available purchase options (CAD/USD, front end, no load, low load, DSC) of Series MF (including Classic), F, T and V, which will provide investors a discount comparable to the AGF Gold Label Series Q and W
- AGF will monitor client fund accounts for qualification and will automatically begin to apply MFRs on qualified fund accounts, considering assets from all eligible series (including Series Q/W)
- Discount eligibility is determined using the current AGF Gold Label rules – minimum of $100K in a fund or minimum of $250K in aggregate assets in a household
- AGF will begin to automatically aggregate investor accounts by SIN, for purposes of the MFR, (as well as for Gold Label Program qualification purposes) but all other householding qualification types will still be at the request of the investors, executed by the advisor completing an AGF Account Linking Agreement form
- Trailer fees will be fixed at the current rate, and will not be negotiable

- MFRs will be paid quarterly via reinvestment
- Investors, Advisors and Dealers will NOT be able to opt out of this solution, but can switch their clients to Series Q and W if they would prefer a dis-embedded fee model

Funds/Accounts that won't qualify for MFRs (for both asset-based qualification criteria and rebate payments):

- AGF Canadian Money Market Fund
- Harmony Pools and Portfolios, Concert Funds, Common Sense Funds, Pooled Funds
- Fund accounts with existing MFRs (including Elements Advantage Distribution and grandfathered management fees (for example, as a result of a previous merger)

What is a management fee rebate?

A management fee rebate is the rebate and reinvestment of additional units to the client account. The investor receives a distribution of additional units of the fund equal to the amount of the "discount" they are entitled to.

An MFR is used because of the embedded nature of the fees charged. In this option, investors pay full price and then subsequently receive a rebate of additional units.

Investors should consult with their tax advisor on the tax implications on the MFR.

Is AGF's new MFR solution part of the Gold Label program?

The new MFR feature on qualifying embedded fee series is NOT part of the existing Gold Label Program that currently includes Series Q and W (which offer a tiered dis-embedded management fee structure with increasing discounts based on aggregate asset levels).

The new MFR feature does however, have the same qualification criteria as the Gold Label Program and also the same aggregate asset thresholds for further management fee discounts. In addition, Gold Label Program (Series Q and W) assets will be aggregated together with MFR qualifying funds/series for purposes of calculating the applicable management fee discounts.

An MFR is used because of the embedded nature of the fees charged. In this option, investors pay full price and then subsequently receive a rebate of additional units, generally characterized as income for tax purposes, but could be cap gains or ROC.

Tax consequences may result from this approach. Investors should consult with their tax advisor about any potential implications based on their personal tax circumstances.

How will USD funds be treated?

Any USD fund holdings will be converted to CAD using the noon rate of exchange. This value will be used to determine the market/book value of the fund in CAD for eligibility purposes and for calculating the aggregate value of the qualifying householding amounts.

How will the MFR amounts be calculated?

The MFR amount will be calculated and accrued daily using the formula:

$$\frac{\text{Fund Market Value} \times \text{Proportionate Percentage of Applicable Fund MV} \times \text{Appropriate Tier MFR rate}}{\text{Days in year}}$$

When and how will the MFRs be paid?

MFRs will be accrued on a daily basis (all calendar days) and paid via an MFR Reinvest transaction systematically processed into each eligible fund/household account on the first Friday of the quarter month end. For the first payment, the quarter end is in the month of September and the payment will be made on the first Friday, i.e. September 7, 2018. The second payment will be on the first Friday of December 2018 (December 7th); the third on the first Friday of March 2019 (March 1st) and so on.

Will MFR amounts paid into DSC/LL funds be put on schedule and/or subject to deferred sales charges?

Fund units/shares reinvested through these new MFRs will be the first to come out in the event of a redemption, switch or transfer and will not have any DSC capital associated with them.

Will the MFR units be considered free and/or matured?

The MFR units will be considered matured as soon as they are paid and reinvested. Note that the MFR units wouldn't be available on a 10% free (T) switch or redemption.

What will happen with currently linked accounts under the Gold Label Program?

Existing households may be expanded by additional accounts being linked due to the new SIN auto-linking feature, but no accounts will be de-linked without written request from the investor or advisor. If linked accounts contain assets which qualify for the MFR, they will become automatically eligible. No further action is required.

What happens if an investor switches or redeems their assets before the next MFR payment date?

In the event of a complete (all unit) switch out, redemption, or transfer of MFR eligible funds, the system will pay any accrued MFR amount prior to processing the complete switch/redemption/transfer transaction. The accrued MFR amounts will not carry forward into the next fund or account in the case of a switch or transfer. Partial switches, redemptions or transfers will not trigger an MFR payment early.

What will happen if an investor ceases to qualify?

In the event that a fund is reduced to less than the qualifying threshold amount (for example through a partial switch out, partial transfer, partial redemption, market forces, or de-linking from a group) the daily accrual of MFR will cease until the fund/household meets the threshold again. However, any MFR amounts accrued up to that point will be paid at the next quarterly MFR payment date.

How AGF Gold Label Works:

- Competitive pricing on a wide range of investment solutions that includes both trust and corporate class funds.
- Two series options: Series Q (commission-based) and Series W (fee-based).
- Tier break points ($250K, $500K, $1M and >$3M) that offer further discounts with more invested.
- Household and account aggregation to qualify for greater discounts.
- For AGF Gold Label clients, AGF pays the operating expenses, custody and other administration-related costs (except brokerage commissions, counterparty fees, IRC fees or other extraordinary items).
- Management fees (for Series Q and W) as well as service fees (for Series Q only) within the AGF Gold Label program are taken directly out of investor accounts and documented in client statements. This provides investors with full fee transparency.

In what account types can investors hold an AGF Gold Label fund?

Investors can hold Series Q and/or Series W in any account type offered by AGF. In the case of some registered accounts (RRSPs and TFSAs), it is the advisor's and investor's responsibility to ensure there is sufficient contribution room before making a new purchase or switching into a registered account.

Is the default dealer service fee negotiable?

In the case of Series Q, the service fee defaults to 0.00%. Advisors have the option of negotiating the dealer service fee with the investor. Any negotiated adjustments to the service fee compensation should be documented in the AGF Gold Label (Series Q) Service Fee Negotiation Form (available at AGF.com/preferredpricing). The Service Fee Negotiation Form is applicable on a per fund per account basis – and is not transferable.

How are management fees (Series Q and W) and dealer service fees (Series Q only) paid?

Traditionally, management fees are taken out directly from the fund and then AGF pays a trail from the collected fees. AGF Gold Label investors will pay management fees (Series Q and W) and service fees (Series Q only) directly from their own account (i.e., outside of the fund). The management fees and dealer compensation amounts are reported on investor statements. Units of the investors' Gold Label fund holdings are redeemed to pay for the fees and fees are subject to applicable taxes HST/GST/PST/QST.

When do management fees (Series Q and W) and dealer service fees (Series Q only) come out of client accounts?

Management and Series Q service fees are redeemed directly from investor accounts quarterly. While the charge to investors is quarterly, if the dealer has chosen a monthly service fee frequency, AGF will upfront the payment monthly.

Will clients be offered customized statements as part of the AGF Gold Label program?

Customized statements are not available on this program. However, the management fees and Series Q service fees will be reported on a Management Fee Summary page as part of the AGF annual client statements.

Can investors switch into the Gold Label program from other series?

Investors are able to switch their assets from other series into Series Q/W, as long as their book value meets the minimum qualification requirements. The transactions will be subject to AGF's switching and disposition rules. Investors are encouraged to seek advice from their tax consultants as switching between funds may trigger a taxable event.

Can investors switch their Series Q holdings to Series W?

Investors are able to switch their assets from Series Q into Series W as long as their book value meets the minimum qualification requirements and a Series W dealer agreement is in place. The transactions will be subject to AGF's switching and disposition rules. Investors are encouraged to seek advice from their tax consultants as switching between funds may trigger a taxable event.

After investors have qualified for the Gold Label program, are they able to buy other funds in the program for purchases less than $100,000?

Yes, they are, provided the aggregated assets in their household linked accounts are at least $250K (book or market value). If they don't meet the household minimum, they must invest and maintain at least $100K in each fund.

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In order to invest in and maintain participation in the AGF Gold Label program (Series Q and/or W), a minimum of $100,000 in Series Q and/or W per fund or at least $250,000 in household assets in Series Q and/or W is required. Management fees (for Series Q and W) as well as service fees (for Series Q only) within the AGF Gold Label program will be taken out directly from client accounts. For AGF Gold Label clients, AGF pays the operating expenses, custody and other administration-related costs (except brokerage commissions, counterparty fees, IRC fees or other extraordinary items). Tier level discounts apply only to the dollar amount(s) grouped in each particular tier.

The All World Tax Advantage Group is a mutual fund corporation that currently offers approximately 20 different classes of securities. In addition to fund diversification by investment style, geography and market capitalization, a key benefit of investing in any of the classes within the group is the possibility of sharing incurred expenses (and losses) of the combined structure potentially offsetting income earnings to minimize chance of a dividend declaration. While the articles of AGF All World Tax Advantage Group Limited provide authority to make distributions out of capital and AGF All World Tax Advantage Group Limited intend both to calculate capital in the manner contemplated by the corporate statute for corporations that are not mutual fund corporations and only to declare distributions out of capital if there is sufficient capital attributable to a series, no definitive case law exists to confirm that a mutual fund corporation may make distributions of capital and how it is to be calculated. Further, no advance income tax ruling has been requested or obtained from Canada Revenue Agency, nor is AGF aware of any published advance income tax ruling or the possibility of obtaining such a ruling, regarding the characterization of such distributions or the calculation of capital for such purposes.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. For more information on the funds, please visit AGF.com.

Publication date: October 12, 2018.

FUND720 09-18-E