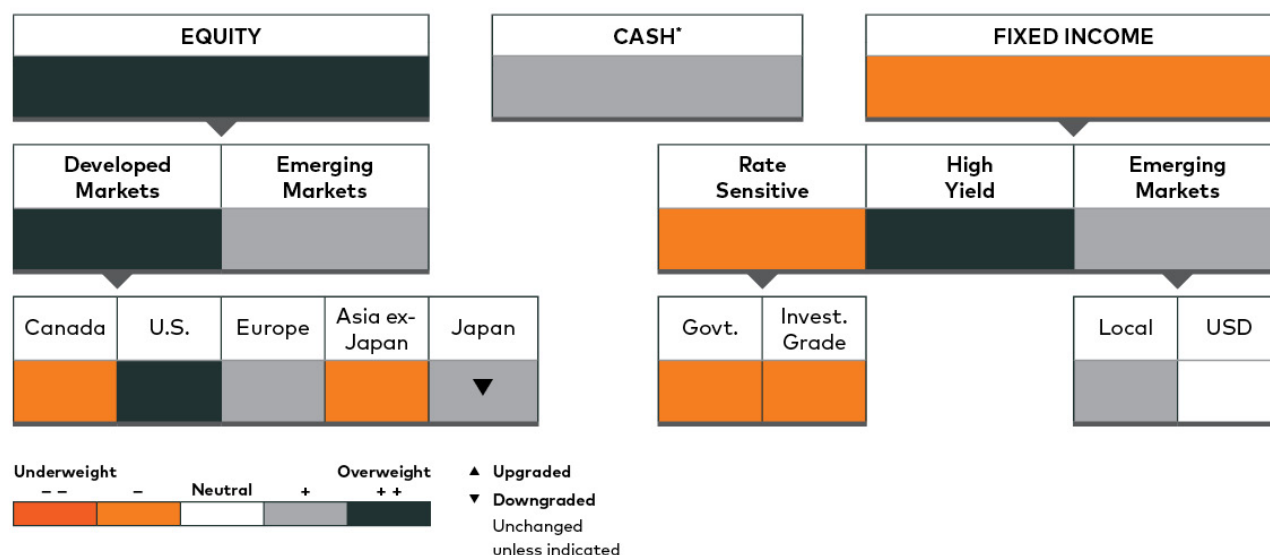


## AGF ASSET ALLOCATION COMMITTEE RECOMMENDATIONS

AGF Elements Portfolios were rebalanced on January 18<sup>th</sup>, 2022. The following diagram represents the views of AGF's Asset Allocation Committee, which influences the underweight and overweight positioning of the Portfolios.

### Q1-2022 market outlook – portfolio applications



\* neutral weight at 0%

## REBALANCE RATIONALE

### Fixed Income

- Central bank activity will greatly impact rate-sensitive bonds
- The economic backdrop forms a supportive 'coupon clipping' market for high yield bonds
- Longer duration investment-grade corporate bonds are sensitive to rising yields
- Emerging markets offer higher yields but are susceptible to a global growth slowdown and persistent inflation

### Cash

- A moderate allocation to cash softens the impact of volatility and provides liquidity should tactical opportunities arise

### Equities

- Improvement in supply chain constraints and COVID setbacks could support equity growth
- Developed markets are preferred, though prospects for emerging markets are also positive
- Higher commodity prices support Canada, though other markets appear more attractive
- U.S. markets are adjusting for policy measures, but earnings and liquidity remain positive
- Europe is well positioned with its value-tilted markets and accommodative central bank
- Shipping bottlenecks will continue to impact Asia Pacific Markets (ex-Japan)
- Japan tends to excel during rising rate environments, though government policies could weigh negatively

**REBALANCING ACTIONS:**

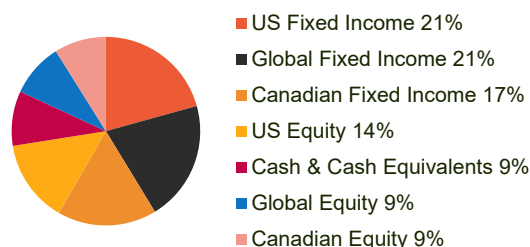
Percent Target Allocations	Neutral Allocation	Previous Quarter	Current Quarter	Change
<b>Canadian Equities</b>	<b>10%</b>	<b>11.0%</b>	<b>10.1%</b>	
AGFiQ Canadian Dividend Income Fund <sup>1</sup>		11.0%	10.1%	-0.9%
<b>International/Global Equities</b>	<b>15%</b>	<b>18.0%</b>	<b>18.3%</b>	
AGF Global Dividend Fund		13.0%	13.2%	0.2%
AGFiQ Emerging Markets Equity ETF		2.0%	2.0%	
AGFiQ Global Infrastructure ETF		3.0%	3.1%	0.1%
<b>Canadian Fixed Income</b>	<b>15%</b>	<b>16.0%</b>	<b>16.6%</b>	
AGF Fixed Income Plus Fund		16.0%	16.6%	0.6%
<b>Global Fixed Income</b>	<b>60%</b>	<b>45.0%</b>	<b>45.7%</b>	
AGF Total Return Bond Fund		24.0%	25.0%	1.0%
AGF Global Corporate Bond Fund <sup>2</sup>		8.0%	8.3%	0.3%
AGF Emerging Markets Bond Fund		6.0%	6.3%	0.3%
AGF Global Convertible Bond Fund		4.0%	3.0%	-1.0%
AGFiQ Global Multi-Sector Bond ETF		3.0%	3.1%	0.1%
<b>Specialty</b>	<b>-</b>	<b>3.0%</b>	<b>5.2%</b>	
AGFiQ US Market Neutral Anti-Beta CAD-Hedged ETF		2.0%	3.2%	1.2%
AGF Global Real Assets Fund/Class <sup>3</sup>		1.0%	2.0%	1.0%
<b>Tactical</b>		<b>7.0%</b>	<b>4.1%</b>	
External ETF Sleeve		7.0%	4.1%	-2.9%

Source: AGF Asset Allocation Committee as at January 18, 2022.

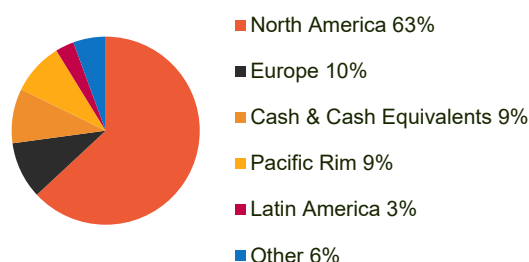
<sup>1</sup> AGFiQ Dividend Income Fund was renamed AGFiQ Canadian Dividend Income Fund on April 30, 2021.<sup>2</sup> AGF High Yield Bond Fund was renamed AGF Global Corporate Bond Fund on April 30, 2021. On April 19, 2012, the Fund's investment objective was changed to provide greater flexibility to invest in high-yield bonds issued or guaranteed by corporations around the world. Effective August 9, 2021, AGF Investments LLC is a subadvisor to AGF Global Corporate Bond Fund.<sup>3</sup> On April 18, 2019, the Fund's investment objective was changed to offer increased flexibility to allocate the Fund's capital to real assets beyond those companies operating in the precious metals and natural resources sectors. Performance prior to this date would have been different had the current objective been in effect.

## CURRENT ALLOCATIONS (as of January 18, 2022)

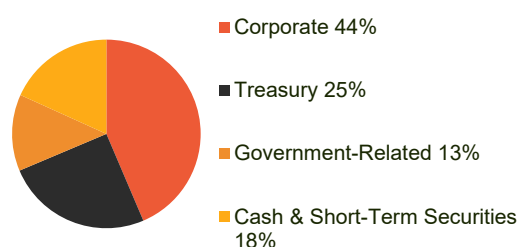
### Asset Allocation



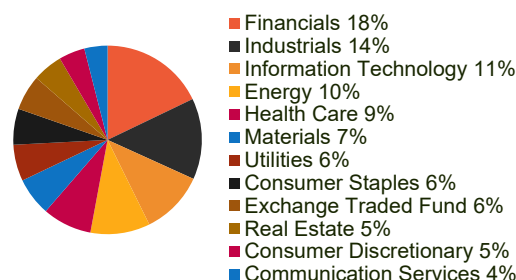
### Country Allocation



### Bond Type Allocation



### Equity Sector Allocation



## QUARTER REVIEW – Q4 2021

### Fund Performance<sup>4</sup>

- For the quarter ended December 31, 2021, the AGF Elements Yield Portfolio returned 1.7%, while the blended benchmark returned 1.4%. The blended benchmark is composed of 60% Bloomberg Global Aggregate Bond Index/15% Bloomberg Canadian Aggregate Bond Index /15% MSCI All Country World Index/10% S&P/TSX Composite Index.
- The Portfolio's benchmark asset mix is 75% fixed income and 25% equities. Relative to the benchmark, the Portfolio maintained an overweight to global equities and an underweight to fixed income assets. The AGF Asset Allocation Committee favours equities as the economic recovery continues to grind higher despite near-term hurdles.
- The Portfolio's category positioning was positive, as equities outperformed fixed income assets. Specifically, exposure to U.S. equities contributed to returns, while within fixed income the overweight to Canadian investment-grade bonds was additive, as domestic bonds generally outperformed global bonds. Exposure to emerging market debt partially offset the positive effects, as higher interest rates in select EM countries and ongoing issues in China's property sector weighed negatively.
- During the quarter, exposure to global sovereign and corporate bonds was reduced with proceeds reallocated to a sleeve of global equity ETFs. The rebalancing actions taken were generally positive, as the U.S. equity ETF captured strong absolute returns on the back of positive earnings and company buybacks. However, the Japanese equity ETF recorded modest losses and trailed the fixed income returns.

<sup>4</sup> On January 1, 2015, the Portfolio's benchmark changed from a blended index of 30% S&P/TSX Composite Index / 20% FTSE Canada Universe Bond Index / 50% Bloomberg Global Aggregate Bond Index to a blended index of 10% S&P/TSX Composite Index / 15% MSCI All Country World Index / 15% FTSE Canada Universe Bond Index / 60% Bloomberg Capital Global Aggregate Bond Index. Then on September 1, 2019, the benchmark changed to a blended index of 60% Bloomberg Global Aggregate Bond Index / 15% Bloomberg Canadian Aggregate Bond Index / 15% MSCI All Country World Index / 10% S&P/TSX Composite Index. In both cases, the benchmark changes were applied from that date forward.

- The Portfolio's underlying funds were mixed as roughly half outperformed their respective benchmark, while the other half underperformed. AGF Global Dividend Fund and AGFiQ Canadian Dividend Income Fund accounted for a large majority of the gain during the quarter, while most others were effectively neutral in terms of contribution to returns. AGF Global Real Assets Class was among the leaders in absolute returns, however accounted for a smaller share of the total Portfolio.

<b>Annualized Performance net of fees as of December 31, 2021 (% return)</b>	<b>PSD</b>	<b>3mo</b>	<b>6mo</b>	<b>YTD</b>	<b>1-Yr</b>	<b>3-Yr</b>	<b>5-Yr</b>	<b>10-Yr</b>	<b>Since PSD</b>
<b>AGF Elements Yield Portfolio</b>	11/25/2005	1.71	1.53	2.96	2.96	4.98	3.38	4.11	4.34
AGF Emerging Markets Bond Fund	11/2/2010	-2.14	-2.83	-6.79	-6.79	-0.15	0.78	3.27	2.70
AGF Fixed Income Plus Fund	11/30/1998	0.62	-0.18	-3.08	-3.08	4.13	2.69	2.47	3.95
AGF Global Convertible Bond Fund	1/5/2015	0.01	-1.83	0.32	0.32	13.76	10.89		7.54
AGF Global Dividend Fund	8/9/2007	6.27	6.54	14.33	14.33	10.91	7.18	10.31	6.89
AGF Global Real Assets Class	9/27/1993	7.42	7.49	13.96	13.96	10.15	-1.27	-3.23	5.30
AGF Global Corporate Bond Fund	2/8/1994	-0.99	-1.92	1.05	1.05	5.01	3.10	4.08	4.86
AGF Total Return Bond Fund	6/15/1994	-0.73	-0.73	-2.05	-2.05	2.03	1.67	3.58	5.04
AGFiQ Canadian Dividend Income Fund	4/14/2003	8.03	9.36	23.69	23.69	14.28	8.31	7.60	8.75
AGFiQ Emerging Markets Equity ETF	1/30/2017	-0.95	-6.35	-3.57	-3.57	3.89			4.72
AGFiQ Global Infrastructure ETF	2/12/2018	5.74	8.91	19.85	19.85	9.49			8.89
AGFiQ Global Multi-Sector Bond ETF	10/22/2018	0.37	0.42	-0.35	-0.35	5.43			5.46
AGFiQ US Market Neutral Anti-Beta CAD-Hedged ETF	10/7/2019	3.13	4.08	-8.02	-8.02				-12.38

Source: AGF Investments Inc. Performance is based on series MF of funds.

**Past performance is not indicative of future results.**

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**For more information, please contact your financial representative.**

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For more information regarding the underlying funds, please refer to [AGF.com/Funds](https://www.agf.com/funds).

For up-to-date information, visit [AGF.com/Elements](https://www.agf.com/elements).

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