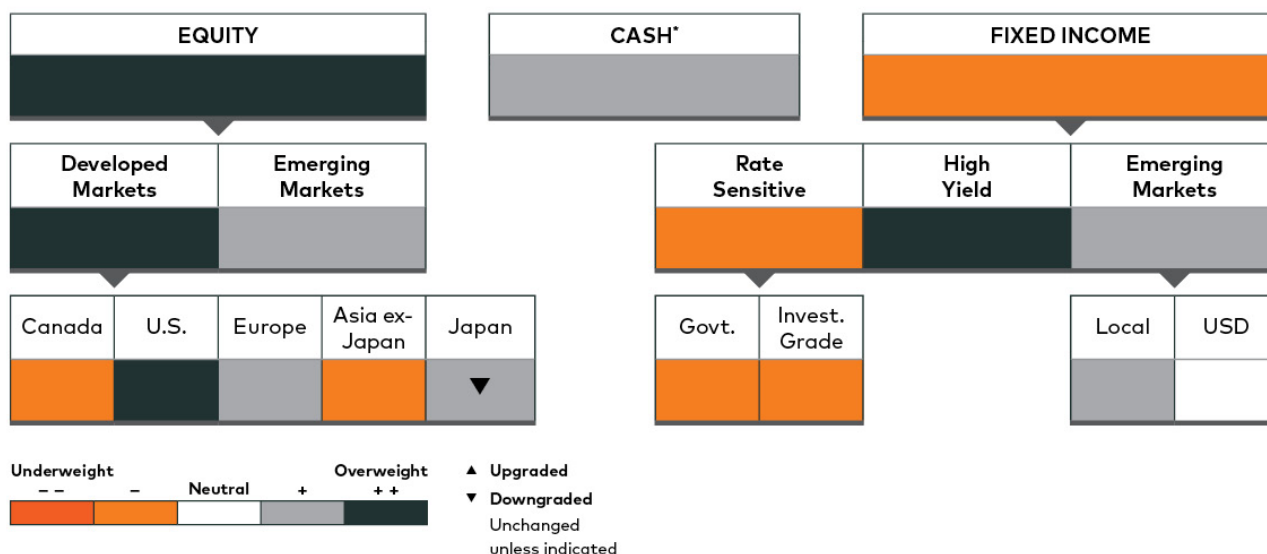


## AGF ASSET ALLOCATION COMMITTEE RECOMMENDATIONS

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:

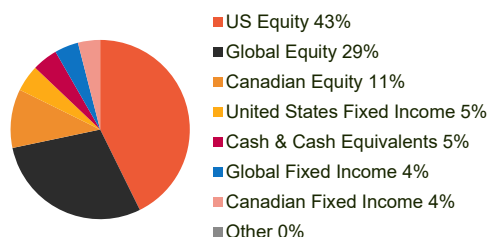
Elements Growth	Neutral Allocation	Previous Quarter	Current Quarter	Change
<b>Canadian Equities</b>	<b>8%</b>	<b>11.0%</b>	<b>11.1%</b>	
AGFiQ Canadian Dividend Income Fund <sup>1</sup>		7.0%	7.1%	0.1%
AGF Canadian Small Cap Fund		2.0%	2.0%	
AGFiQ Canadian Equity ETF		2.0%	2.0%	
<b>International/Global Equities</b>	<b>72%</b>	<b>63.0%</b>	<b>63.0%</b>	
AGF American Growth Fund		16.0%	15.6%	-0.4%
AGF Global Equity Fund		9.0%	9.1%	0.1%
AGF Global Dividend Fund		4.0%	4.1%	0.1%
AGF Emerging Markets Fund		6.0%	6.2%	0.2%
AGF European Equity Fund		3.0%	3.0%	
AGF Global Sustainable Growth Equity Fund		5.0%	4.9%	-0.1%
AGFiQ US Equity ETF		6.0%	6.0%	
AGFiQ International Equity ETF		3.0%	3.0%	
AGFiQ Emerging Markets Equity ETF		2.0%	2.0%	
AGFiQ Global Infrastructure ETF		3.0%	3.1%	0.1%
AGFiQ Global ESG Factors ETF		6.0%	6.0%	
<b>Specialty Funds</b>	<b>-</b>	<b>5.0%</b>	<b>6.3%</b>	
AGFiQ US Market Neutral Anti-Beta CAD-Hedged ETF		3.0%	3.2%	0.2%
AGF Global Real Assets Fund/Class <sup>2</sup>		2.0%	3.1%	1.1%
<b>Canadian Fixed Income</b>	<b>-</b>	<b>4.0%</b>	<b>4.2%</b>	
AGF Fixed Income Plus Fund		4.0%	4.2%	-1.0%
<b>Global Fixed Income</b>	<b>20%</b>	<b>8.0%</b>	<b>8.3%</b>	
AGF Total Return Bond Fund		5.0%	5.2%	-1.0%
AGF Global Corporate Bond Fund <sup>3</sup>		3.0%	3.1%	0.1%
<b>Tactical</b>		<b>9.0%</b>	<b>7.0%</b>	
External ETF Sleeve		9.0%	7.0%	-2.0%

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

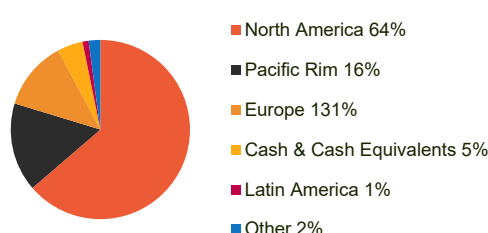
<sup>1</sup> AGFiQ Dividend Income Fund was renamed AGFiQ Canadian Dividend Income Fund on April 30, 2021.<sup>2</sup> On April 18, 2019, the Fund's investment objective was changed to offer increased flexibility to allocate the Fund's capital to real assets beyond those companies operating in the precious metals and natural resources sectors. Performance prior to this date would have been different had the current objective been in effect.<sup>3</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.

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

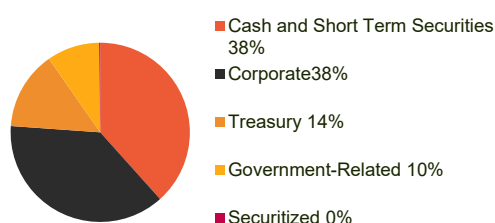
### Asset Allocation



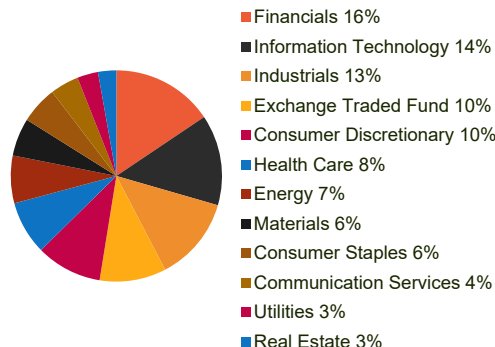
### Country Allocation



### 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 Growth Portfolio returned 4.9%, while the blended benchmark returned 5.1%. The blended benchmark is composed of 72% MSCI All Country World Index/20% Bloomberg Global Aggregate Bond Index/8% S&P/TSX Composite Index.
- The Portfolio's benchmark asset mix is 20% fixed income and 80% 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 and equities 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 Canadian and global sovereign bonds was reduced with proceeds reallocated to U.S. equities and a sleeve of global equity ETFs. The rebalancing actions taken were positive, as U.S. equities 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 particularly Canadian sovereign bonds.
- The Portfolio's underlying funds were modestly negative as roughly two-thirds underperformed their respective benchmarks, while the other one-third outperformed. AGF American Growth Fund, the largest underlying fund within

<sup>4</sup> On January 1, 2015, the Portfolio's benchmark changed from a blended index of 55% S&P/TSX Composite Index / 25% MSCI All Country World Index / 20% Bloomberg Global Aggregate Bond Index to a blended index of 8% S&P/TSX Composite Index / 72% MSCI All Country World Index / 20% Bloomberg Global Aggregate Bond Index. The benchmark change was applied from this date forward.

the Portfolio, accounted for one-third of the total returns during the quarter, while most others were effectively neutral to slightly positive. Exposure to U.S. equities through AGFiQ US Equity ETF and the global equity sleeve ETF also contributed to returns. AGF Global Real Assets Class was among the leaders in absolute returns, however accounted for a smaller share of the total Portfolio.

Annualized Performance net of fees as of December 31, 2021 (% return)	PSD	3mo	6mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Since PSD
<b>AGF Elements Growth Portfolio</b>	11/25/2005	4.88	5.26	11.08	11.08	10.89	6.79	7.90	5.19
AGF American Growth Class	04/18/1957	10.50	10.80	20.66	20.66	24.37	18.22	18.21	9.32
AGF Canadian Small Cap Fund	02/15/1996	2.32	4.41	19.99	19.99	19.50	7.95	6.64	8.02
AGF Emerging Markets Fund	03/11/1994	-2.76	-9.70	-5.30	-5.30	5.35	5.49	4.14	9.03
AGF Emerging Markets Bond Fund	11/02/2010	-2.14	-2.83	-6.79	-6.79	-0.15	0.78	3.27	2.70
AGF European Equity Class	04/11/1994	3.85	5.85	17.45	17.45	7.82	3.89	5.91	1.88
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 Dividend Fund	08/09/2007	6.27	6.54	14.33	14.33	10.91	7.18	10.31	6.89
AGF Global Equity Fund	11/28/1994	3.12	3.44	12.46	12.46	10.91	6.56	10.25	7.20
AGF Global Real Assets Class	04/19/2000	7.42	7.49	13.96	13.96	10.15	-1.27	-3.23	5.30
AGF Global Sustainable Growth Equity Fund <sup>1</sup>	12/31/1991	7.12	11.41	16.60	16.60	23.62	15.68	12.90	7.42
AGF Global Corporate Bond Fund	02/08/1994	-0.99	-1.92	1.05	1.05	5.01	3.10	4.08	4.86
AGF Total Return Bond Fund	06/15/1994	-0.73	-0.73	-2.05	-2.05	2.03	1.67	3.58	5.04
AGFiQ Canadian Dividend Income Fund	04/14/2003	8.03	9.36	23.69	23.69	14.28	8.31	7.60	8.75
AGFiQ Canadian Equity ETF	01/30/2017	7.97	8.29	25.46	25.46	15.83			8.90
AGFiQ Emerging Markets Equity ETF	01/30/2017	-0.95	-6.35	-3.57	-3.57	3.89			4.72
AGFiQ International Equity ETF	01/30/2017	3.14	5.85	11.36	11.36	8.03			7.29
AGFiQ US Equity ETF	01/30/2017	10.87	12.31	24.98	24.98	19.68			14.44
AGFiQ Global ESG Factors ETF	02/12/2018	5.68	8.46	17.12	17.12	17.04			12.70
AGFiQ Global Infrastructure ETF	02/12/2018	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.**

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

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