

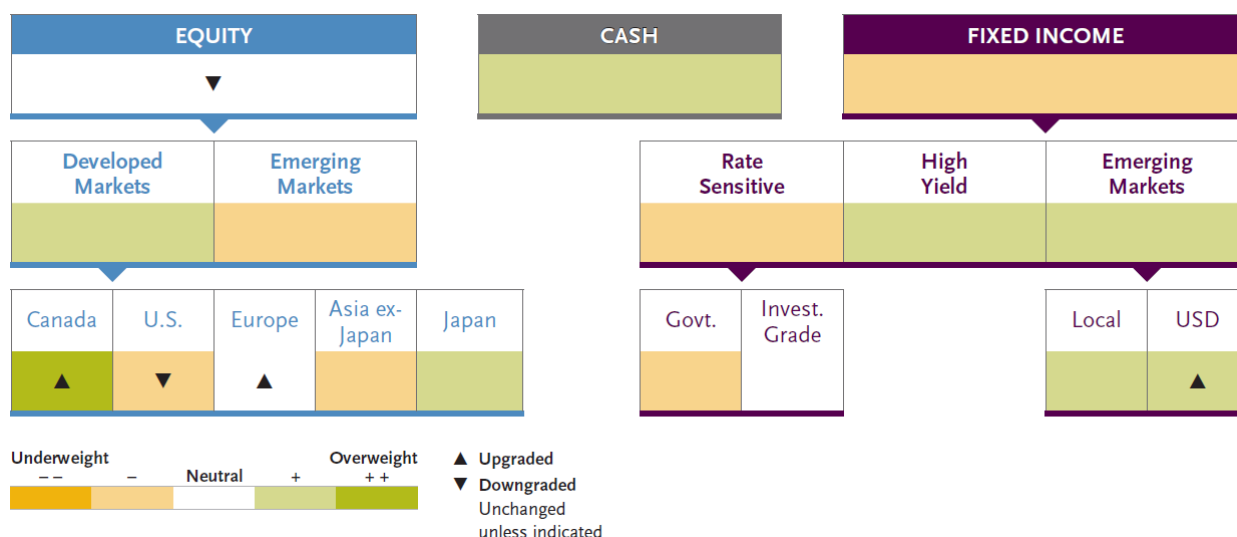
OnCourse AGF Elements Conservative Portfolio

Q3 2017 Report

July 2017

AGF ASSET ALLOCATION COMMITTEE RECOMMENDATIONS

AGF Elements Portfolios were rebalanced on July 24, 2017. The following diagram represents the views of AGF's Asset Allocation Committee which influences the underweight and overweight positioning of the Portfolios.



REBALANCE RATIONAL

Fixed Income

- Overall fixed income allocation remains underweight on prospects of higher interest rates. Strengthening global economies could further pressure bond returns
- Emerging market debt is preferred within the asset class as the economic backdrop continues to improve
- High yield bonds remain favourable with higher coupon income and reasonable fundamentals, though valuations are near cycle-highs
- Interest rate sensitive bonds remain underweight, as these bonds are most susceptible if interest rates move higher

Cash

An overweight to cash remains, with further allocation added in the quarter reflecting the Committee's cautious outlook

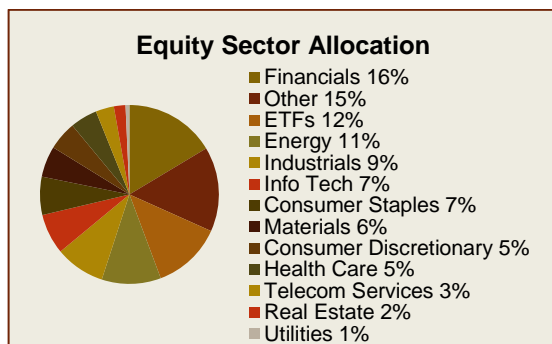
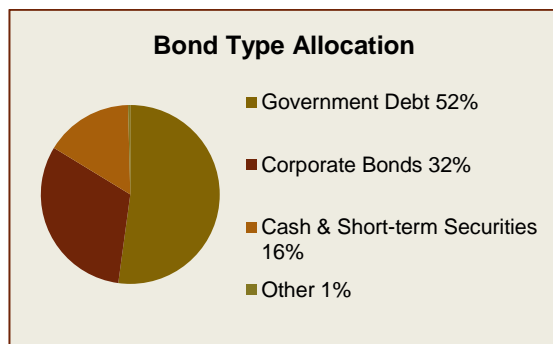
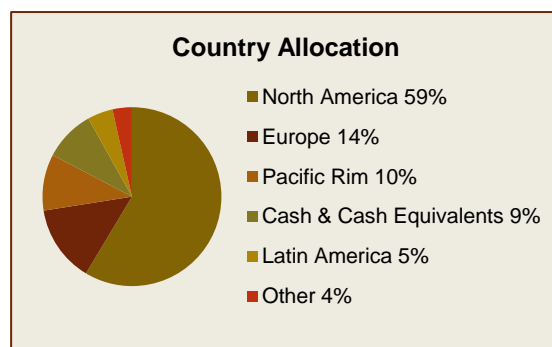
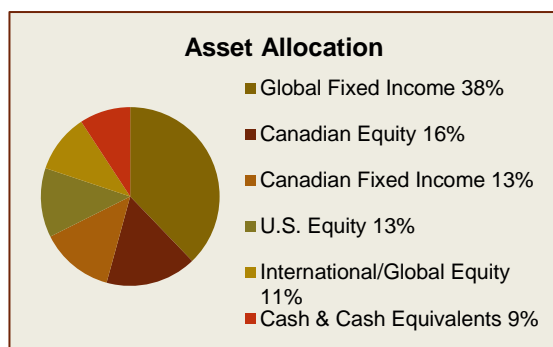
Equities

- Equities remain preferred relative to fixed income, though in light of near-term risks, exposure to equities has been reduced to a neutral allocation
- Developed markets remain preferred over emerging markets in the near-term
- Within developed markets, a preference for Canadian equities has increased from the prior quarter
- The U.S. has been downgraded in the near-term, mostly due to stretched valuations and slowing growth
- Europe has been upgraded to a neutral view. Political risks have softened, though valuations still appear stretched
- Exposure to Asia Pacific (ex-Japan) remains underweight over the near-term
- Japan remains a modest overweight with attractive valuations and supportive central bank policy



Percent Target Allocations	Neutral Allocation	Previous Quarter	Current Quarter	Change
Canadian Equities	10	13	15	+2
AGF Canadian Stock Fund		5	5	-
AGF Dividend Income Fund		6	6	-
AGF Canadian Small Cap Fund		1	1	-
QuantShares Enhanced Core Canadian Equity		1	3	+2
International/Global Equities	30	22	18	-4
AGF American Growth Fund (Series S)		4	2	-2
AGF U.S. Risk Managed Fund (Series S)		1	0	-1
AGF EAFE Equity Fund		1	1	-
AGF Global Equity Fund ¹		8	8	-
AGF Global Dividend Fund		5	4	-1
AGF Emerging Markets Fund		1	1	-
QuantShares Enhanced Core US Equity		1	1	-
QuantShares Enhanced Core International		1	1	-
Specialty Funds	-	10	11	+1
AGF Global Resources Class		2	2	-
AGF Tactical Fund (Series S)		8	9	+1
Canadian Fixed Income	24	11	10	-1
AGF Fixed Income Plus Fund		11	10	-1
Global Fixed Income	36	44	46	+2
AGF Global Bond Fund		27	30	+3
AGF Total Return Bond Fund		9	9	-
AGF High Yield Bond Fund ²		4	3	-1
AGF Emerging Markets Bond Fund		4	4	-

CURRENT ALLOCATIONS (as of July 27, 2017)



QUARTER REVIEW – Q2 2017

Fund Performance

- For the quarter ended June 30, 2017, the AGF Elements Conservative Portfolio returned 0.2%, while the blended benchmark returned 0.6%. The blended benchmark is composed of 24% FTSE TMX Universe Bond Index/30% MSCI All Country World Index/36% Barclays Capital Global Aggregate Bond Index/10% S&P/TSX Composite Index.
- The Portfolio's benchmark asset mix is 60% fixed income and 40% equities. Relative to the benchmark, the Portfolio maintained an overweight to equities and underweight to fixed income for the quarter based on the AGF Asset Allocation Committee's more constructive view for the asset class. This contributed to performance, as global equity markets were generally positive during the quarter, while fixed income faced headwinds from rising rates. Within equities, an out-of-benchmark exposure to Canadian equities detracted, though this was partially offset by outperformance from the underlying Canadian equity funds. Exposure to resource-related equities also detracted during the period.
- During the quarter, global fixed income exposure was increased as part of reductions to both Canadian and global equities. The reduction in Canadian equities was positive, as they generally lagged other markets, though an overweight relative to the benchmark still remained. The decision to reduce global equity exposure in favour of global bonds detracted from performance, as global equities were generally strong during the period. Underperformance of select underlying funds was the main driver of Portfolio underperformance compared to the benchmark.
- The performance of the underlying funds in the Portfolio was mixed during the quarter. Within the Portfolio's equity exposure, AGF Global Equity Fund, AGF Dividend Income Fund, AGF American Growth Class and AGF Canadian Small Cap Fund outperformed their respective benchmarks, while the other underlying equity funds lagged their respective benchmarks. Underlying fixed income performance was generally positive during the quarter as AGF Global Bond Fund, AGF High Yield Bond Fund and AGF Total Return Bond Fund outperformed their respective benchmarks, while the other underlying fixed income funds lagged their respective benchmarks during the period.

Performance as of June 30, 2017	PSD	3mo	6mo	1-Yr	3-Yr	5-Yr	10-Yr	Since PSD
AGF Elements Conservative Portfolio (Series J)	2011-12-13	0.3%	2.7%	5.9%	4.8%	5.9%	-	5.9%
AGF Canadian Stock Fund	2001-07-09	-1.8%	0.4%	11.7%	-0.7%	5.6%	0.4%	4.1%
AGF Canadian Small Cap Fund	1996-02-15	1.2%	3.9%	11.8%	1.6%	7.5%	1.3%	8.0%
AGF American Growth Fund	2009-01-26	2.5%	9.5%	20.5%	14.4%	17.5%	7.8%	8.7%
AGF Dividend Income Fund	2003-04-16	-1.4%	1.2%	9.5%	2.7%	7.4%	2.8%	8.7%
AGF EAFE Equity Fund	2007-08-27	2.8%	7.3%	11.9%	4.1%	7.7%	-	0.4%
AGF Global Equity Fund ¹	2003-06-16	1.8%	6.6%	15.1%	10.6%	14.6%	5.1%	7.6%
AGF Global Dividend Fund	2007-08-22	0.9%	5.0%	9.5%	10.4%	13.5%	-	6.9%
AGF Global Resources Class	2000-04-27	-11.6%	-19.0%	-10.5%	-17.7%	-5.8%	-3.2%	5.8%
AGF Emerging Markets Fund	2003-06-16	3.3%	13.2%	18.2%	4.9%	4.4%	3.5%	11.0%
AGF Fixed Income Plus Fund	1998-11-30	0.5%	1.9%	-0.3%	1.8%	2.3%	3.5%	4.3%
AGF Global Bond Fund	2010-06-17	0.4%	1.9%	-0.8%	3.7%	3.7%	-	4.4%
AGF Total Return Bond Fund	2001-07-09	0.6%	3.2%	5.9%	3.5%	4.8%	5.2%	6.2%
AGF High Yield Bond Fund ²	1994-02-22	1.0%	3.5%	9.9%	2.7%	4.8%	4.7%	5.3%
AGF Emerging Markets Bond Fund	2010-11-29	-0.1%	3.2%	4.7%	5.4%	5.0%	-	4.5%
AGF Tactical Fund (Series S)	2015-01-15	0.30%	3.30%	11.8%	-	-	-	5.5%
QuantShares Enhanced Core Cdn Eq ETF	30/01/2017	0.4%	-	-	-	-	-	1.9%
QuantShares Enhanced Core US Equity ETF	30/01/2017	0.3%	-	-	-	-	-	5.0%
QuantShares Enhanced Core Intl Eq ETF	30/01/2017	4.2%	-	-	-	-	-	11.5%

¹ On April 18, 2008, the Fund changed its investment objective to provide long-term capital growth and invest primarily in shares of companies around the world. The Fund may invest up to 25% of its assets in companies in emerging markets.

² 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.

For more information, please contact your financial representative.

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