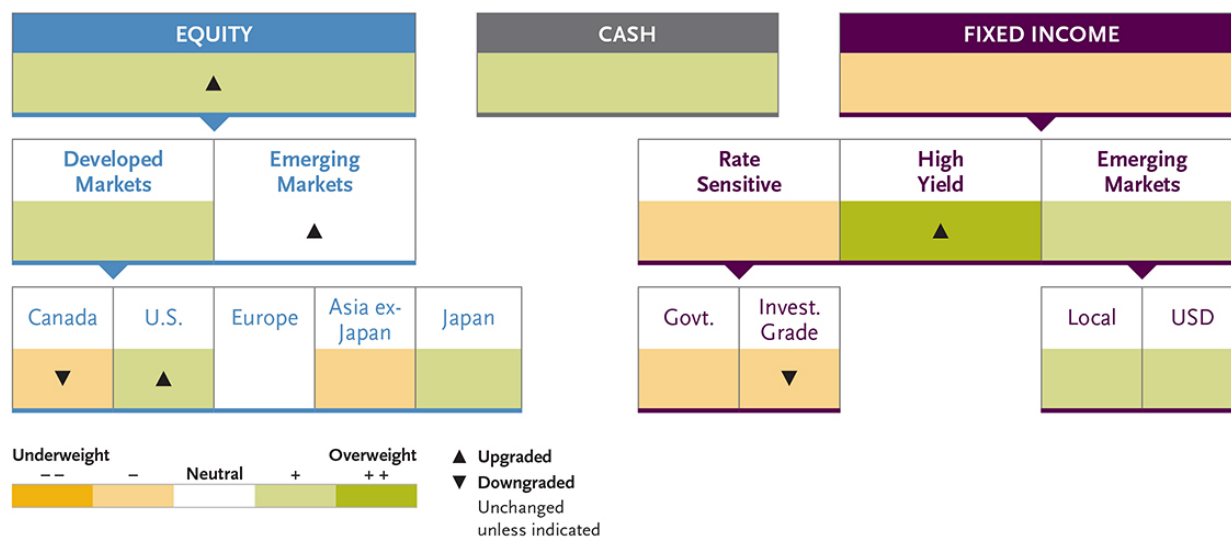


# OnCourse AGF Elements Global Portfolio Q4 2017 Report

October 2017

## AGF ASSET ALLOCATION COMMITTEE RECOMMENDATIONS

AGF Elements Portfolios were rebalanced on October 20, 2017. The following diagram represents the views of AGF's Asset Allocation Committee which influences the underweight and overweight positioning of the Portfolios.



## REBALANCE RATIONALE

### Fixed Income

- Fixed income allocation remains underweight as restrictive central bank policy and strengthening global economies may pressure yields
- High yield bonds are most preferred within the asset class as defaults remain low and company fundamentals are improving
- Emerging market debt is viewed favourably as the economic backdrop continues to improve and a lower U.S. dollar supports growth
- Interest rate sensitive bonds remain underweight, as these bonds are most susceptible to higher rates

### Cash

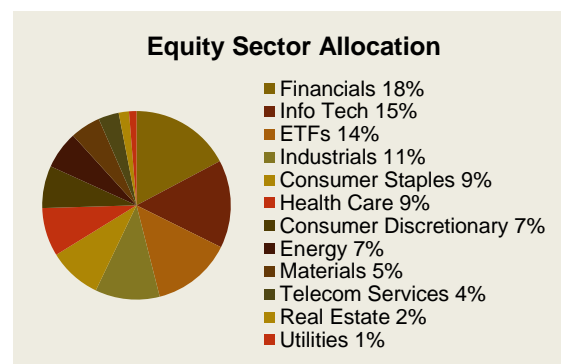
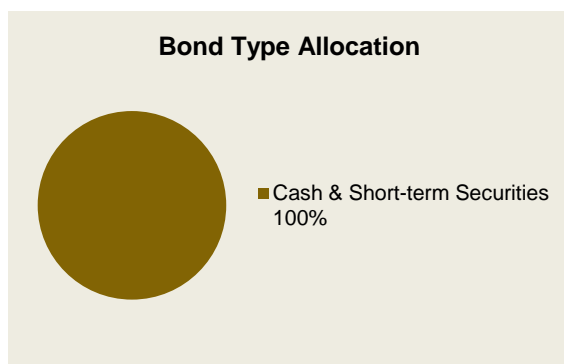
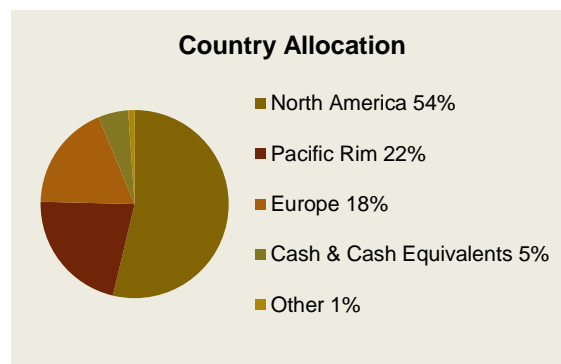
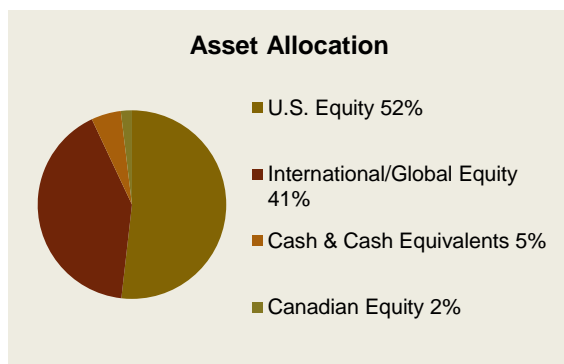
- An overweight to cash remains, although reduced, as assets are re-deployed to equity markets

### Equities

- Equities are overweight as global growth remains supportive late into the current cycle
- Developed markets are preferred, though outlook for emerging markets has improved
- A preference for U.S. equities has been renewed as the fundamental backdrop and a depressed U.S. dollar should assist market growth
- Canada has been downgraded as a strengthening domestic currency could slow trade
- Europe remains a neutral view. Political risks have softened, yet still remain
- Exposure to Asia Pacific (ex-Japan) remains underweight over the near-term
- Japan remains a modest overweight with a strengthening economy and supportive central bank policy

Percent Target Allocations	Neutral Allocation	Previous Quarter	Current Quarter	Change
<b>Canadian Equities</b>	-	8	0	-8
AGF Canadian Stock Fund		2	0	-2
AGF Canadian Small Cap Fund		2	0	-2
QuantShares Enhanced Core Canadian Equity		4	0	-4
<b>International/Global Equities</b>	<b>100</b>	<b>71</b>	<b>85</b>	<b>+14</b>
AGF American Growth Fund (Series S)		8	15	+7
AGF U.S. Risk Managed Fund (Series S)		6	6	-
AGF Asian Growth Class		2	2	-
AGF EAFE Equity Fund		3	3	-
AGF Global Equity Fund <sup>1</sup>		24	27	+3
AGF Global Dividend Fund		10	10	-
AGF Emerging Markets Fund		3	3	-
AGF European Equity Fund (Series S)		4	5	+1
QuantShares Enhanced Core US Equity		5	8	+3
QuantShares Enhanced Core International		4	4	-
QuantShares Enhanced Core Emerging Markets		2	2	-
<b>Specialty Funds</b>	-	21	15	-6
AGF Global Resources Class		3	3	-
AGF Tactical Fund (Series S)		18	12	-6

**CURRENT ALLOCATIONS (as of October 24, 2017)**



## QUARTER REVIEW – Q3 2017

### Fund Performance

- For the quarter ended September 30, 2017, the AGF Elements Global Portfolio returned 0.2%, while the MSCI All Country World Index returned 1.4%.
- The Portfolio's benchmark asset mix is 100% equities. During the quarter, an out of benchmark exposure to Canadian equities was further increased in favour of U.S. equities due to strong economic data and higher interest rates. This positioning contributed to performance, as Canadian equities generally outpaced global markets during the quarter on the back of firming commodity prices and two central bank rate hikes.
- The performance of the underlying funds within the Portfolio was mixed during the quarter, as AGF American Growth Class and AGF EAFE Fund outperformed their respective benchmarks. All other underlying funds lagged their respective benchmarks, though AGF Global Resources Fund, AGF Canadian Stock Fund and AGF Asian Growth Fund earned strong absolute returns during the quarter.

Performance as of September 30, 2017	PSD	3mo	6mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Since PSD
<b>AGF Elements Global Portfolio (Series J)</b>	<b>2011-12-14</b>	<b>0.3%</b>	<b>1.3%</b>	<b>5.8%</b>	<b>8.9%</b>	<b>8.0%</b>	<b>10.7%</b>	<b>-</b>	<b>10.5%</b>
AGF Canadian Small Cap Fund	2003-06-16	3.3%	1.4%	3.7%	9.5%	1.4%	5.2%	0.6%	4.3%
AGF Canadian Stock Fund	2001-07-09	-1.6%	-0.5%	2.3%	4.4%	4.1%	5.7%	1.0%	7.8%
AGF American Growth Fund (Series S)	2009-01-26	0.7%	3.2%	10.2%	14.5%	13.6%	17.6%	7.7%	8.7%
AGF U.S. Risk Managed Fund (Series S)	2009-01-26	-0.9%	-0.83%	4.2%	10.5%	11.5%	16.9%	-	12.7%
AGF Asian Growth Class	1991-10-16	3.0%	8.9%	20.7%	12.9%	8.9%	9.7%	2.9%	4.4%
AGF EAFE Equity Fund	2007-08-27	1.7%	4.6%	9.2%	7.8%	5.3%	7.5%	0.4%	0.6%
AGF Global Equity Fund <sup>1</sup>	2003-06-16	0.1%	1.9%	6.8%	10.3%	9.7%	13.8%	5.6%	7.5%
AGF Global Dividend Fund	2007-08-22	-1.2%	-0.4%	3.7%	6.1%	9.5%	12.6%	6.7%	6.6%
AGF Emerging Markets Fund	2003-06-16	-1.0%	2.3%	12.0%	7.8%	4.1%	3.6%	2.9%	10.7%
AGF Global Resources Class	2000-04-27	4.9%	-7.3%	-15.0%	-11.7%	-13.5%	-6.4%	-3.0%	6.0%
AGF Tactical Fund (Series S)	2015-01-15	0.9%	1.2%	4.2%	7.2%	-	-	-	5.3%
AGF European Equity Fund (Series S)	2001-12-17	1.1%	3.9%	9.8%	14.2%	-0.1%	8.9%	-3.5%	1.8%
QuantShares Enhanced Core Cdn Eq ETF	30/01/2017	2.2%	2.6%	-	-	-	-	-	4.2%
QuantShares Enhanced Cr Emer Mkts Eq ETF	30/01/2017	0.6%	3.0%	-	-	-	-	-	8.4%
QuantShares Enhanced Core Intl Eq ETF	30/01/2017	0.5%	4.8%	-	-	-	-	-	12.1%
QuantShares Enhanced Core US Equity ETF	30/01/2017	-0.3%	-0.1%	-	-	-	-	-	4.6%

<sup>1</sup> 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.

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

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