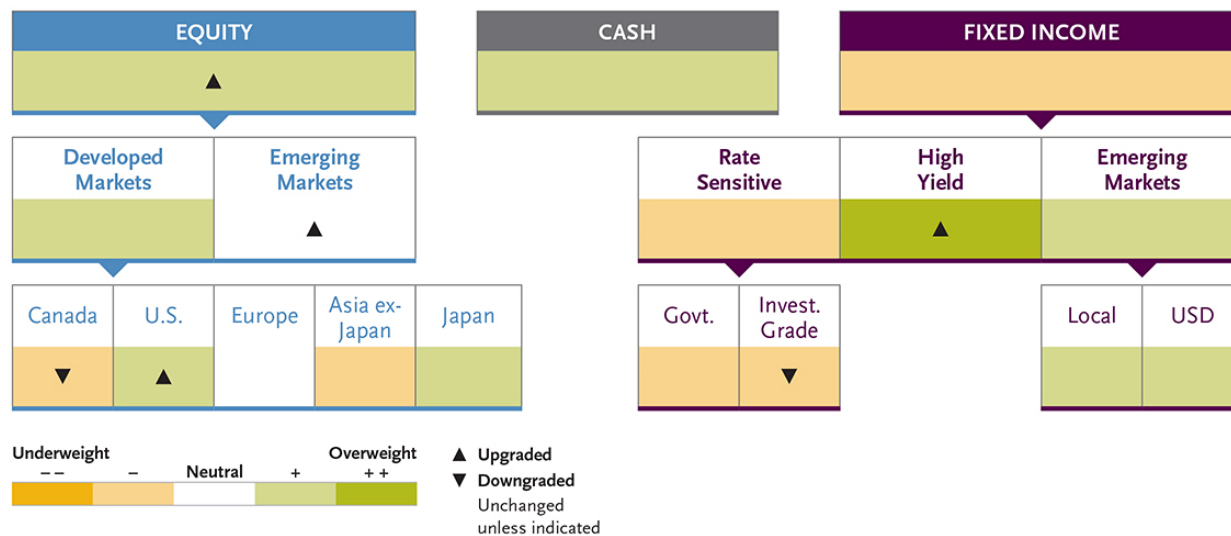


OnCourse AGF Elements Yield Portfolio Q4 2017 Report

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

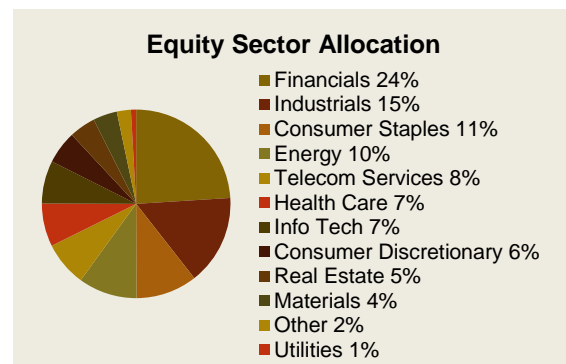
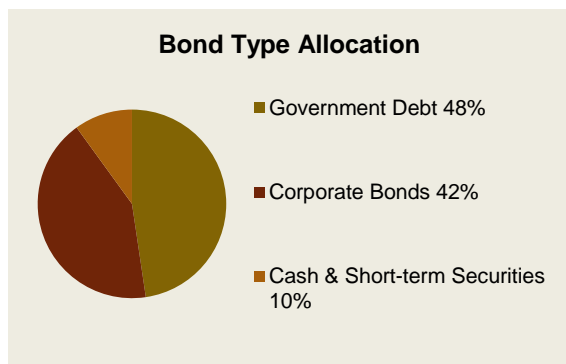
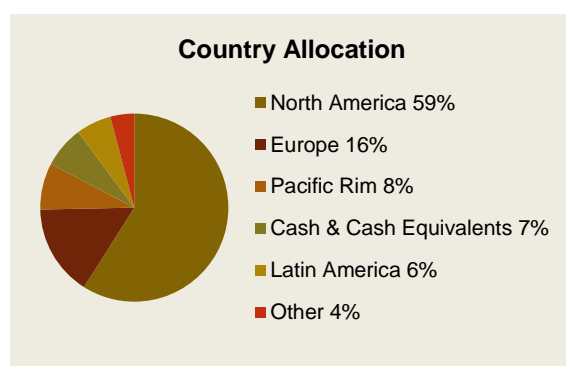
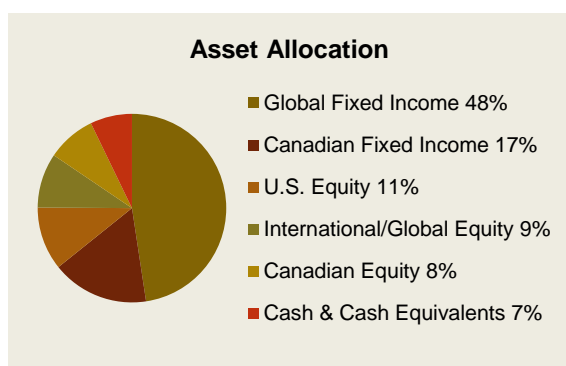
- An overweight to cash remains, although reduced, as assets are re-deployed to equity markets

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
Canadian Equities	10	14	10	-4
AGF Dividend Income Fund		14	10	-4
International/Global Equities	15	14	20	+6
AGF Global Dividend Fund		14	20	+6
Canadian Fixed Income	15	14	12	-2
AGF Fixed Income Plus Fund		14	12	-2
Global Fixed Income	60	58	58	-
AGF Global Bond Fund		24	23	-1
AGF Total Return Bond Fund		21	21	-
AGF High Yield Bond Fund ¹		6	8	+2
AGF Emerging Markets Bond Fund		7	6	-1

CURRENT ALLOCATIONS (as of October 24, 2017)



QUARTER REVIEW – Q3 2017

Fund Performance

- For the quarter ended September 30, 2017, the AGF Elements Yield Portfolio returned -0.7% while the blended benchmark returned -0.9%. The blended benchmark is composed of 60% Barclays Capital Global Aggregate Bond Index/15% FTSE TMX Canada Universe 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 equities and underweight to fixed income for the quarter based on the AGF Asset Allocation Committee's more constructive view for the asset class. Within equities, the Committee favoured Canadian equities due to strong economic data and higher interest rates. This positioning contributed to outperformance, as Canadian equities generally outpaced global markets during the quarter. The Portfolio's underweight to fixed income was also a positive factor, as restrictive central bank policy and strengthening global economies pressured yields.
- During the quarter, the Portfolio's allocation to global equities was reduced marginally, further favouring Canadian equities. This contributed to performance, as Canadian equities benefited from firming commodity prices and two central bank interest rate hikes. An overweight exposure to high yield bonds within the fixed income asset class also contributed, as high yield outperformed most other fixed income categories due to strengthening fundamentals and low default rates.
- The Portfolio's underlying equity funds detracted from performance, as AGF Dividend Income Fund and AGF Global Dividend Fund lagged, though AGF Dividend Income Fund did perform strongly on an absolute return basis. Underlying fixed income performance was mixed as AGF Global Bond Fund and AGF Total Return Bond Fund outperformed their respective benchmarks, while other fixed income funds narrowly underperformed during the period.

Performance as of September 30, 2017	PSD	3mo	6mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Since PSD
AGF Elements Yield Portfolio (Series J)	2011-12-05	-0.8%	-0.4%	2.1%	1.4%	3.6%	4.5%	-	4.6%
AGF Dividend Income Fund	2003-04-16	2.0%	0.6%	3.2%	8.7%	4.0%	6.6%	3.0%	8.7%
AGF Global Dividend Fund	2007-08-22	-1.2%	-0.4%	3.7%	6.1%	9.5%	12.6%	6.7%	6.6%
AGF Fixed Income Plus Fund	1998-11-30	-1.9%	-1.3%	0.0%	-3.2%	1.1%	1.5%	3.3%	4.1%
AGF Global Bond Fund	2010-06-17	-1.6%	-1.3%	0.3%	-4.1%	2.7%	3.5%	-	4.0%
AGF Total Return Bond Fund	2001-07-09	-0.7%	-0.1%	2.5%	1.8%	2.9%	4.5%	5.4%	6.0%
AGF High Yield Bond Fund ¹	1994-02-22	-0.1%	0.8%	3.4%	4.3%	2.9%	4.2%	4.8%	5.2%
AGF Emerging Markets Bond Fund	2010-11-29	-1.6%	-1.7%	1.6%	-0.1%	4.3%	4.4%	-	4.1%

¹ 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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