2024 Quick Reference Guide

AGF

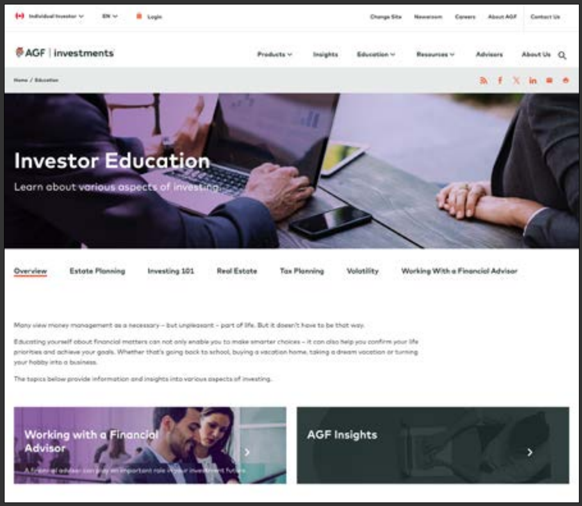
20240305-3411790

Sound Choices® provides resources to meet the evolving needs of investors and advisors.

The program offers resources related to:

1. Investing best practices (including working with a financial advisor)
2. Personal finance education – helping investors understand various aspects of investing
3. Investment planning strategies for different life phases

Learn more:
AGF.com/Education



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Understanding Volatility

Volatility refers to the price fluctuations of a particular item, such as an individual stock or a whole market or portfolio.

It's important to remember that no one can predict exactly when the markets will rise or fall – or precisely how significant that change will be.

But what we **can** control is how we react to those market events.

Visit AGF.com/Volatility for more information.

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Market Correction or Bear Market?

Market corrections can be unnerving to investors trying to understand if the decline is a shorter-term pullback or the beginning of a sustained downturn. Shorter-term declines or 'market corrections' happen frequently and can trigger the fear of a bigger market decline – but most don't actually result in a bear market, a decline of 20%.

95%

The percentage of corrections of more than 10% that have NOT led to bear markets

5%

329 Corrections of 5% or more

3.4 Mean number of occurrences per year

35 Mean number of days of correction

10%

103 Corrections of 10% or more

1.1 Mean number of occurrences per year

99 Mean number of days of correction

15%

47 Corrections of 15% or more

0.5 Mean number of occurrences per year

182 Mean number of days of correction

20%

27 Corrections of 20% or more

0.3 Mean number of occurrences per year

289 Mean number of days of correction

* Based on Ned Davis Research data of S&P 500 Index performance between January 3, 1928 and January 17, 2024. One cannot invest directly in an index. **Past performance is not indicative of future results.**

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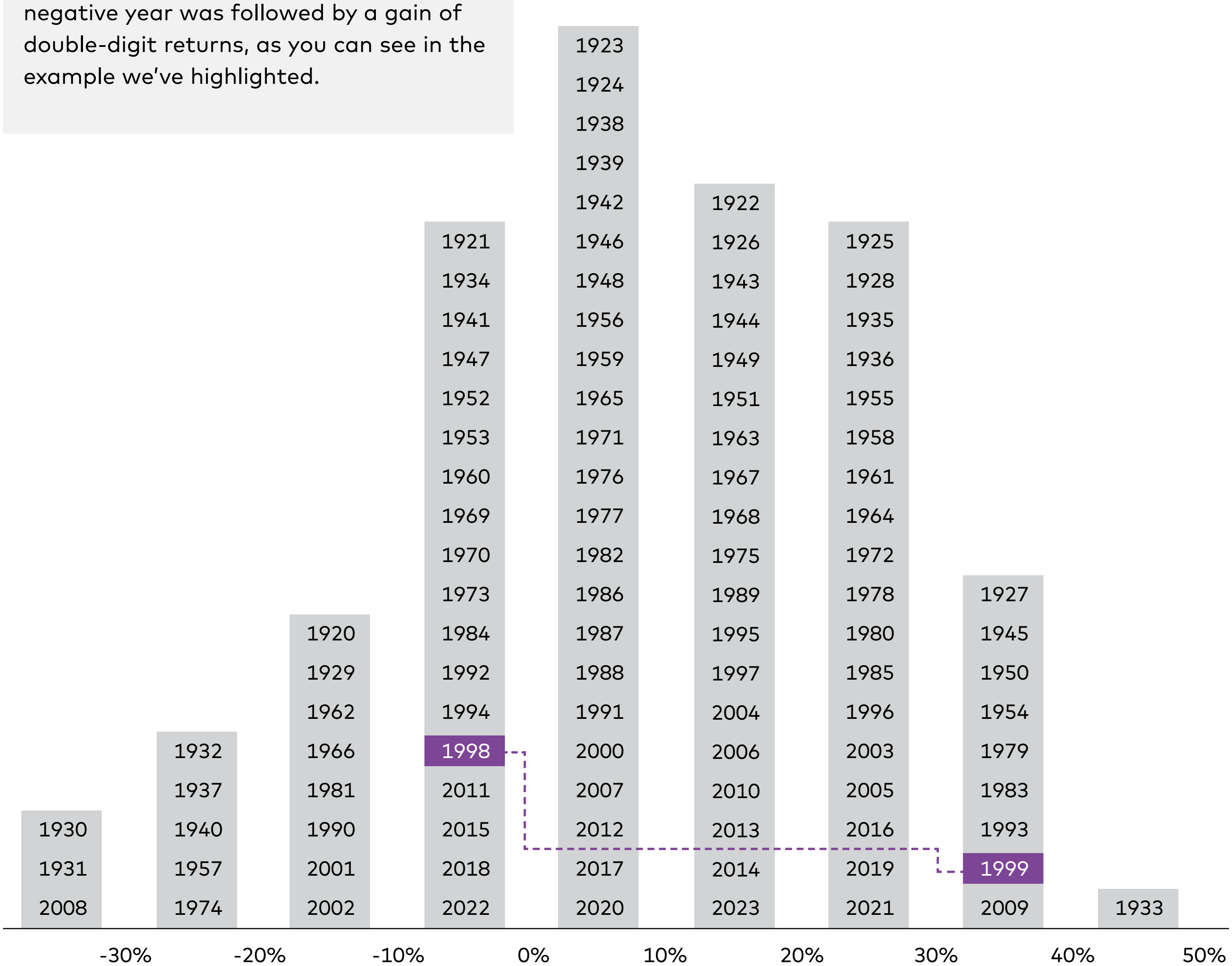
What Does 100 Years of Data Tell Us?

Looking back over the past 100 years, the average annual return on the S&P/TSX has been 7.55% – and there have been far more positive years than negative.

History gives us a clue as to what can happen after a negative year in the stock market.

S&P/TSX Annual Returns (1920-2023)

Approximately 1/3 of the years show a negative return – but most times, the negative year was followed by a gain of double-digit returns, as you can see in the example we've highlighted.

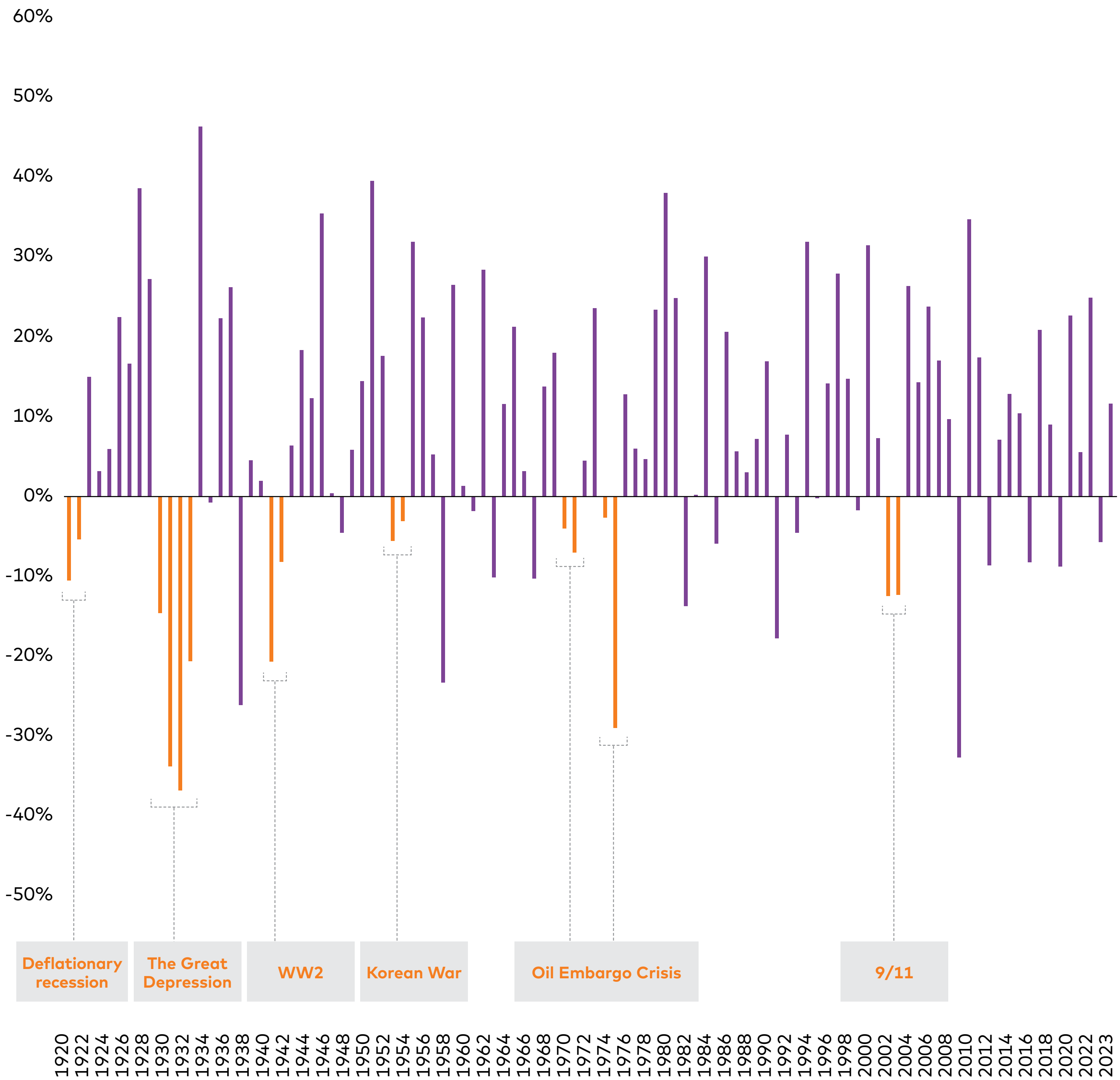


Source: Bloomberg and Morningstar Direct, S&P/TSX Composite Total Return Index, January 1, 1920 - December 31, 2023. **The information provided is for illustrative purposes only and is not meant to provide investment advice.** You cannot invest directly in an index. Please see important information on the disclaimer page. **Past performance is not indicative of future results.**

Should You Worry About One Bad Year?

Over the past 100 years, very rarely have Canadian equities experienced two negative years in a row.

S&P/TSX Annual Returns (1920-2023)



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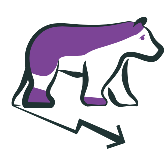
Don't Get Caught in a Cycle of Emotions

Watching markets go up and down can be trying. Consider that how you feel about the market may reflect where it is in the cycle and that you may need to refocus on the longer-term picture.

Bull market:

a prolonged period in which market prices move upwards over an extended period of time.



Bear market:

a prolonged period in which market prices move downwards over an extended period of time.

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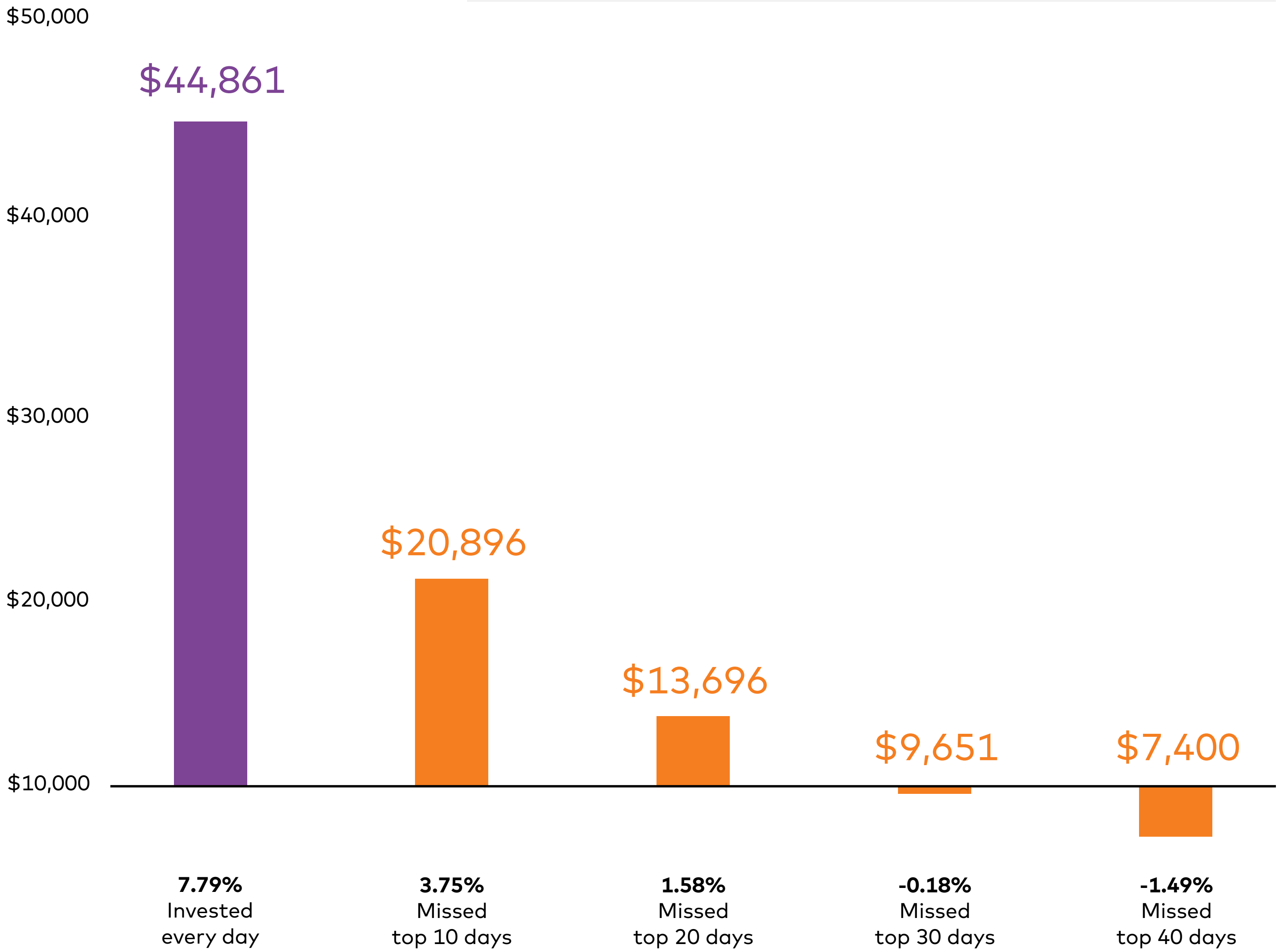
Market Timing is a Guessing Game

When market volatility occurs, it may be tempting to pull your money out of the market. But that can have a significant impact on your investments.

$10,000 Investment in the S&P/TSX Total Return Index For The 20 Years Ended December 31, 2023.

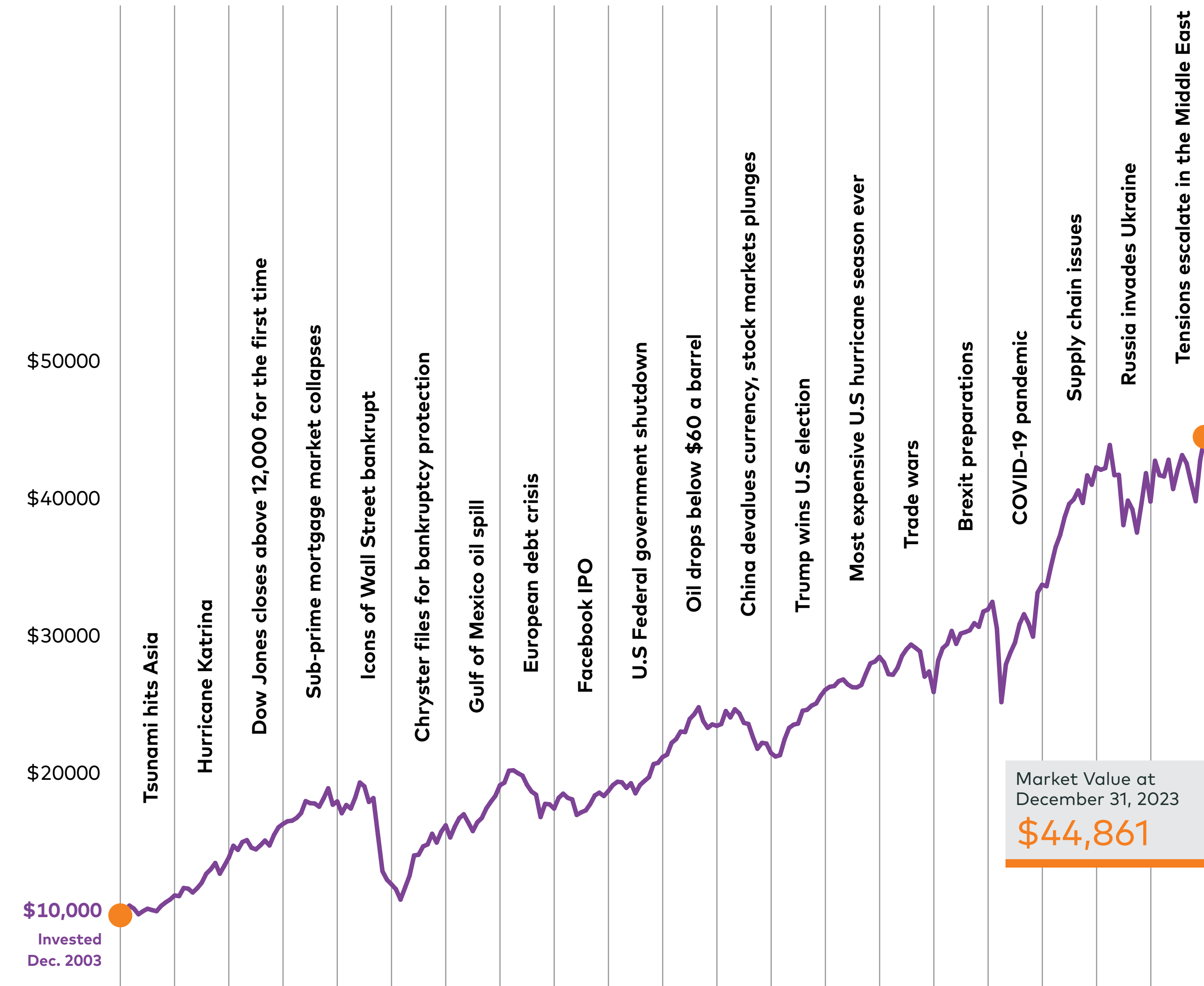
Just missing the top 10 days over the 20-year period cut your investment value in half – from **$44,861** to **$20,896**.



Source: Morningstar Direct and AGF Investments. as at December 31, 2023. **Performance returns are for illustrative purposes only. The rate of return shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values or returns.** You cannot invest directly in an index. Assumptions were made in the calculation of these returns including a $10,000 investment in the S&P/TSX Total Return Index on December 31, 2003. Any taxes due, trading costs and other fees associated with the investment are not included and trading prices and frequency implicit in the hypothetical performance may differ from what may have actually been realized at the time given prevailing market conditions.

One Good Reason to Stay Invested

Over the last 20 years, there have been many reasons not to invest in the markets. Yet history has rewarded those who look past these reasons and stay invested for the long term.



Year ended Dec. 31	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Calendar returns	14.5%	24.1%	17.3%	9.8%	-33.0%	35.1%	17.6%	-8.7%	7.2%	13.0%	10.6%	-8.3%	21.1%	9.1%	-8.9%	22.9%	5.6%	25.1%	-5.8%	11.75%

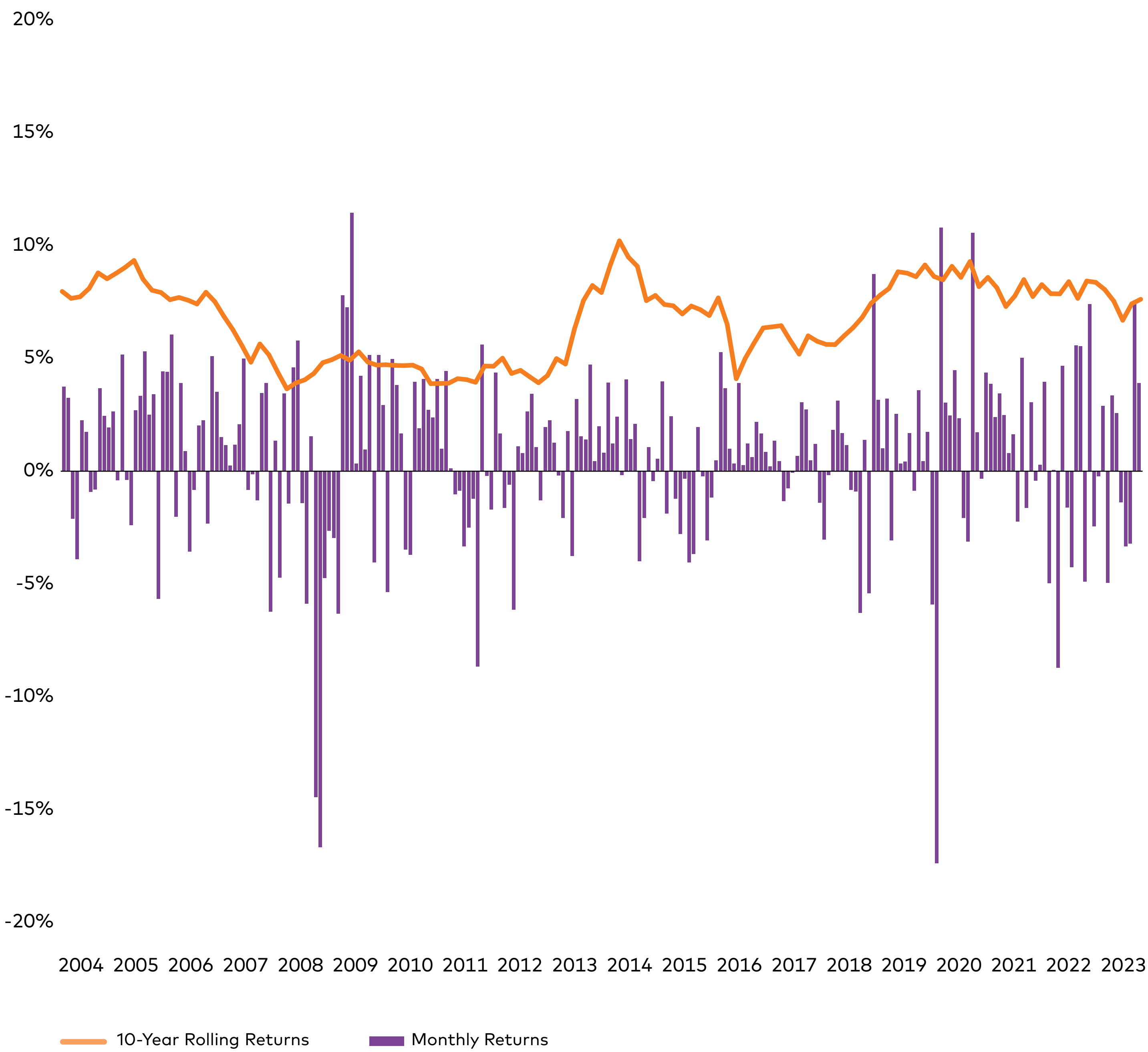
Source: Morningstar Direct and AGF Investments. as at December 31, 2023. **Performance returns are for illustrative purposes only. The rate of return shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values or returns.** You cannot invest directly in an index. Assumptions were made in the calculation of these returns including a $10,000 investment in the S&P/TSX Total Return Index in December 2003. Any taxes due, trading costs and other fees associated with the investment are not included and trading prices and frequency implicit in the hypothetical performance may differ from what may have actually been realized at the time given prevailing market conditions.

Focusing on Short Term vs. Long Term

Monthly swings: it can be quite scary to figure out when to invest or redeem. There is no pattern.

10-year rolling returns: show that staying invested reduced the long-term impact of the spikes in the market.

Returns of the S&P/TSX Total Return Index



Source: Morningstar Direct and AGF Investments. as at December 31, 2023. **Performance returns are for illustrative purposes only. The rate of return shown is used only to illustrate the effects of focusing on the short term (monthly returns) versus the long term (10-year rolling returns) and is not intended to reflect future values or returns.** You cannot invest directly in an index. Any taxes due, trading costs and other fees associated with the investment are not included and trading prices and frequency implicit in the hypothetical performance may differ from what may have actually been realized at the time given prevailing market conditions.

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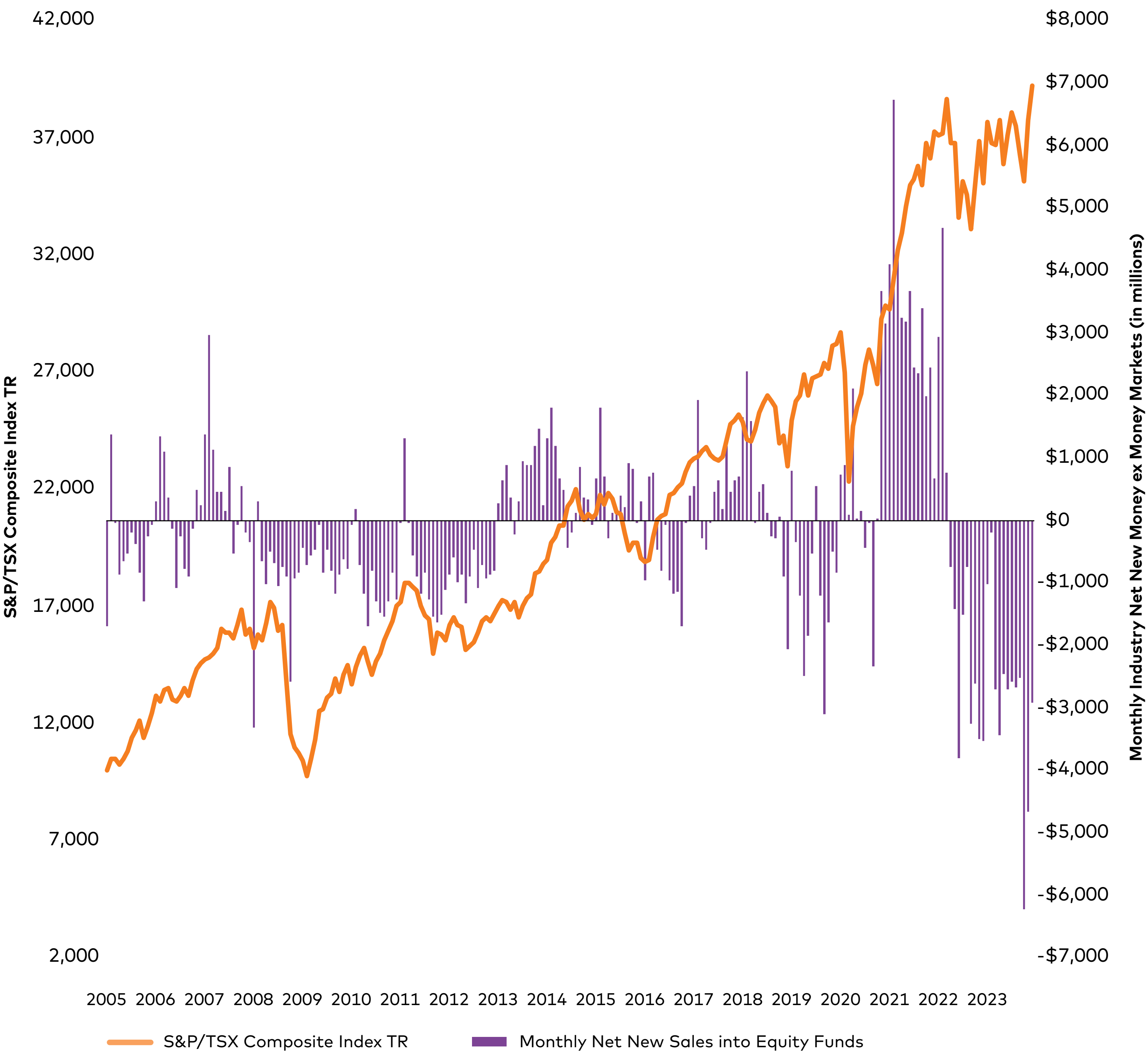
Some Investors Still Buy High And Sell Low

Investors know intuitively to buy low and sell high – but even the most seasoned investors can find their own emotions affect the decision-making process. Market volatility or declines often make people nervous and they can react by pulling their money out of the market. Similarly when markets have persistently gone up, investors often buy in at the wrong time. Staying focused on the long term can help investors tune out the noise.



Source: IFIC Primary View and Morningstar Direct as at December 31, 2023. **Performance returns are for illustrative purposes only. The rate of return shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values or returns.** You cannot invest directly in an index. Assumptions were made in the calculation of these returns including a $10,000 investment in the S&P/TSX Total Return Index on December 31, 2004. Any taxes due, trading costs and other fees associated with the investment are not included and trading prices and frequency implicit in the hypothetical performance may differ from what may have actually been realized at the time given prevailing market conditions.

Understanding Investments

There are many investment options available. To be a successful investor, it helps to know:

- What type of financial investment it is – for example, a mutual fund or an ETF
- What fees might be charged
- How is it managed
- Is it environmentally friendly
- How are the investments taxed

Visit AGF.com/Education for more information

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What is a Mutual Fund?

Mutual funds are professionally managed investments, providing investors access to a portfolio of assets (for example, bonds, stocks) that many people wouldn't be able to afford by themselves.

How Does It Work?

When you put your money into a mutual fund

It's combined with the money from all the other investors in that fund

And invested according to the fund's investment objective and strategy

Top 10 Reasons to Invest in Mutual Funds

1. Diversification*

Because mutual funds hold a basket of investments, they provide instant diversification, which can minimize portfolio risk and volatility.

2. Little Time Commitment

You can build diversification into your own portfolio of investments but it takes time and expertise to research which investments are likely to best complement each other. With mutual funds, the research and monitoring are done for you.

3. Professional Advice

A mutual fund's holdings are typically chosen by professional investment managers based on a specific investment mandate, so you automatically have access to this expertise. A notable exception being index funds that mirror that index.

4. Low Minimum Investment

With mutual funds, your money is pooled with that of a large group of investors, which keeps your minimum investment amount down.

5. Lower Trading Costs

The trading costs of buying and selling dozens of individual investments as markets change can be very high. Every investor that holds a piece of a mutual fund shares its trading costs, making these costs more affordable.

6. Investing Discipline

With a mutual fund, your investment decisions are made for you, so you're not being driven by fear in a down market or euphoria in an up market.

7. Dollar Cost Averaging (DCA)

When you invest in a mutual fund, you can invest a set amount at regular intervals. With DCA, you can potentially buy more units when prices are low and buy fewer units when prices are high, which may result in a reduced purchase price over time.

8. Convenient Reinvestment

When a mutual fund distributes income such as dividends to investors, you can automatically reinvest the income in more units of the fund with no transaction fees. Over time, the power of compounding can lead to significant growth of your investment.

9. Liquidity

Mutual funds are relatively easy to buy and sell at any time, and are available through most banks and investment firms.

10. Range of Options

From pure equity funds that maximize returns but carry higher risk to money market funds that minimize risk but offer significantly lower returns, there's a mutual fund for virtually every type of investor.

*Diversification does not guarantee a profit or eliminate the risk of loss.

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What is an ETF?

Exchange Traded Funds (ETFs) are investment funds that trade on an exchange like a stock, providing investors access to a basket of securities. They deliver a combination of benefits shared by stocks and/or mutual funds.

Mutual Funds:	ETFs:	Stocks:
Diversified Portfolio Building Blocks	Diversified Portfolio Building Blocks + Intra-day Trading + Transparency	Intra-day Trading and Transparency

ETFs are Delivered in a Variety of Investment Styles

Exchange-traded funds (ETFs) were first introduced to Canadian investors nearly 30 years ago, with traditional ETFs being passively managed, simply mirroring a particular index.

The ETF market has matured since then, offering a wide variety of options from active to passive and covering all asset classes from equity to fixed income, alternatives and portfolio solutions. There's also been growth in thematic ETFs that provide exposure to specific themes like ESG or infrastructure.

Passive to Active Spectrum

Index (Passive)	Smart/Strategic Beta	Active
Index Tracking	Index Tracking	Non Index Tracking
Rules-based	Non Market Cap Weighted	Discretionary Strategies
Fully Transparent*	Rules-based	Rules-based, Strategic, Tactical
	Fully Transparent*	Potentially Less Transparent*

Typically, Lowest to Highest Cost

*Transparency: "Fully" refers to the daily disclosure of all holdings; some actively managed ETFs may only disclose holdings monthly or weekly while others may be fully transparent.

What is an SMA?

A Separately Managed Account (SMA) is a portfolio of securities, such as stocks and bonds, managed by a professional investment management firm, similar to a traditional mutual fund. When investors invest in an SMA, however, they all directly own each of the securities within their portfolio, as opposed to units of the portfolio. This allows for a more tailored investment approach, given the ability to make customized changes to the holdings, and can complement other investments (stocks, mutual funds, ETFs, etc.) within an investor's overall portfolio.

Key Characteristics

Expertise	SMAs are managed directly by professional investment management firms, offering investors a more tailored investment approach.
Due Diligence and Oversight	Enhanced due diligence is conducted before an investment model is added to the platform – and once it is added, it is subject to ongoing monitoring and review.
Direct Investment	The investor owns the underlying securities (as opposed to mutual funds where the client owns units of the fund). SMAs, however, have higher minimum investment requirements.
Transparency and Accountability	The investor can see at any moment what is in their accounts and when the transactions were executed on individual securities. The advice fee, manager fee and administrative fee are transparent and based on the value of the account.
Portfolio Customization	SMAs can accommodate multiple types of assets in a single account, offering individual investors a customizable approach to meet their investment objectives. For example, if an investor doesn't like a specific company in their portfolio, it can be easily removed.

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Fundamental vs. Quantitative Investing

Fundamental

Focus on aspects that are qualitative and subjective in nature in order to get an "edge"

Key Steps:

1. Determine a value for a security by examining factors that could affect its price.
2. This value is then compared to the security's price, determining if the security is overvalued or undervalued.
3. The goal is to buy each stock when it's undervalued and sell when it's overvalued.

Fundamental Analysis Approaches:

Top Down

- Begins by looking at the "big picture" and examining the broader market, sector, or industry
- Then narrows down to a specific security

Bottom Up

- Begins with examining the fundamental factors of a specific security, like the financials or management of a company
- Then considers the overall market

Quantitative ("quant")

Employs a computer-based model to guide investment decisions

Key Steps:

1. Model is used to identify patterns in large quantities of stock and trading data that could potentially form the basis of an investment strategy.
2. An algorithm is developed to determine the optimal time to buy or sell a set of securities (within a set of parameters and according to various factors).
3. Model is vigorously stress-tested in different market environments to ensure that it performs in the way that it was programmed to.
4. Model is constantly reviewed in order to assess its ability to generate excess returns.

Can Be A Mixture of Both

- The investment industry is increasingly data-driven
- Many investment managers looking to integrate computer modelling and algorithms into their investment processes

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What's the Alternative?

Alternative investments differ from traditional long-only equity, fixed income or cash investments and can refer to either alternative asset classes or alternative strategies (approaches to investing).

Alternative Asset Classes	Alternative Strategies
• **Real estate / REITS** – residential, office, specialty • **Infrastructure** – airports, highways • **Precious Metals** – gold, silver, copper • **Commodities** – oil, agricultural products • **Private Equity** – companies that have not been listed on a public exchange • **Private Debt** – debt investments that are not issued or traded in an open market	• **Long/Short** – Take both long and short positions while maintaining net-long exposure • **Market Neutral** – Take both long and short positions in equal weights • **Managed Futures** – Take long or short positions using derivative products • **Multi-Strategy** – Combine a portfolio of different alternative strategies

Why Consider Alternative Investments?

Diversification Through Low to Non-correlated Return Sources

Alternatives tend to have low correlation to traditional asset classes.

Downside Protection and Capital Preservation

Employing alternatives within a portfolio may help to shield investors from a decline in value when markets are stressed.

Greater Risk-adjusted Returns

Alternatives have been shown to offer opportunities to enhance the risk-adjusted returns of well-diversified portfolios.

Hedging Against Rising Interest Rates or Inflation

Alternatives can provide a hedge against inflation or rising interest rates due to their uncorrelated risk and return profiles relative to these economic variables.

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Private Markets Investing

Private markets include investments not listed on a public market exchange. They are generally not as widely owned or liquid as a stock bought and sold on an exchange, or a corporate bond that trades "over the counter."

Private Credit

Private credit or private debt (used interchangeably) typically refer to debt investments that are not financed by banks and are not traded in an open market.

Common Types of Private Credit:

Direct Lending: Private lenders provide debt financing to a borrower directly, without the use of an intermediary.

Distressed Debt: Debt that is or is expected to be in default.

Junior / Subordinated: Lower priority for repayment than senior debt, offers a higher premium to compensate for the higher risk.

Mezzanine Debt: Hybrid debt capital that sits in the middle of a given company's capital structure (subordinate to senior debt) with lower priority of repayment and structured to include debt and equity features.

Senior Debt: Debt capital that has first priority of repayment in the event of bankruptcy.

Unitranche: A hybrid structure that includes both senior and junior / subordinated debt.

Venture Debt: Debt provided to early stage start-up companies and is often structured with debt and equity features.

Private Equity

Private equity securities invest in or acquire ownership in a private company that is not listed on a public stock exchange.

Common Types of Private Equity:

Buyout: These companies are failing, either privately or publicly held, and need to be bought out to improve in-house operations. Such operations may include budget cuts, management changes, and outsourcing.

Carve Outs: The purchase of corporate subsidies or units.

Distressed: Companies struggling with critical financing needs.

Growth Equity: Companies that have proven successful and are well managed but need increased liquid assets to grow.

Venture Capital: This form of investment takes place at the startup phase in the company life cycle. Startups need outside capital to fuel company progression and reach growth goals.

Risks of Private Markets

Private markets have risks associated with them just like any other type of investment.

1. **Same risks as publicly traded investments** – for example, with all fixed income securities (publicly or privately offered), interest rate and credit risks are important considerations.
2. **Additional risks with privately issued securities , including:**
    - **Lack of Transparency** – You may receive little or no information about your investment.
    - **Valuation** – The investment may be difficult to value accurately given the lack of information.
    - **Liquidity** – You may not be able to sell your investment when you want or at all.
    - **Default** – You could lose your entire investment.

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Sustainable Investing

Sustainable investing or responsible investing refers to investment strategies that aim to create long-term value for investors while also contributing to a better environment, healthier communities and good corporate governance practices.

Investment Approaches

Exclusionary Screening	**Definition** Excludes companies, sectors, or countries based on ethical, moral or religious beliefs. **Purpose / Objective** Eliminates exposure to a group of securities while pursuing a traditional investment objective (e.g., growth, income, etc.).
ESG Factor Integration	**Definition** Combines environmental, social and governance (ESG) data, research and analysis together with traditional financial analytics in the decision-making process. May not explicitly exclude investing in undesirable countries, companies, etc. **Purpose / Objective** Incorporates ESG risks into analysis of all holdings, with two primary objectives, to reduce risk or improve performance alongside pursuing a traditional investment objective (e.g., growth, income, etc.).
Shareholder Engagement	**Definition** Uses the power of shareholders and stakeholders to influence corporate behaviour. **Purpose / Objective** Influence corporate behaviour in order to move forward an issue related to Environment, Social or Governance initiatives.
Thematic Investing	**Definition** Invests in sustainable businesses that are related to and likely to benefit from specific themes (e.g., energy efficiency, green infrastructure, clean fuels, low-carbon transportation infrastructure, etc.). **Purpose / Objective** Provides investors exposure to a specific theme, linked to one or more issue areas where a social or environmental need has the opportunity to create growth opportunities.
Impact Investing	**Definition** Investments made into companies, organizations, and funds with an intent to generate a measurable, beneficial social & environmental impact alongside a financial return. **Purpose / Objective** Focus on generating a measurable impact in one or more issue areas.

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The ABCs of ESG

Environmental

Impact on the environment, which can include water usage, pollution, waste management, energy efficiency, gas emissions and climate change.

Social

Human rights, health and safety, employee working conditions, community impact, diversity, population and demographics change, consumption patterns and shareholder reputation.

Governance

Board independence and diversity of board members, alignment of shareholders and executives, compensation, shareholders rights, transparency/disclosures and business ethics/culture.

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Understanding MERs

The costs associated with having professionals manage your money vary*, but generally fall into these categories:

Investment Management Fee	**Portfolio Managers With The Appropriate Expertise:** • Research, choose, monitor and sell investments that reflect the product's investment strategy • Rebalance the portfolio for optimal asset mix • Manage risk for the portfolio (including sector allocation, currency management) • Consider tax efficiency
Operating Expenses	**The Fund's Administrators:** • Maintain records for the fund and its investors • Arrange for custodial services for the fund's assets • Provide accounting services, including calculating the fund's value – and its unit pricing as well as tax reporting • Ensure the fund meets its regulatory requirements, including required audits
Sales Tax	**Sales Tax:** HST/GST are charged on all fees and services
Financial Planning & Advice	**Your Financial Advisor:** • Develops a financial plan that aims to help you meet your goals • Provides tax planning and estate planning that reflects your needs and family situation • Puts together an investment portfolio – including registered plans (FHSAs, RRSPs, RESPs, TFSAs) – reflecting your goals, risk tolerance, time frame • Conducts due diligence and research on the investments in your portfolio • Rebalances and reallocates your portfolio when necessary based on the markets or changes in your life

*The costs associated with a particular fund can be found in its prospectus.

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Management Expense Ratio (MER)

Investment Management Fee + **Operating Expenses** + **Sales Tax** = **MER** | **Financial Planning & Advice**

A fund's MER includes the management fee, operating expenses and sales tax. The MER is expressed as a percentage of the fund's average net assets for the year.

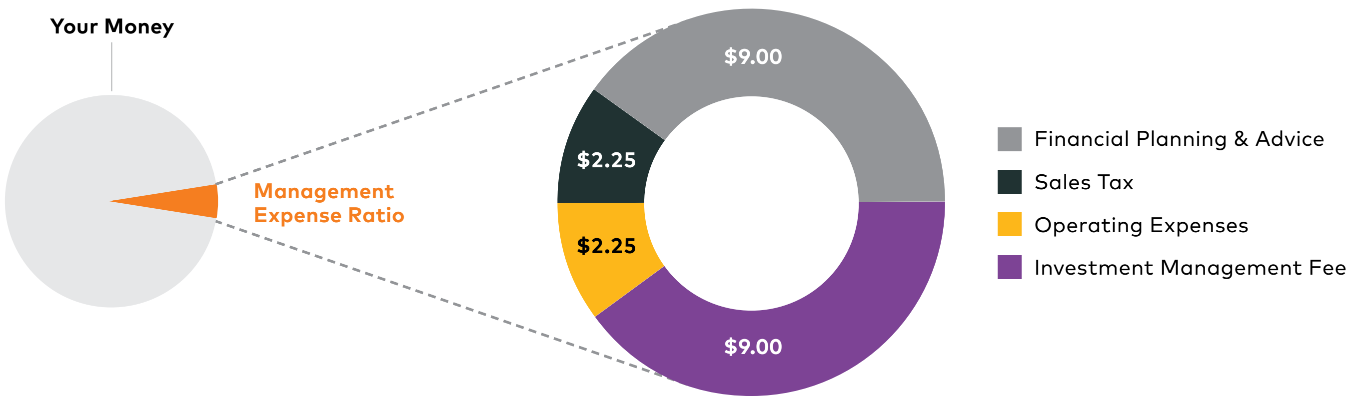
Depending on how your financial advisor is paid, the financial planning and advice cost may be embedded in the fund's MER or paid separately.

Each Investor Pays a Portion of the Costs

Let's say a fund's average assets for the year are $10 million and its expenses are $225,000.

The fund's MER would be 2.25%. If you have $1,000 invested in the fund, your share is $22.50.

MER Breakdown



Ways a Financial Advisor Can Be Compensated For the Valuable Services They Provide Include:

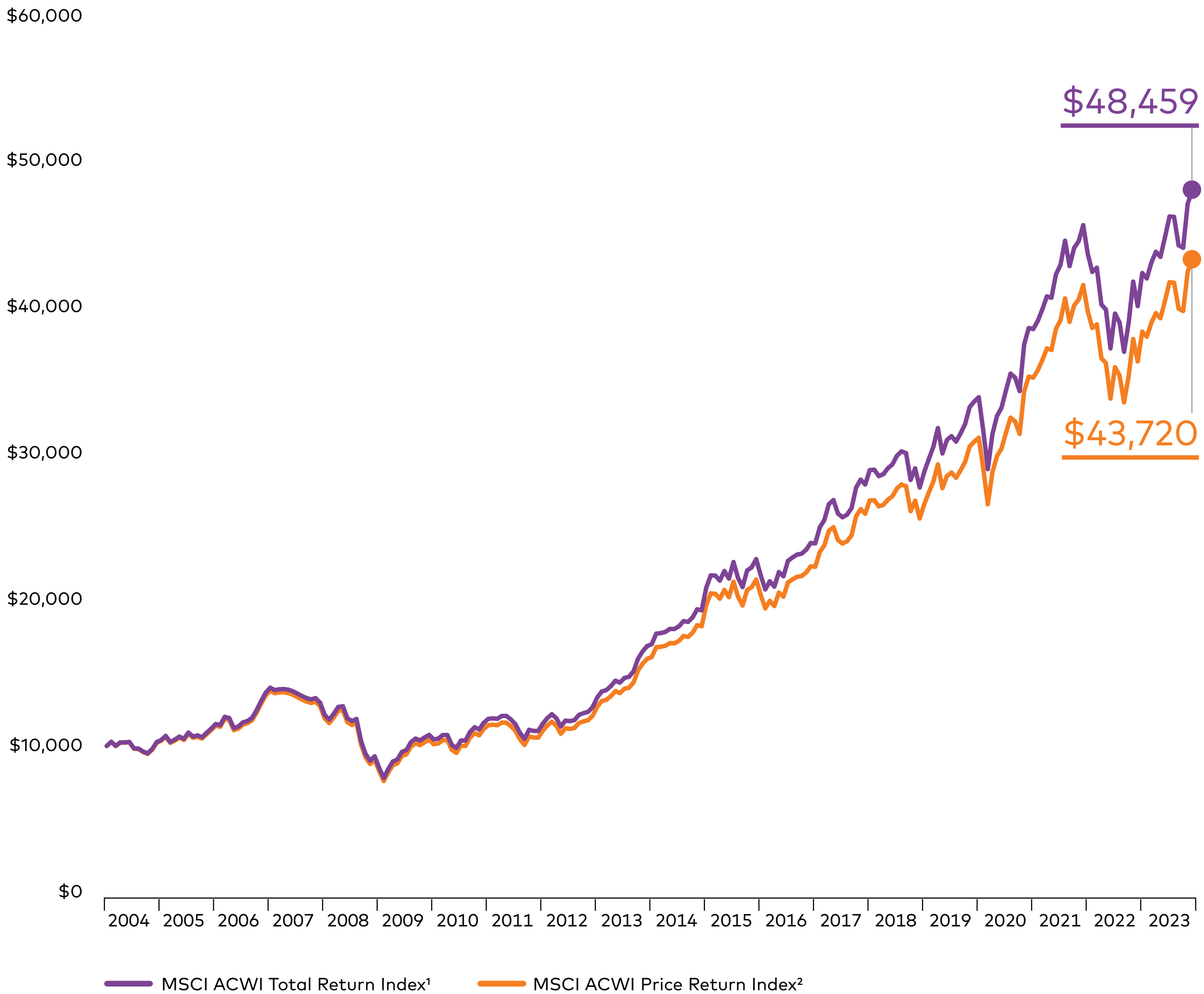
1. **Commission-based –** The advisor is paid for every transaction they do on your behalf.
2. **Fee-based –** The advisor charges an annual fee based on the assets they manage for you.
3. **Blend of fees and commissions –** For example, the advisor may charge a flat fee for a basic financial plan and then earn a commission when they execute investment-related trades.
4. **Salary –** On top of an annual salary from their company, an advisor may earn bonuses based on criteria set out by the company as an incentive for financial advisors to grow their business.

Dividends Matter

Why? Your Money Can Work Harder For You.

Dividends can help you meet your investment goals sooner. This chart shows the value of stocks that pay dividends versus stocks that don't. Over time, there is a difference in the returns generated.

Hypothetical $10,000 Investment in Global Equities. Index Returns with Dividends vs. Returns without Dividends



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"Distributions" and "Dividends" Are Not the Same

Distributions:

- Payments from a fund to the investor.
- Derive from multiple sources from securities held within the underlying funds as well as return of capital.
- Can be comprised of dividends, earned interest, realized net capital gains and return of capital.

Dividends:

- Are only a component of a fund distribution.
- Can be earned by a fund holding Canadian or foreign companies paying a dividend per share.

Distributions Do Not Create Wealth

Wealth gets created when a fund receives dividends and interest from the underlying holdings, and through realized capital gains when holdings are sold at a profit. A distribution, when reinvested, creates units without changing the total value of the investment.

Here is an example to illustrate how it works:

	Units	Price	Total
Day 1 Pre-Distribution	1000	$10.00	$10,000
Declared Distribution: $0.10/unit	10	$9.90	$100
Day 2 Ex-Distribution	1000	$9.90	$9,900
Post-Distribution Reinvestment	1010		$10,000

When the fund declares a distribution of $0.10 per unit and reinvests it, there are two results:

1. The unit price drops by the amount of the distribution paid ($0.10) presuming the market is steady.
2. The number of units owned increases when the value of the distribution is used to buy additional units of the fund at the post-distribution price ($100 distribution buys 10 units of the fund at $9.90/unit).

Although you now own additional units of the fund, the distribution does not affect the total dollar value of the investment as you own more units valued at a lower price.

For more information on distributions, read "The 411 on distributions" on AGF.com.

The payment of distributions should not be confused with a fund's performance, rate of return or yield. If distributions paid by the fund are greater than the performance of the fund, your original investment will shrink. Distributions paid as a result of capital gains realized by a fund, and income and dividends earned by a fund, are taxable in your hands in the year they are paid. Your adjusted cost base will be reduced by the amount of any returns of capital. If your adjusted cost base falls below zero, you will have to pay capital gains tax on the amount below zero.

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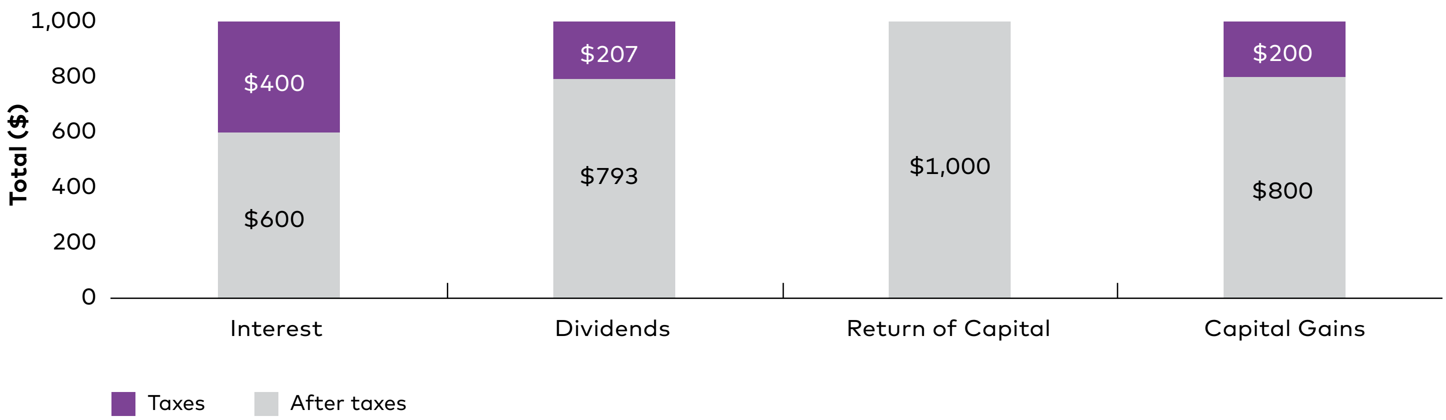
Is All Cash Flow Created Equal?

Here are four different sources of cash flow, each paying $1,000. Within a non-registered portfolio, each has very different tax implications, which can affect the value of the portfolio after tax.



Interest Income	**Dividend Income**	**Return of Capital (ROC)**	**Capital Gains**
Received from: GIC, bonds, treasury bills	Received from: Corporations - dividends are distributions from a company's earnings to its shareholders	Received from: Your invested principal	Received from: Selling an investment at a price higher than what you paid for it
Tax treatment: 100% taxable	Tax treatment: Tax-preferred if it's a Canadian corporation	Tax treatment: No tax due on the ROC, given it is the capital you invested	Tax treatment: Taxable at 50%

This information is for illustrative purposes only. A hypothetical marginal tax rate of 40% is used for this illustration. **Assumptions: Interest:** Fully taxable. $1,000 in interest will return $600 after tax. **Dividends:** (Assuming the individual is taxed in Ontario and the dividend is eligible) a $1,000 dividend gets grossed up by 38% in 2023 to $1,380. Then the assumed 40% marginal tax is applied to result in taxes of $552 (40% × $1,380). The $552 in taxes are reduced by the provincial and federal tax credit of 10% (including surtax) and 15.02%, respectively (10% × $1,380 + 15.02% × $1,380), which creates a tax credit of $345. This amount is subtracted by the taxes otherwise payable to give $207 tax payable ($552 – $345). Therefore, a $1,000 Canadian dividend would provide an after-tax value of $793. **Return of Capital:** The returned capital amount is not taxable in the year received, but reduces the adjusted cost base of the investment, which generally results in a larger capital gain when the investment is sold, hence taxes are effectively deferred. **Capital Gains:** Have preferential tax treatment where only 50% of the gain is taxable. Only 50% of a $1,000 capital gain is taxable, which means that only $500 would be subject to the 40% marginal tax. $500 × 40% = $200 taxes payable, therefore a $1,000 capital gain would result in an $800 after-tax return. This information is provided as a general source of information and should not be considered personal investment or tax advice. Investors should consult with their financial and tax advisors before making any investment or tax-planning decisions.

The Impact of an Interest-Rate Rise

The following tables outline monthly payments over time with various principal amounts.*

Even a small increase in interest rates can translate into a significant difference to your monthly budget and on the cash you have available for other purposes.

For example, if you have a $100,000 mortgage with a 25-year amortization period and the interest rate increases from **3.50%** to **5.00%**. Your monthly payment would increase from **$499.27** to **$581.60**. This translates into an additional **$82.83** monthly or **$987.96** a year!

$100,000 Mortgage

Interest Rate	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
3.00%	$1,796.04	$964.75	$689.69	$553.67	$473.25	$420.60
3.25%	$1,807.03	$976.18	$701.61	$566.09	$486.17	$434.01
3.50%	$1,818.04	$987.68	$713.64	$578.66	**$499.27**	$447.64
3.75%	$1,829.09	$999.25	$725.79	$591.38	$512.56	$461.47
4.00%	$1,840.17	$1,010.89	$738.04	$604.25	$526.02	$475.52
4.25%	$1,851.27	$1,022.60	$750.40	$617.25	$539.66	$489.77
4.50%	$1,862.41	$1,034.38	$762.87	$630.41	$553.47	$504.22
4.75%	$1,873.58	$1,046.23	$775.44	$643.70	$567.46	$518.86
5.00%	$1,884.77	$1,058.15	$788.12	$657.13	**$581.60**	$533.69
5.25%	$1,896.00	$1,070.14	$800.91	$670.69	$595.92	$548.71
5.50%	$1,907.26	$1,082.19	$813.80	$684.39	$610.39	$563.91
5.75%	$1,918.54	$1,094.32	$826.79	$698.22	$625.02	$579.28
6.00%	$1,929.86	$1,106.51	$839.88	$712.19	$639.81	$594.82
6.25%	$1,941.20	$1,118.77	$853.08	$726.28	$654.74	$610.53
6.50%	$1,952.57	$1,131.09	$866.37	$740.50	$669.82	$626.40
6.75%	$1,963.98	$1,143.48	$879.76	$754.84	$685.05	$642.43
7.00%	$1,975.41	$1,155.94	$893.25	$769.31	$700.42	$658.60
7.25%	$1,986.87	$1,168.46	$906.83	$783.90	$715.92	$674.92
7.50%	$1,998.35	$1,181.05	$920.51	$798.60	$731.55	$691.39
7.75%	$2,009.87	$1,193.70	$934.29	$813.42	$747.32	$707.98
8.00%	$2,021.42	$1,206.41	$948.15	$828.36	$763.21	$724.71
8.25%	$2,032.99	$1,219.18	$962.11	$843.40	$779.23	$741.56
8.50%	$2,044.59	$1,232.02	$976.16	$858.56	$795.36	$758.54
8.75%	$2,056.22	$1,244.92	$990.29	$873.82	$811.61	$775.63
9.00%	$2,067.87	$1,257.89	$1,004.52	$889.19	$827.98	$792.83
9.25%	$2,079.56	$1,270.91	$1,018.83	$904.66	$844.45	$810.14
9.50%	$2,091.27	$1,283.99	$1,033.23	$920.23	$861.03	$827.55
9.75%	$2,103.00	$1,297.13	$1,047.71	$935.90	$877.71	$845.06
10.00%	$2,114.77	$1,310.34	$1,062.27	$951.66	$894.49	$862.67

* The principal amount of the mortgage is the amount borrowed or still owing on a mortgage loan.
Source: Financial Consumer Agency of Canada. https://itools-ioutils.fcac-acfc.gc.ca/MC-CH/MCReport-CHSommaire-eng.aspx

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$300,000 Mortgage

Interest Rate	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
3.00%	$5,388.13	$2,894.25	$2,069.07	$1,661.00	$1,419.74	$1,261.81
3.25%	$5,421.09	$2,928.53	$2,104.83	$1,698.27	$1,458.50	$1,302.03
3.50%	$5,454.13	$2,963.03	$2,140.93	$1,735.99	$1,497.81	$1,342.91
3.75%	$5,487.27	$2,997.74	$2,177.36	$1,774.15	$1,537.67	$1,384.42
4.00%	$5,520.50	$3,032.66	$2,214.12	$1,812.74	$1,578.06	$1,426.56
4.25%	$5,553.82	$3,067.79	$2,251.20	$1,851.76	$1,618.98	$1,469.30
4.50%	$5,587.23	$3,103.14	$2,288.60	$1,891.22	$1,660.42	$1,512.65
4.75%	$5,620.73	$3,138.69	$2,326.33	$1,931.09	$1,702.37	$1,556.57
5.00%	$5,654.32	$3,174.45	$2,364.37	$1,971.38	$1,744.81	$1,601.07
5.25%	$5,688.00	$3,210.41	$2,402.73	$2,012.07	$1,787.75	$1,646.12
5.50%	$5,721.77	$3,246.58	$2,441.39	$2,053.17	$1,831.17	$1,691.72
5.75%	$5,755.63	$3,282.96	$2,480.37	$2,094.67	$1,875.07	$1,737.84
6.00%	$5,789.57	$3,319.53	$2,519.65	$2,136.57	$1,919.42	$1,784.47
6.25%	$5,823.60	$3,356.30	$2,559.23	$2,178.84	$1,964.22	$1,831.60
6.50%	$5,857.72	$3,393.28	$2,599.11	$2,221.50	$2,009.47	$1,879.21
6.75%	$5,891.93	$3,430.45	$2,639.28	$2,264.53	$2,055.15	$1,927.28
7.00%	$5,926.22	$3,467.82	$2,679.75	$2,307.93	$2,101.25	$1,975.81
7.25%	$5,960.60	$3,505.38	$2,720.50	$2,351.69	$2,147.76	$2,024.77
7.50%	$5,995.06	$3,543.14	$2,761.54	$2,395.81	$2,194.66	$2,074.16
7.75%	$6,029.61	$3,581.09	$2,802.86	$2,440.27	$2,241.96	$2,123.95
8.00%	$6,064.25	$3,619.23	$2,844.46	$2,485.07	$2,289.64	$2,174.13
8.25%	$6,098.96	$3,657.55	$2,886.33	$2,530.21	$2,337.69	$2,224.69
8.50%	$6,133.77	$3,696.07	$2,928.47	$2,575.68	$2,386.09	$2,275.62
8.75%	$6,168.65	$3,734.77	$2,970.88	$2,621.47	$2,434.84	$2,326.89
9.00%	$6,203.62	$3,773.66	$3,013.56	$2,667.57	$2,483.93	$2,378.50
9.25%	$6,238.67	$3,812.72	$3,056.49	$2,713.98	$2,533.35	$2,430.43
9.50%	$6,273.80	$3,851.97	$3,099.68	$2,760.69	$2,583.08	$2,482.66
9.75%	$6,309.01	$3,891.40	$3,143.12	$2,807.70	$2,633.12	$2,535.19
10.00%	$6,344.31	$3,931.01	$3,186.81	$2,854.99	$2,683.46	$2,588.00

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$500,000 Mortgage

Interest Rate	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
3.00%	$8,980.22	$4,823.75	$3,448.44	$2,768.34	$2,366.23	$2,103.01
3.25%	$9,035.14	$4,880.89	$3,508.05	$2,830.46	$2,430.83	$2,170.06
3.50%	$9,090.22	$4,938.38	$3,568.22	$2,893.32	$2,496.35	$2,238.18
3.75%	$9,145.45	$4,996.23	$3,628.93	$2,956.91	$2,562.78	$2,307.37
4.00%	$9,200.83	$5,054.44	$3,690.19	$3,021.23	$2,630.10	$2,377.59
4.25%	$9,256.37	$5,112.99	$3,752.00	$3,086.27	$2,698.30	$2,448.84
4.50%	$9,312.05	$5,171.90	$3,814.34	$3,152.03	$2,767.36	$2,521.08
4.75%	$9,367.89	$5,231.15	$3,877.22	$3,218.48	$2,837.28	$2,594.29
5.00%	$9,423.87	$5,290.75	$3,940.62	$3,285.63	$2,908.02	$2,668.45
5.25%	$9,480.00	$5,350.69	$4,004.55	$3,353.45	$2,979.59	$2,743.54
5.50%	$9,536.28	$5,410.97	$4,068.99	$3,421.96	$3,051.96	$2,819.53
5.75%	$9,592.71	$5,471.59	$4,133.95	$3,491.12	$3,125.11	$2,896.40
6.00%	$9,649.29	$5,532.55	$4,199.41	$3,560.94	$3,199.03	$2,974.12
6.25%	$9,706.01	$5,593.84	$4,265.38	$3,631.41	$3,273.71	$3,052.66
6.50%	$9,762.87	$5,655.47	$4,331.85	$3,702.50	$3,349.12	$3,132.01
6.75%	$9,819.88	$5,717.42	$4,398.80	$3,774.22	$3,425.25	$3,212.14
7.00%	$9,877.04	$5,779.70	$4,466.25	$3,846.55	$3,502.08	$3,293.02
7.25%	$9,934.33	$5,842.30	$4,534.17	$3,919.49	$3,579.59	$3,374.62
7.50%	$9,991.77	$5,905.23	$4,602.57	$3,993.01	$3,657.77	$3,456.93
7.75%	$10,049.36	$5,968.48	$4,671.44	$4,067.11	$3,736.61	$3,539.92
8.00%	$10,107.08	$6,032.05	$4,740.76	$4,141.79	$3,816.07	$3,623.56
8.25%	$10,164.94	$6,095.92	$4,810.55	$4,217.02	$3,896.14	$3,707.82
8.50%	$10,222.94	$6,160.12	$4,880.79	$4,292.80	$3,976.82	$3,792.70
8.75%	$10,281.09	$6,224.62	$4,951.47	$4,369.11	$4,058.07	$3,878.15
9.00%	$10,339.36	$6,289.43	$5,022.59	$4,445.95	$4,139.89	$3,964.16
9.25%	$10,397.78	$6,354.54	$5,094.15	$4,523.30	$4,222.25	$4,050.71
9.50%	$10,456.33	$6,419.96	$5,166.13	$4,601.15	$4,305.14	$4,137.77
9.75%	$10,515.02	$6,485.67	$5,238.53	$4,679.50	$4,388.54	$4,225.32
10.00%	$10,573.85	$6,551.68	$5,311.35	$4,758.32	$4,472.44	$4,313.34

Diversification – Why and How?

The markets can be unpredictable and last year's performance winners may not be the best place to invest today.

One way to manage this is to invest in a managed solution – a professionally managed portfolio in one convenient package.

Visit AGF.com/Diversification for more information.

The Case For Diversification

Guessing the markets – and being consistently right year after year – can be difficult. A balanced portfolio diversified across multiple asset classes and regions can help protect portfolios from the unpredictable swings of the market.

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Cdn. Stocks 14.48%	Cdn. Stocks 24.13%	Int'l Stocks 26.37%	Cdn. Stocks 9.83%	Global Bonds 31.07%	Cdn. Stocks 35.05%	Cdn. Stocks 17.61%	Cdn. Bonds 10.00%	Int'l Stocks 15.29%	U.S. Stocks 41.27%
Int'l Stocks 11.91%	Int'l Stocks 11.16%	Global Stocks 20.19%	Cdn. Bonds 3.96%	Cdn. Bonds 7.10%	Int'l Stocks 12.49%	U.S. Stocks 9.06%	Global Bonds 8.26%	Global Stocks 13.96%	Global Stocks 35.91%
Global Stocks 6.85%	Global Stocks 7.27%	Cdn. Stocks 17.26%	Balanced Portfolio -3.41%	Balanced Portfolio -6.33%	Global Stocks 11.07%	Cdn. Bonds 6.88%	U.S. Stocks 4.64%	U.S. Stocks 13.43%	Int'l Stocks 31.57%
Cdn. Bonds 7.26%	Cdn. Bonds 7.07%	U.S. Stocks 15.35%	Int'l Stocks -5.32%	U.S. Stocks -21.20%	Balanced Portfolio 7.84%	Global Stocks 6.48%	Balanced Portfolio 0.97%	Balanced Portfolio 8.29%	Balanced Portfolio 19.13%
Balanced Portfolio 6.38%	Balanced Portfolio 5.53%	Balanced Portfolio 13.95%	Global Bonds -7.00%	Global Stocks -25.37%	U.S. Stocks 7.39%	Balanced Portfolio 6.25%	Global Stocks -2.67%	Cdn. Stocks 7.19%	Cdn. Stocks 12.99%
U.S. Stocks 2.81%	U.S. Stocks 2.29%	Global Bonds 6.23%	Global Stocks -7.08%	Int'l Stocks -28.78%	Cdn. Bonds 3.62%	Int'l Stocks 2.56%	Cdn. Stocks -8.71%	Cdn. Bonds 3.27%	Global Bonds 3.94%
Global Bonds 1.31%	Global Bonds -6.88%	Cdn. Bonds 4.01%	U.S. Stocks -10.53%	Cdn. Stocks -33.00%	Global Bonds -9.19%	Global Bonds 0.04%	Int'l Stocks -9.55%	Global Bonds 2.01%	Cdn. Bonds -1.59%

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
U.S. Stocks 23.93%	U.S. Stocks 21.59%	Cdn. Stocks 21.08%	Int'l Stocks 17.36%	Global Bonds 7.70%	U.S. Stocks 24.84%	U.S. Stocks 16.32%	U.S. Stocks 27.61%	Cdn. Stocks -5.84%	U.S. Stocks 22.90%
Global Stocks 15.01%	Global Stocks 19.55%	U.S. Stocks 8.09%	Global Stocks 14.99%	U.S. Stocks 4.23%	Cdn. Stocks 22.88%	Global Stocks 14.45%	Cdn. Stocks 25.09%	Int'l Stocks -7.76%	Global Stocks 21.08%
Balanced Portfolio 12.14%	Int'l Stocks 19.46%	Balanced Portfolio 4.86%	U.S. Stocks 13.83%	Cdn. Bonds 1.29%	Global Stocks 21.91%	Balanced Portfolio 10.37%	Global Stocks 21.3%	Global Bonds -10.16%	Int'l Stocks 15.66%
Cdn. Stocks 10.55%	Global Bonds 16.15%	Global Stocks 4.41%	Cdn. Stocks 9.10%	Balanced Portfolio 1.13%	Int'l Stocks 16.45%	Cdn. Bonds 8.42%	Balanced Portfolio 11.44%	Balanced Portfolio -10.34%	Balanced Portfolio 12.76%
Global Bonds 9.65%	Balanced Portfolio 12.76%	Cdn. Bonds 1.44%	Balanced Portfolio 8.45%	Global Stocks 0.06%	Balanced Portfolio 14.41%	Global Bonds 7.29%	Int'l Stocks 10.82%	Cdn. Bonds -11.25%	Cdn. Stocks 11.75%
Cdn. Bonds 9.03%	Cdn. Bonds 3.65%	Global Bonds -1.45%	Cdn. Bonds 2.45%	Int'l Stocks -5.55%	Cdn. Bonds 6.90%	Int'l Stocks 6.38%	Cdn. Bonds -2.60%	Global Stocks -11.75%	Cdn. Bonds 6.53%
Int'l Stocks 4.12%	Cdn. Stocks -8.32%	Int'l Stocks -2.00%	Global Bonds 0.34%	Cdn. Stocks -8.89%	Global Bonds 1.44%	Cdn. Stocks 5.60%	Global Bonds -5.52%	U.S. Stocks -12.16%	Global Bonds 2.88%

Legend	Represents	Balanced Portfolio
Global Stocks	MSCI World Index (C$)	45%
Global Bonds	Bloomberg Global Aggregate Total Return Index (C$)	30%
Cdn. Stocks	S&P/TSX Composite Total Return Index	15%
Cdn. Bonds	Bloomberg Canada Aggregate Total Return Index (C$)	10%
U.S. Stocks	S&P 500 Composite Total Return Index (C$)	0%
Int'l Stocks	MSCI EAFE Index (C$)	0%

Source: Morningstar and AGF Investments., December 31, 2023. Calendar-year returns in Canadian dollars. One cannot invest directly in an index.

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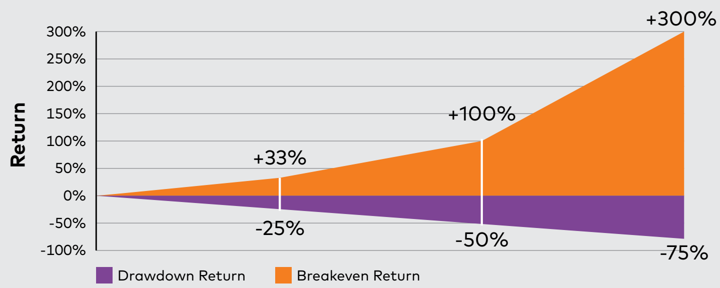
Managing Downside Risk

Generally, investments that have an increased potential for higher returns also have a greater potential for higher losses. Minimizing any drawdowns or losses can help to preserve wealth and reduce the impact of volatility.

This illustration highlights how when an investor experiences a drawdown in their portfolio, a higher percentage return is required to recoup their losses. This is because the new starting point is a lower market value. For example, if an investment with a starting value of $10,000 declined by 50% to $5,000, it would take a return of 100% to return to the original value of $10,000.



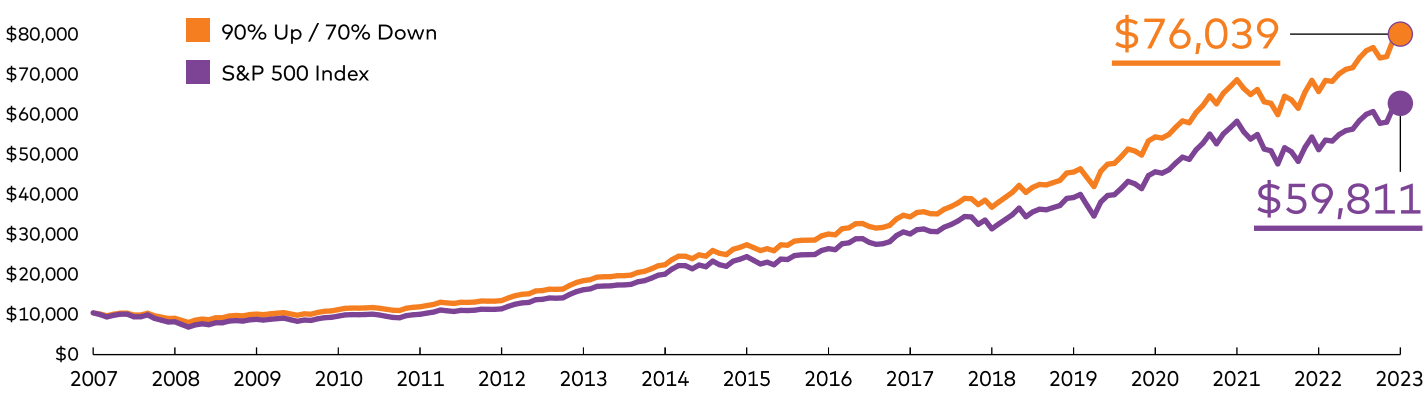
Source: AGF Investments. **Performance returns presented are hypothetical and for illustrative purposes only. It does not represent actual performance nor does it guarantee future performance.** Assumptions were made in the calculation of these returns including drawdowns of -25%, -50% and -75% to illustrate the rate of return required to recover the losses. Any taxes due, trading costs and other fees associated with the portfolios are not included and trading prices and frequency implicit in the hypothetical performance may differ from what may have actually been realized at the time given prevailing market conditions.

The Benefits of Improved Downside Protection

Downside risk can be managed in a number of ways, including diversifying your investment portfolio (it's unlikely that all your investments will experience a loss at the same time).

But did you know that active management can also contribute to downside protection? Here's an example comparing the S&P500 Index to a hypothetical portfolio that participated in 90% of upside performance (if the S&P500 Index increased by 100, the portfolio went up 90) and 70% of the downside (similarly, if the S&P decreased by 100, their portfolio went down 70.

So how did they outperform the index even though they didn't capture all the gains? Because they didn't lose as much, they didn't need as high a gain to recoup their losses.

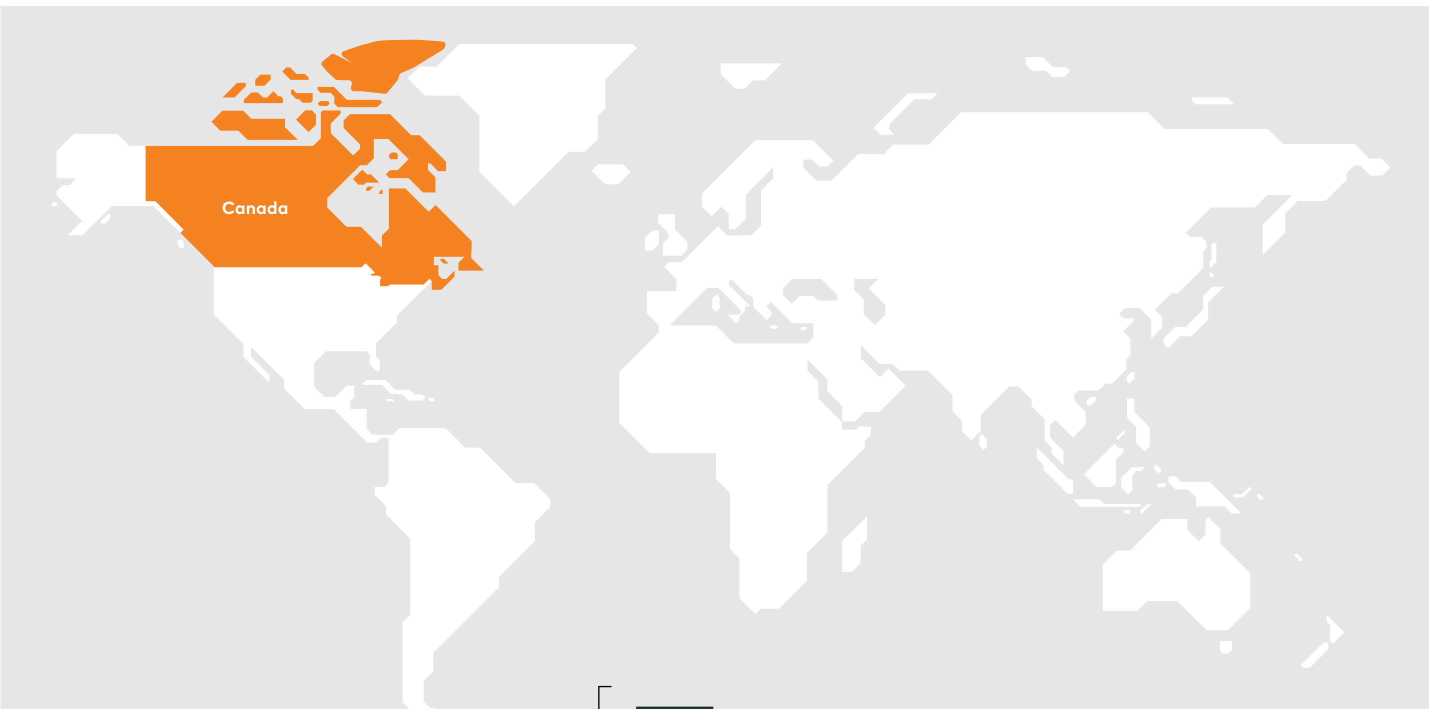


Source: AGF Investments. December 31, 2023. **For illustrative purposes only. You cannot invest directly in an index.** Period: January 2008 – December 2023. All information in Canadian dollars unless otherwise stated. Past performance is not indicative of future results. The rate of return shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the investment fund or returns on investment in the investment fund. The hypothetical portfolio weights and rates of return are for illustrative purposes only and should not be interpreted as a guarantee of future rates of return. The hypothetical portfolio is based capturing 90% of the upside (gains) and 70% of the downside (losses). Any taxes due, trading costs and other fees associated with the portfolios are not included and trading prices and frequency implicit in the hypothetical performance may differ from what may have actually been realized at the time given prevailing market conditions.

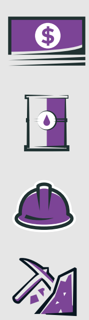
Thinking of Investing Only in Canada?

The Canadian market represents less than **4%** of the world's market capitalization.[1]

Of the top **500** companies in the world – **only 14 are in Canada**[2]



Just under **75%**[3] of the **Canadian marketplace** is concentrated in only four sectors compared to around **35%**[4] for the rest the world:



- **Financial Services**
- **Energy**
- **Industrials**
- **Materials**

[1] Source: AGF Investments. MSCI World Index, as at December 31, 2023.
[2] Fortune Global 500 (companies ranked by revenue as at March 31, 2023, https://fortune.com/ranking/global500/2023/search/?fg500_country=Canada).
[3] Source: AGF Investments. S&P/TSX Composite Total Return Index, as at December 31, 2023.
[4] Source: AGF Investments. MSCI World Index, as at December 31, 2023.
MSCI World Index is used as a proxy for the "Rest of the World" as Canada represents only 3.2% of the Index.

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Thinking of Investing Only at Home?

Diversification across various countries can be an optimal way to reduce risk and improve overall performance. Elements that drive the performance of one market may not for another.

2019	2020	2021	2022	2023
Greece 45.79%	Korea 35.87%	Czech Republic 57.82%	Turkey 169.46%	Egypt 76.29%
Ireland 40.00%	Taiwan 32.15%	Austria 52.25%	Argentina 35.91%	Argentina 65.71%
Russia 37.54%	Denmark 31.92%	United Arab Emirates 50.18%	Egypt 21.89%	Turkey 49.38%
New Zealand 37.36%	China 28.10%	Saudi Arabia 37.81%	Chile 19.35%	Greece 44.40%
Kuwait 35.64%	United States 20.73%	Netherlands 37.15%	Indonesia 13.85%	Hungary 39.14%

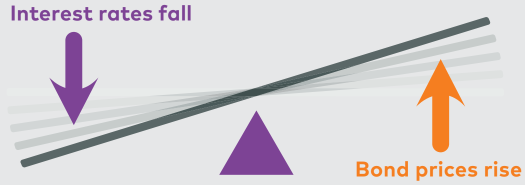
Source: Morningstar Direct. Annual Country returns represented by MSCI Country Indexes in local currency terms. Top 5 countries as represented in MSCI ACWI. The MSCI ACWI captures large and mid-cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. **For Illustrative Purposes Only**. You cannot invest directly into an index. **Past performance is not indicative of future results.** Please see important information on the disclaimer page.

Facts About Fixed Income

1

When interest rates **go up**, bond prices **go down**

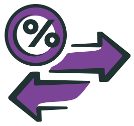
If interest rates go up, investors can access a bond with a higher interest payment – the attractiveness (and value) of the bond with the lower interest rate goes down.



2

Fixed income ≠ fixed

Mortgage-backed securities:
An investment with a monthly payment consisting of a blend of principal and interest payments from a pool of mortgages.



Floating-rate loans:
Loans made by major banks to prominent companies.

Not all of these options pay a fixed amount on a fixed schedule.

3

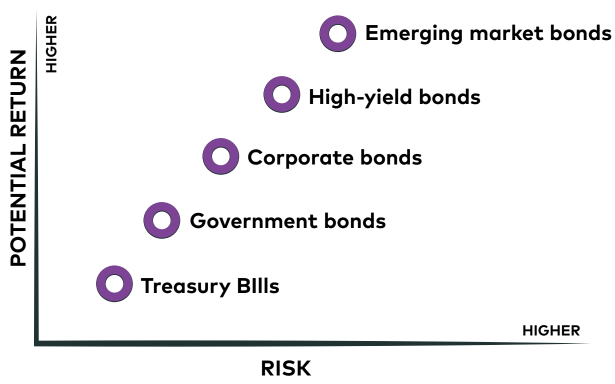
Your **investment** is not guaranteed

Although not as volatile as equities, fixed income investments can experience price fluctuations.

4

Fixed income investments are not all equal

Fixed income investments are also subject to default risk – the risk that an issuer will fail to pay the interest due or repay the principal. This default risk is conveyed through its credit rating – for example, those with a AAA credit rating are considered less risky than those rated B.



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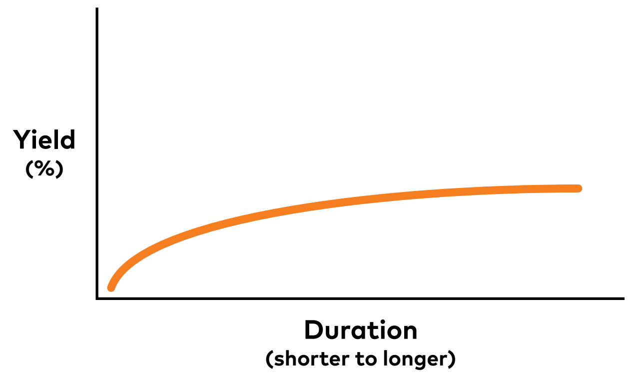
What is a Yield Curve?

Normal Yield Curve



A yield curve illustrates how bonds of equal credit quality will have different yield* depending on when they mature (their duration or term to maturity):

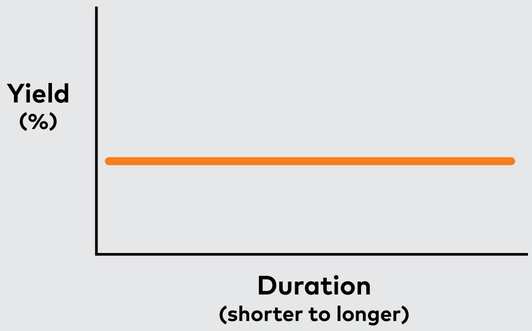
- Short-term bonds (less than 3 years) have the shortest duration risk and therefore generally have lower yields.
- Medium-term bonds (4-10 years) will have a higher yield. This is to compensate and attract investors for the longer commitment period.
- Long-term bonds (more than 10 years) will pay the highest yield when the yield curve is normal because investors are locking their money in for longer, and also facing a higher risk that the issuer may default and not pay you back.

***Yield:** A bond's yield refers to the amount of interest paid each year expressed as a percentage of the bond's price on the open market. The price of a bond can fluctuate - buyers would pay a premium to hold a bond paying 8% vs 6% for example.

Yield to Maturity: The annual rate of return anticipated on a bond if it is held until the maturity date. The yield to maturity of a portfolio is the weighted average of the yield to maturity of the applicable holdings in a portfolio

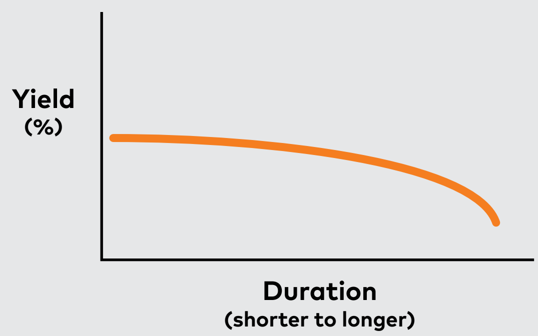
Other Types of Yield Curves

Flat Yield Curve



A **flat yield curve** occurs when short-term yields rise to the point where they are in line with longer-term bonds.

Inverted Yield Curve



An **inverted yield curve** occurs when short-term yields are higher than long-term yields. Some investors feel uneasy when this occurs because it can signal that a recession may be on its way. When investors become increasingly risk averse, the demand for longer-term bonds increases, which pushes down their yields relative to shorter-term bonds.

Source: AGF Investments. For illustrative purposes only.

Taking an Active Approach to Fixed Income

In order to increase yield potential, mitigate risk and combat volatility, an active, diversified approach to fixed income, that incorporates a range of fixed income securities, is increasingly necessary.

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Canadian Bonds 9.03%	Canadian Bonds 3.65%	Global HY Bonds 14.27%	Global Conv. Bonds 16.06%	Canadian Bonds 1.29%	Global Conv. Bonds 13.66%	Global Conv. Bonds 34.50%	Floating Rate Loans 5.20%	Floating Rate Loans -0.60%	Global HY Bonds 14.04%
Global DM Bonds 7.05%	Global Conv. Bonds 1.37%	Floating Rate Loans 10.16%	Global HY Bonds 10.43%	Global DM Bonds 1.12%	EM Bonds 13.11%	Global Bonds 9.20%	Global Conv. Bonds 2.45%	Canadian Bonds -11.25%	Floating Rate Loans 13.32%
U.S. Bonds 5.97%	EM Bonds 1.29%	EM Bonds 9.88%	EM Bonds 8.17%	Floating Rate Loans 0.44%	Global HY Bonds 12.56%	Canadian Bonds 8.42%	Global HY Bonds 0.99%	Global DM Bonds -12.66%	Global Conv. Bonds 11.87%
EM Bonds 4.76%	Global DM Bonds 1.28%	Global Conv. Bonds 7.20%	Global Bonds 7.39%	U.S. Bonds 0.01%	U.S. Bonds 8.72%	U.S. Bonds 7.51%	U.S. Bonds -1.54%	Global HY Bonds -12.71%	EM Bonds 9.09%
Global Conv. Bonds 3.62%	U.S. Bonds 0.55%	U.S. Bonds 2.65%	Floating Rate Loans 4.12%	Global Conv. Bonds -1.15%	Floating Rate Loans 8.64%	Global HY Bonds 7.03%	EM Bonds -1.65%	U.S. Bonds -13.01%	Canadian Bonds 6.53%
Floating Rate Loans 1.60%	Floating Rate Loans -0.69%	Global DM Bonds 2.63%	U.S. Bonds 3.54%	Global Bonds -1.20%	Canadian Bonds 6.90%	EM Bonds 6.52%	Global DM Bonds -2.41%	EM Bonds -15.26%	Global Bonds 5.72%
Global Bonds 0.59%	Global HY Bonds -2.72%	Global Bonds 2.09%	Canadian Bonds 2.45%	EM Bonds -2.46%	Global Bonds 6.84%	Global DM Bonds 4.88%	Canadian Bonds -2.60%	Global Conv. Bonds -16.21%	U.S. Bonds 5.53%
Global HY Bonds 0.01%	Global Bonds -3.15%	Canadian Bonds 1.44%	Global DM Bonds 1.07%	Global HY Bonds -4.06%	Global DM Bonds 4.75%	Floating Rate Loans 3.12%	Global Bonds -4.71%	Global Bonds -16.25%	Global DM Bonds 4.84%

Legend	Represents
Canadian Bonds	Bloomberg Canada Aggregate TR Index
EM Bonds	Bloomberg EM USD Aggregate Bond TR Index
Floating Rate Loans	Morningstar LSTA US Leveraged Loan TR Index
Global Bonds	Bloomberg Global Aggregate TR Index
Global Conv. Bonds	ICE BofAML Global 300 Convertible TR Index
Global DM Bonds	S&P Global Developed Sovereign Bond TR Index
Global HY Bonds	Bloomberg Global High Yield TR Index
U.S. Bonds	Bloomberg U.S. Aggregate Bond TR Index

Source: Morningstar, as of December 31, 2023 in local currency terms. **Past performance is not indicative of future results**. One cannot invest directly in an index.

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What is Inflation?

Inflation is simply an increase in prices over a period of time. Deflation is the opposite – a decrease in prices.

How is Inflation Measured?

To calculate the inflation rate, they compare the prices from one time period to another.

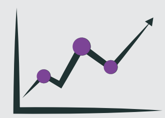
Here's a hypothetical example:

$100

Let's say the basket of goods and services costs $100 in year one.

$103

In year two, that basket costs $103, an increase of $3.



3%

That translates into an annual inflation rate of 3%.

Why Do Prices Go Up?

Prices generally go up when demand exceeds supply.

Think of shopping for fresh fruits and vegetables – if it's out of season, you'll have to pay more since it's less plentiful.

Similarly, consumers may also encounter higher prices for an item if the manufacturer has had to pay higher prices for the components needed to build their product. To maintain their profit margin, the manufacturer may charge a higher price for the end product if they believe the consumer will pay it.

Keeping Up With Inflation

Inflation can have a negative impact on your purchasing power and is one of the reasons you should consider having growth-oriented investments in your portfolio.

The following table illustrates the amount of income you will require to simply maintain the same purchasing power, using a **2% annual inflation rate**.*

For example, if you earn $75,000 a year and the inflation rate is 2% annually, after 20 years you would need to earn nearly **50% more** a year – or **$111,446** – to maintain the same purchasing power.

Current Income	5 Years Later	10 Years Later	20 Years Later	30 Years Later
$50,000	$55,204	$60,950	$74,297	$90,568
$75,000	$82,806	$91,425	**$111,446**	$135,852
$100,000	$110,408	$121,899	$148,594	$181,136
$150,000	$165,612	$182,849	$222,892	$271,704

Why Does That Matter?

When inflation is higher, price increases may become unstable. People and companies may start worrying about what they're going to pay, how far their money will go and whether they'll be forced to dip into their savings to make ends meet.

Inflation and Interest Rates

The economy is managed through two main avenues:

Fiscal Policy

government decisions with regards to taxes and spending

Monetary Policy

central bank either increasing or decreasing money supply and interest rates

In an environment when inflation is going up, interest rates will be increased to encourage higher savings and lower spending, which in turns slows the economy and inflation.

*Annual average inflation rate from 2004 to 2023 = 2.16%. Source: https://www.bankofcanada.ca/rates/related/inflation-calculator, January 2024.

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The GIC Dilemma – Will You Have Enough?

Many investors like the safety and predictability that a GIC offers. However, while GICs can fill a specific need in an investor's portfolio, it is important to consider both inflation and tax implications into your real after-tax return.

The Interest Rate Needed to Break Even With Inflation And Taxes

Tax Rate \ Inflation	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%	8.0%
20%	1.25%	2.50%	3.75%	5.00%	6.25%	7.50%	8.75%	10.00%
22%	1.28%	2.56%	3.85%	5.13%	6.41%	7.69%	8.97%	10.26%
24%	1.32%	2.63%	3.95%	5.26%	6.58%	7.89%	9.21%	10.53%
26%	1.35%	2.70%	4.05%	5.41%	6.76%	8.11%	9.46%	10.81%
28%	1.39%	2.78%	4.17%	5.56%	6.94%	8.33%	9.72%	11.11%
30%	1.43%	2.86%	4.29%	5.71%	7.14%	8.57%	10.00%	11.43%
32%	1.47%	2.94%	4.41%	5.88%	7.35%	8.82%	10.29%	11.76%
34%	1.52%	3.03%	4.55%	6.06%	7.58%	9.09%	10.61%	12.12%
36%	1.56%	3.13%	4.69%	6.25%	7.81%	9.38%	10.94%	12.50%
38%	1.61%	3.23%	4.84%	6.45%	8.06%	9.68%	11.29%	12.90%
40%	1.67%	3.33%	5.00%	6.67%	8.33%	10.00%	11.67%	13.33%

For example, if the inflation rate is **4.0%** and your tax rate is **30%**, you'd need a GIC paying **5.71%** annually to break even.

Source: AGF Investments. **For illustrative purposes only. All rates referenced above are hypothetical.**

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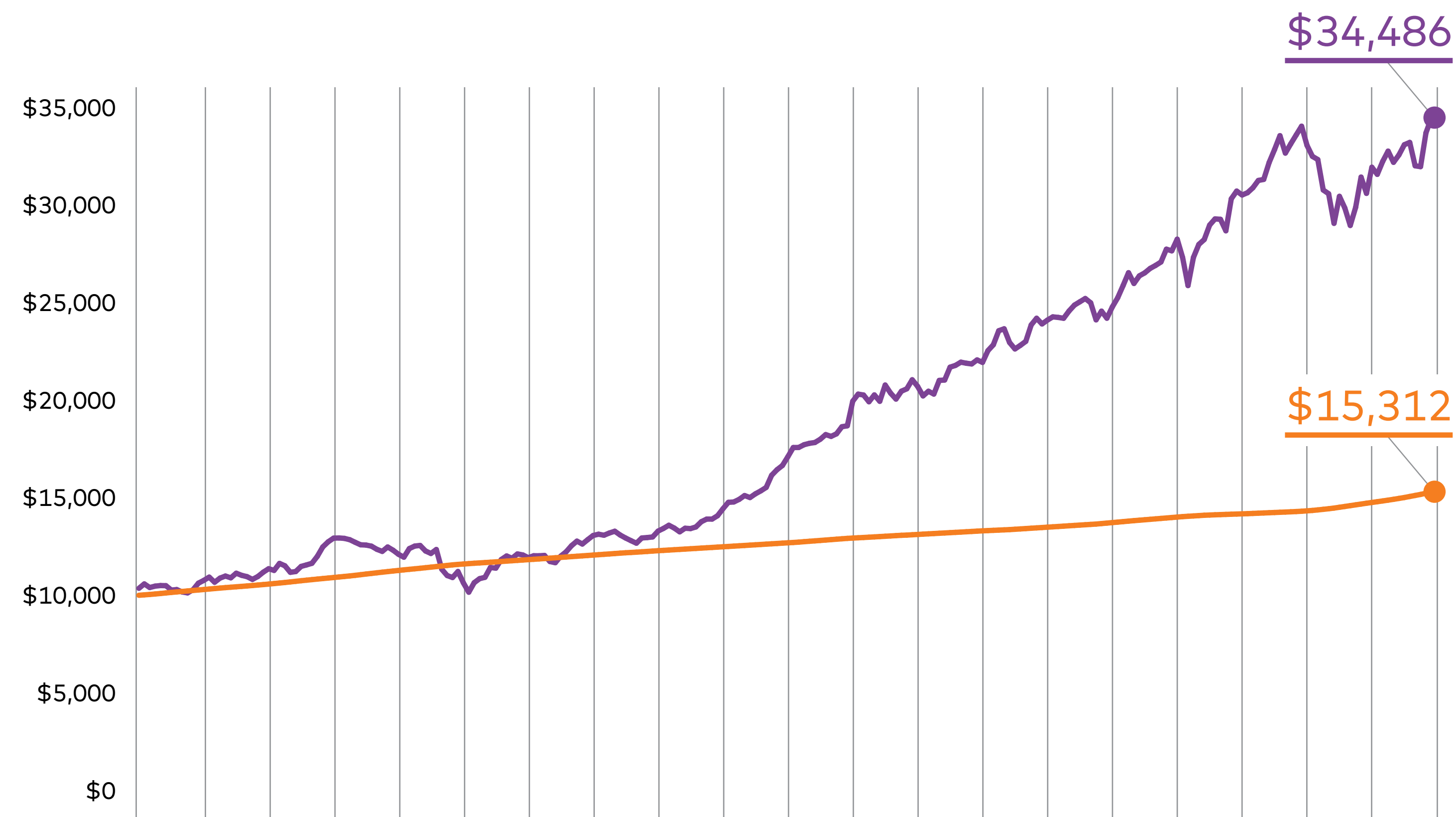
Balanced vs. GICs

So how can you stay ahead of inflation? Although the returns of a yield-oriented mutual fund portfolio aren't guaranteed, the returns have been considerably stronger than those of GICs over longer periods of time.

Growth of $10,000 Investment on January 1, 2004 until December 31, 2023



Year ended Dec. 31	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Average 5-Yr GIC*	2.92%	2.70%	3.16%	3.30%	3.00%	1.95%	1.96%	1.87%	1.65%	1.63%	1.92%	1.43%	1.42%	1.39%	1.69%	2.07%	1.28%	1.01%	2.87%	3.89%
Balanced Portfolio**	6.38%	5.53%	13.95%	-3.41%	-6.33%	7.84%	6.25%	0.97%	8.29%	19.13%	12.14%	12.76%	4.86%	8.45%	1.13%	14.41%	10.37%	11.44%	-10.34%	12.76%

Average 5-Yr GIC* — Balanced Portfolio**

Source: AGF Investments. December 31, 2023. For illustrative purposes only. You cannot invest directly in an index. All information in Canadian dollars unless otherwise stated. Past performance is not indicative of future results. The rate of return shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the investment fund or returns on investment in the investment fund. * Five-year average GIC Rate Index. **** The hypothetical portfolio weights and rates of return are for illustrative purposes only and should not be interpreted as a guarantee of future rates of return.** The hypothetical portfolio is based on predetermined investments in the following indexes with the portfolio weights rebalanced monthly. The hypothetical portfolio is comprised of 30% Bloomberg Global Aggregate Bond Index, 10% Bloomberg Canada Aggregate Bond Index, 45% MSCI World Index, 15% S&P/TSX Composite Index. Any taxes due, trading costs and other fees associated with the portfolios are not included and trading prices and frequency implicit in the hypothetical performance may differ from what may have actually been realized at the time given prevailing market conditions.

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Understanding Managed Solutions

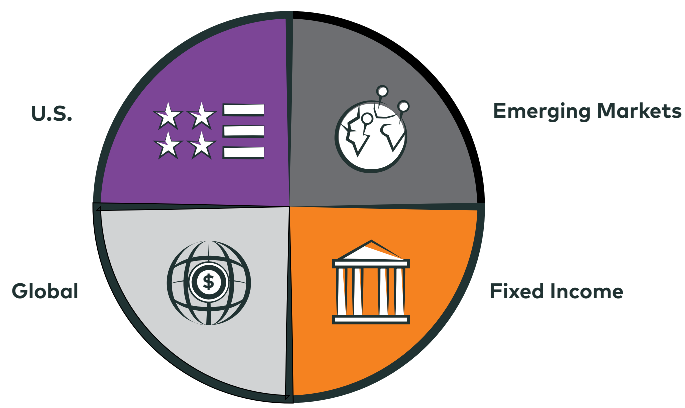
A managed solution is an investment made up of funds that have been carefully selected to form a portfolio. Why a managed solution? To answer that, let's look at what's involved in determining the right mix of investments for your portfolio – also known as its asset allocation.

Building Your Portfolio

A portfolio mix (also known as its asset allocation) should be properly diversified and take into account:

- Investment goals
- Risk tolerance level
- Time horizon
- The world macro environment (economies, interest rates, etc.)

Asset Allocation



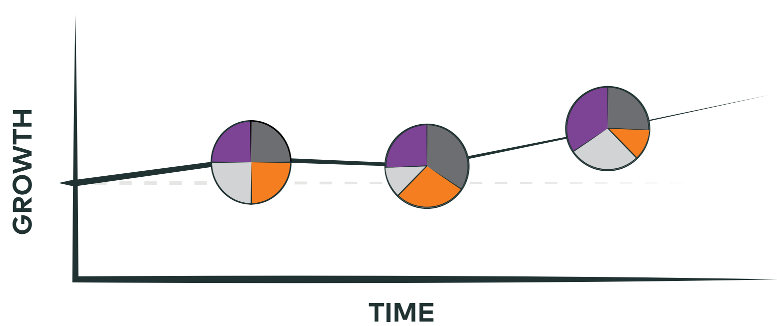
For Illustrative purposes only.

Managing Your Portfolio

The investments in your portfolio will likely grow at different rates.

So what do you do when you no longer have the asset allocation you started with?

- Do you rebalance back to your original portfolio?
- Do you find a new one to reflect changes in the economic environment?
- How often should you rebalance your portfolio?



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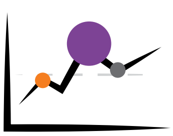
A Managed Portfolio Offers A One-Stop Solution

Choosing a managed solution product can simplify your investment process – with one investment, you get a professionally managed, diversified portfolio of funds (ETFs, mutual funds or both).

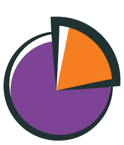
Professionally Managed

An investment management firm that offers managed solutions is responsible for:

Fund Research: Conducting thorough research and making the appropriate fund selections.

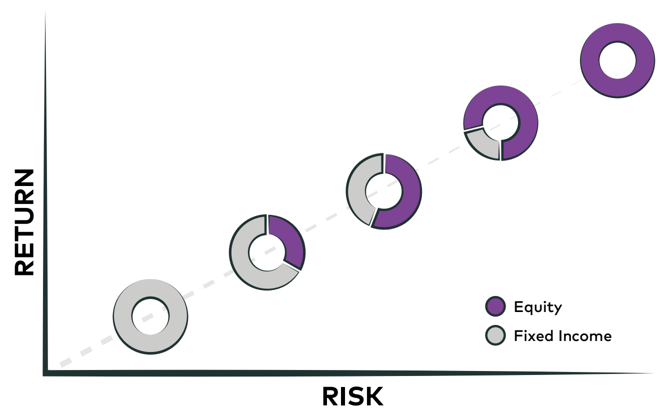


Manage Risk: Constructing the portfolio with complementary investment styles to manage risk and enhance return potential.



Asset Allocation: Actively monitoring the portfolio and rebalancing according to a specific schedule or when required to maintain the portfolio's asset mix.

Typically, an investment management firm will offer several portfolios in its managed solution lineup, each designed to meet different investment objectives. For example, to generate an income stream, to provide a mix of income and capital growth, to maximize growth potential.



For Illustrative purposes only.

ETFs are popular options with investors. Yet selecting, monitoring and rebalancing a portfolio of ETFs can be a time-consuming and daunting task.

Managed ETF Portfolios

- Professional management, ETF selection and portfolio oversight
- Carefully selected to form a portfolio with a specific objective or risk level

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Accumulation Phase

During this period of an investor's financial life cycle, they're focusing on building their assets – for example, saving for a down payment on their first home, their children's education and their retirement.

Deal with Uncertain Markets by Making Purchases Automatic

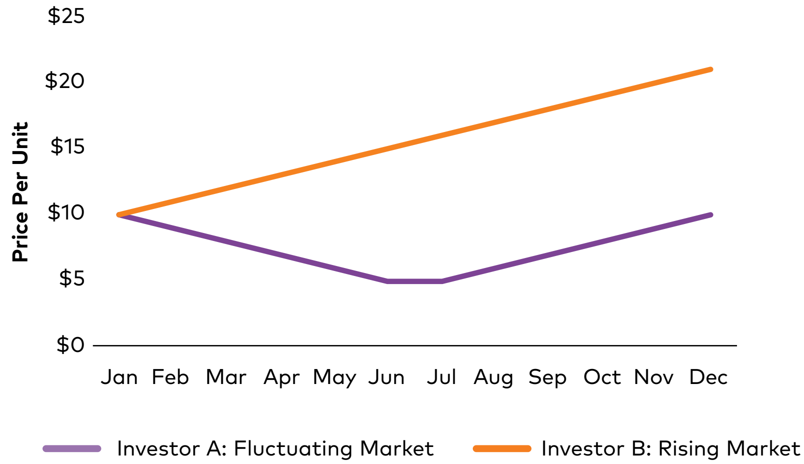
A key investment decision is when to invest. Should you invest now or wait? By investing an equal amount of money at regular intervals - regardless of what's going on in the market, you can take advantage of a strategy called dollar cost averaging.

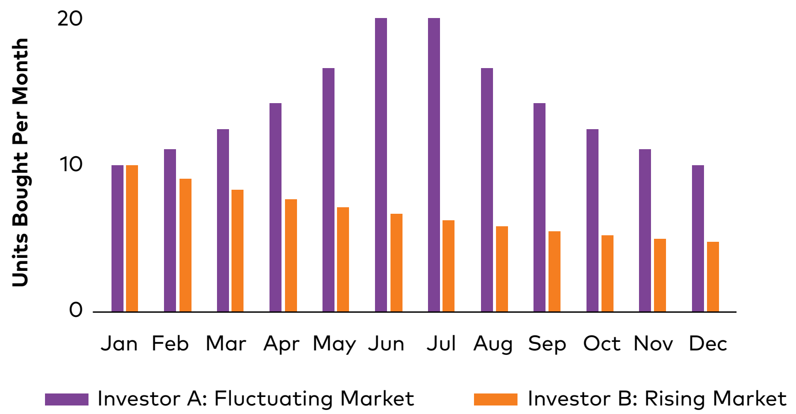
When prices are low, you can buy more units of a fund and fewer units when prices are high.

In this hypothetical example, the product that Investor A is invested in is experiencing a fluctuating market and you can see that the number of units purchased each month varies depending on the price that month.

In contrast, Investor B's investment is experiencing a rising market so while the value of their investment is rising, the number of units they're purchasing each month is decreasing.

Dollar-cost averaging can reduce the impact of price volatility and lower the average cost per share. In this example, Investor A's average price per unit is half that of Investor B.





Investor A			Investor B		
Amount Invested	# of Units Bought	Total Value	Amount Invested	# of Units Bought	Total value
$1,200.00	169.13	$1,691.27	**$1,200.00**	81.64	$ 1,714.42
Average price per unit: $7.50			**Average price per unit: $15.50**		

Source: AGF Investments. **Performance returns presented are hypothetical and for illustrative purposes only. It does not represent actual performance nor does it guarantee future performance.** Assumptions were made in the calculation of these returns including $100 invested at the end of each month in hypothetical investments with the stated price per unit. Any taxes due, trading costs and other fees associated with the portfolios are not included and trading prices and frequency implicit in the hypothetical performance may differ from what may have actually been realized at the time given prevailing market conditions.

Investing Regularly Can Pay Off

Setting up a Pre-Authorized Chequing (PAC) Plan, i.e., a regularly scheduled contribution, can help build your savings.

By investing regularly and following a consistent investment plan, you can take advantage of the benefits of compound growth, regardless of how much is invested.

Pre-Authorized Chequing Plan (PAC)

$100 PAC

Year	3% Value	5% Value	7% Value
0	$0	$0	$0
2	$2,470	$2,519	$2,568
4	$5,093	$5,301	$5,521
6	$7,878	$8,376	$8,916
8	$10,835	$11,774	$12,820
10	$13,974	$15,528	$17,308
12	$17,307	$19,676	$22,469
14	$20,847	$24,260	$28,404
16	$24,604	$29,324	$35,227
18	$28,594	$34,920	$43,072
20	$32,830	$41,103	$52,093

$500 PAC

Year	3% Value	5% Value	7% Value
0	$0	$0	$0
2	$12,351	$12,593	$12,841
4	$25,466	$26,507	$27,605
6	$39,390	$41,882	$44,580
8	$54,174	$58,870	$64,099
10	$69,871	$77,641	$86,542
12	$86,537	$98,382	$112,347
14	$104,233	$121,299	$142,018
16	$123,021	$146,621	$176,134
18	$142,970	$174,601	$215,361
20	$164,151	$205,517	$260,463

Source: AGF Investments. **Performance returns presented are hypothetical and for illustrative purposes only. It does not represent actual performance nor does it guarantee future performance. The rate of return shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values or returns.** Assumptions were made in the calculation of these returns including $100 invested at the end of each month in hypothetical investments with the stated rate of return. Every other year is shown for illustrative purposes only. Any taxes due, trading costs and other fees associated with the portfolios are not included and trading prices and frequency implicit in the hypothetical performance may differ from what may have actually been realized at the time given prevailing market conditions.

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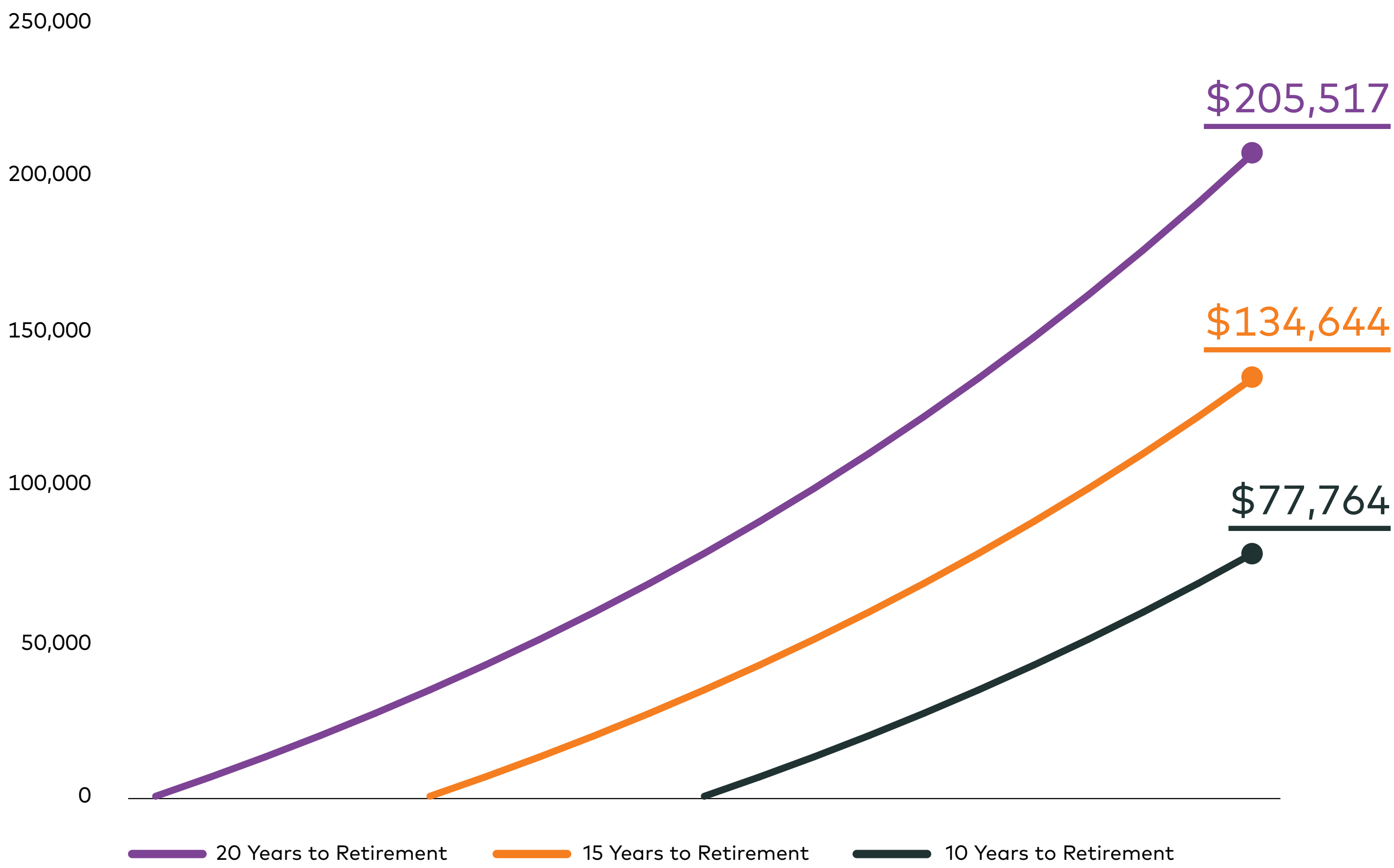
The Earlier You Start the Better

Why? The Power of Compounding Returns.

Investors A, B and C all invest $500 a month in a hypothetical investment that grows at 5% each year.

By starting earlier, **Investor A** accumulated 50% more than **Investor B** – and nearly 3 times more than **Investor C**. All because of compounding returns.



Source: AGF Investments. **Performance returns presented are hypothetical and for illustrative purposes only. It does not represent actual performance nor does it guarantee future performance. The rate of return shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values or returns.** Assumptions were made in the calculation of these returns including that this chart represents the growth of three hypothetical investments, assuming a 5% annual nominal rate of return compounded monthly, over the specified time periods. Any taxes due, trading costs and other fees associated with the portfolios are not included and trading prices and frequency implicit in the hypothetical performance may differ from what may have actually been realized at the time given prevailing market conditions.

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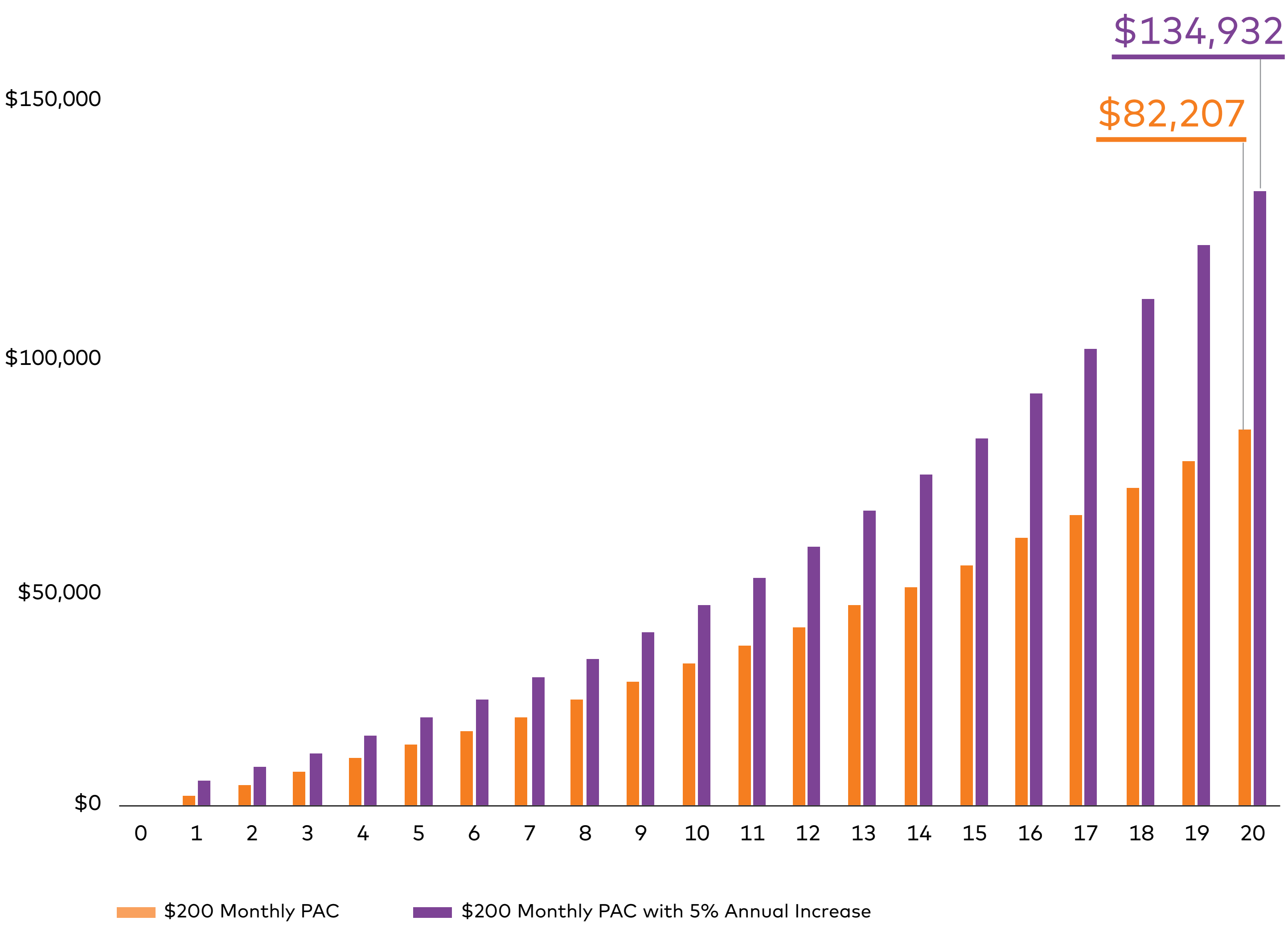
Why Increase Your Contribution Each Year

- Don't just automate your contribution – auto-escalate them
- Look at automatically increasing your contribution by 5% each year
  - $100/month becomes $105/month in year 2, $110.25/month in year 3
  - $200/month becomes $210/month in year 2, $220.50/month in year 3
- This "little" difference – through the power of compounding – 20 years later would have added $50,000 to your investment's value



Source: AGF Investments. **Performance returns presented are hypothetical and for illustrative purposes only. It does not represent actual performance nor does it guarantee future performance. The rate of return shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values or returns.** Assumptions were made in the calculation of these returns including that this chart represents the growth of two hypothetical investments, assuming a 5% annual nominal rate of return compounded monthly, and monthly PAC contributions increasing by 5% each year. Any taxes due, trading costs and other fees associated with the portfolios are not included and trading prices and frequency implicit in the hypothetical performance may differ from what may have actually been realized at the time given prevailing market conditions.

Decumulation Phase

When an investor retires, their investment focus switches to cash flow and the preservation of their portfolio’s value.

SWPs Can Help Manage Cash-Flow Needs

A Systematic Withdrawal Plan (SWP) enables you to make regular withdrawals from your investment, creating a regular cash flow while allowing the rest of your money to stay invested and grow. The amount of the withdrawal, combined with the investment's rate of return will determine how long your money will last.

$100/Month

	Interest Rate	3%	5%	7%
Year	**Total Withdrawals**		**Value**	
0		$100,000	$100,000	$100,000
2	$ 2,400	$103,699	$107,965	$112,398
4	$ 4,800	$107,627	$116,766	$126,652
6	$ 7,200	$111,797	$126,490	$143,042
8	$ 9,600	$116,225	$137,235	$161,888
10	$12,000	$120,926	$149,108	$183,557
12	$14,400	$125,918	$162,227	$208,472
14	$16,800	$131,218	$176,722	$237,119
16	$19,200	$136,845	$192,738	$270,057
18	$21,600	$142,820	$210,435	$307,931
20	**$24,000**	**$149,163**	**$229,989**	**$351,477**

$500/Month

	Interest Rate	3%	5%	7%
Year	**Total Withdrawals**		**Value**	
0		$100,000	$100,000	$100,000
2	$ 12,000	$ 93,793	$ 97,849	$102,065
4	$ 24,000	$ 87,204	$ 95,472	$104,440
6	$ 36,000	$ 80,207	$ 92,845	$107,170
8	$ 48,000	$ 72,778	$ 89,943	$110,309
10	$ 60,000	$ 64,890	$ 86,736	$113,919
12	$ 72,000	$ 56,515	$ 83,193	$118,069
14	$ 84,000	$ 47,623	$ 79,278	$122,841
16	$ 96,000	$ 38,182	$ 74,952	$128,328
18	$108,000	$ 28,157	$ 70,172	$134,637
20	**$120,000**	**$ 17,514**	**$ 64,891**	**$141,891**

Source: AGF Investments. **Performance returns presented are hypothetical and for illustrative purposes only. It does not represent actual performance nor does it guarantee future performance. The rate of return shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values or returns.** Assumptions were made in the calculation of these returns including $100,000 starting value in hypothetical investments with the stated rate of return and either a $100 or $500 SWP monthly over the time period. Every other year is shown for illustrative purposes only. Any taxes due, trading costs and other fees associated with the portfolios are not included and trading prices and frequency implicit in the hypothetical performance may differ from what may have actually been realized at the time given prevailing market conditions.

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The Sequence of Returns Can Impact Cash Flow

Markets rise and fall. When investing for the long term, short-term returns are less important because your portfolio has a chance to recover. But, when you start withdrawing, experiencing a downturn in the early years can have a critical impact.

SCENARIO 1: Accumulation Phase

- Each invested $100,000 into two different portfolios
- No withdrawals
- At the end of 15 years, have the same amount of money

SCENARIO 2: Withdrawal Phase

- Same portfolios as before
- $7,000 annual withdrawal at the end of the year
- Investor B runs out of money in year 11 – never recovered from the early negative returns

Scenario 1

	Investor A		Investor B	
Year	Annual Return	Year-end Balance	Annual Return	Year-end Balance
1	20%	$120,000	-7%	$ 93,000
2	12%	$134,400	-11%	$ 82,770
3	14%	$153,216	-12%	$ 72,838
4	17%	$179,263	-8%	$ 67,011
5	10%	$197,189	-5%	$ 63,660
6	8%	$212,964	6%	$ 67,480
7	5%	$223,612	5%	$ 70,854
8	6%	$237,029	6%	$ 75,105
9	5%	$248,881	5%	$ 78,860
10	6%	$263,813	8%	$ 85,169
11	-5%	$250,623	10%	$ 93,686
12	-8%	$230,573	17%	$109,612
13	-12%	$202,904	14%	$124,958
14	-11%	$180,585	12%	$139,953
15	**-7%**	**$167,944**	**20%**	**$167,944**
	4.53% Average Annual Return		**4.53% Average Annual Return**	

Scenario 2

Investor A			Investor B			
Annual Return	Withdrawal	Year-end Balance	Annual Return	Withdrawal	Year-end Balance	Year
20%	$7,000	$113,000	-7%	$7,000	$86,000	1
12%	$7,000	$119,560	-11%	$7,000	$69,540	2
14%	$7,000	$129,298	-12%	$7,000	$54,195	3
17%	$7,000	$144,279	-8%	$7,000	$42,860	4
10%	$7,000	$151,707	-5%	$7,000	$33,717	5
8%	$7,000	$156,844	6%	$7,000	$28,740	6
5%	$7,000	$157,686	5%	$7,000	$23,177	7
6%	$7,000	$160,147	6%	$7,000	$17,567	8
5%	$7,000	$161,154	5%	$7,000	$11,446	9
6%	$7,000	$163,824	8%	$7,000	$ 5,361	10
-5%	$7,000	$148,632	10%	$7,000	$ 0	11
-8%	$7,000	$129,742	17%	–	$ 0	12
-12%	$7,000	$107,173	14%	–	$ 0	13
-11%	$7,000	$ 88,384	12%	–	$ 0	14
-7%	$7,000	**$ 75,197**	20%	–	$ 0	15
$105,000 Total Withdrawal			**$75,897 Total Withdrawal**			

Source: AGF Investments. **Performance returns presented are hypothetical and for illustrative purposes only. It does not represent actual performance nor does it guarantee future performance.** Assumptions were made in the calculation of these returns including $100,000 invested at the beginning of year 1 in hypothetical investments with the stated rates of return. For Scenario 2, at the end of each year, $7,000 is withdrawn from the portfolio. Any taxes due, trading costs and other fees associated with the portfolios are not included and trading prices and frequency implicit in the hypothetical performance may differ from what may have actually been realized at the time given prevailing market conditions.

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Invested in Discipline

AGF Sound Choices® program provides resources to meet the evolving needs of investors and advisors.

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