

AGF INVESTMENTS

Mav 2017

AGF Investments America Inc.



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This brochure provides information about the qualifications and business practices of AGF Investments America Inc. ("AGFA"). If you have any questions about its contents, please contact us at 617 994 5400. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"), by any state securities authority, The Ontario Securities Commission in Canada or any other securities authority or regulator.

AGFA is a registered investment adviser with the SEC. Registration does not imply any level of skill or training. AGF Investments Inc. is registered in Canada as an adviser in the category of Portfolio Manager, where prescribed proficiencies and experience permit individuals to be registered as portfolio managers.

Oral and written communications, including this brochure, from an investment adviser provide you with information which enables you to determine whether or not to hire or retain that or any other investment adviser.

Additional information about AGFA also is available on the SEC'S website at www.adviserinfo.sec.gov.

Summary of Material Changes:

Amendments to Form ADV Part 2A and 2B, Disclosure Brochures:

There have been no material changes to AGF Investments America Inc.'s Brochure and Brochure Supplement since its last amendment in February 2017.

Amendments to Form ADV Part 2B – AGF Investments America Inc. Brochure Supplement.

This section was updated with the following changes:

Ani Markova was added as Portfolio Manager. The Brochure Supplement have been updated to reflect this change.

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Our Advisory Business

AGF Investments America Inc. (“AGFA”) was organized in Toronto under the laws of Ontario, Canada in 2007 to provide investment advisory services to US institutions. AGFA is a wholly owned subsidiary of AGF Management Limited, an independently controlled firm, with publicly traded non-voting shares listed on the Toronto Stock Exchange. Founded in 1957, AGF Management Limited is a premier Canadian-based investment solutions firm with more than 60 years in the business, providing industry leading investment management services through our core business: AGF Investments. With more than one million investors and over CAD\$36 billion in assets under management, AGF Management Limited serves clients that span the globe with offices and subsidiaries in Canada, the United States, Europe and Asia.

With clients and personnel located around the world, we service our clients through a number of affiliated entities, each licensed to offer its particular services and business functions in various jurisdictions. While legally distinct and regulated by multiple regulators across various jurisdictions, we operate as a global business, referred to as AGF Investments.

In order to meet the needs of our clients, AGFA engages one or more affiliates and their personnel in the provision of services to our clients. For example, our portfolio managers are also portfolio managers of another affiliated adviser licensed and operating in Canada. Research and trading teams used by AGFA are employed by the same Canadian affiliate, AGF Investments Inc. AGFA may also engage affiliates to subadvise certain mandates on behalf of AGFA. We also delegate certain client liaison, portfolio accounting and reporting and client servicing to AGF Investments Inc.

Our parent company operates a shared services model, whereby the provision of legal, compliance, human resources, internal audit and other similar services are provided to all AGF subsidiaries globally, including AGFA. All services provided by affiliated entities are done via services agreements and comply with applicable laws and regulations of each entity and jurisdiction. All individuals who provide services to AGFA are subject to AGFA’s Code of Business Conduct, Ethics and Personal Trading and are bound by AGFA’s policies and compliance manual and each individual annually acknowledges and certifies agreement to comply therewith.

Our Services

AGFA offers discretionary investment management services for a fee to institutional clients which may include separately managed accounts, mutual funds sponsored by unaffiliated entities and investment vehicles sponsored by us, including bank operated collective investment funds. AGFA may also provide investment supervisory services to defined-contribution pension plans under the Employee Retirement Income Security Act (“ERISA”).

Our services are available directly to prospective advisory clients, each negotiating an investment management agreement with us, which incorporates specific investment guidelines and restrictions mutually agreed upon in consultation with the portfolio managers. In instances where AGFA utilizes certain affiliates to subadvise portfolios, AGFA will provide appropriate oversight and supervision of that affiliate. As a result, separately managed accounts may be customized to meet a client's specific requirements, and which may be updated from time to time as renegotiated with clients as circumstances warrant. Client guidelines and restrictions typically impose limitations on security types, issuers and percentage allocations to pre-established investment mandates offered by AGFA to its clients.

AGFA emphasizes broad diversification in its managed accounts and offers several specialized mandates that have unique risk profiles. Prospective clients, in addition to negotiating guidelines and restrictions, may also wish to consider liquidity levels, underlying holdings transparency as well as any potential tax attributes that may be associated with certain investments and structures in which those mandates may be offered by AGFA (e.g. collective investment funds, separately managed accounts, etc.) considering client-specific circumstances and needs in identifying the most suitable vehicle and mandate.

Our Investment Process

Each investment mandate has associated with it investment processes the portfolio managers adhere to in the selection of investment opportunities suitable for the mandate. Those processes are dependent of the portfolio manager, their team of investment professionals and the nature of the investment mandate. Each process incorporates various techniques designed to manage inherent risks associated with the mandate while maximizing returns considering the investment horizon associated with the mandate.

Often the investment process involves significant independent research performed by the investment teams supporting the portfolio manager. Research activities are varied and incorporate direct meetings with management of securities issuers, the extensive review information sourced from industry, market, financial and issuer filing records and data. Investment teams may use publicly available publications and information as well as attend investment conferences made available to them by broker dealers with whom AGFA or affiliates have business relationships. Internal research may be supplemented from unsolicited information provided from broker dealers who send AGFA information as a result of brokerage relationships with AGFA or affiliates. Our proprietary research is not available for sale or distribution and generally we do not provide clients or prospects with our research, though we may discuss specific approaches or, in respect of clients, may share insights from our research in discussing investment activity in a client account.

The Investment teams may, from time to time, meet with prospective clients to demonstrate the breadth and depth of our research activities and capabilities and may comment on investments in a mandate or provide market commentary associated with a mandate as part of the business development process.

Portfolio managers and their teams make investment decisions for the accounts they manage based on the evaluation of investment opportunities and client specific investment guidelines and restrictions. As a result, securities being traded in individual accounts with similar mandates may differ and potentially be in opposing situations. This permits the investment professionals however, to meet the investment objectives of a diverse client base interested in a particular mandate or strategy and also promotes accountability of the investment professionals for investment performance. Refer to Side-by-Side Management for additional information.

Our Fees and Compensation

In general, our fees are based on a percentage of the value of assets under management, as determined in good faith by AGFA or the client's administrator (as negotiated). We retain discretion over the fees we charge, subject to applicable law, and our fees for a particular investment strategy or mandate may differ based on investment vehicle and across affiliated entities. Fees are generally negotiable in light of special circumstances of clients, including but not limited to, specific servicing or reporting requirements, asset levels, or other factors, in our sole discretion. In certain circumstances we may continue to offer to a client the lowest available fee for a particular investment mandate and for comparable services.

Fee structures may vary across and within investment mandates based on the specific circumstances of the client. Additionally, we may offer or make available capacity maximums in a particular investment mandate, in aggregate and/or per client, that may impact fee structures and/or negotiations.

In all cases, our management fees do not include fees charged by clients' custodians, administrators and other expenses charged to or deducted from the assets of the client's account. Additionally, client accounts will incur brokerage costs associated with the buying and selling of securities in the account. Refer to Brokerage Activities for more information.

Management fees differ by investment mandate and structure (e.g. pooled vehicle versus segregated account), however the standard minimum account size for a segregated account is \$25million. Our posted rates for selected mandates are as follows:

Emerging Markets

| Segregated | | |
|------------|---------------|--------|
| AUM | | Rate |
| First | \$25.000.000 | 95 bps |
| Next | \$25.000.000 | 85 bps |
| Next | \$50.000.000 | 85 bps |
| Next | \$50.000.000 | 80 bps |
| Next | \$50.000.000 | 80 bps |
| Over | \$200.000.000 | 75 bps |

Global Resources

| Segregated | | |
|------------|---------------|---------|
| AUM | | Rate |
| First | \$25.000.000 | 105 bps |
| Next | \$25.000.000 | 100 bps |
| Next | \$50.000.000 | 100 bps |
| Next | \$50.000.000 | 95 bps |
| Next | \$50.000.000 | 90 bps |
| Over | \$200.000.000 | 85 bps |

Global Core

| Segregated | | |
|------------|---------------|--------|
| AUM | | Rate |
| First | \$25.000.000 | 70 bps |
| Next | \$25.000.000 | 60 bps |
| Next | \$50.000.000 | 55 bps |
| Next | \$50.000.000 | 50 bps |
| Next | \$50.000.000 | 45 bps |
| Over | \$200.000.000 | 40 bps |

US Equity Growth

| Segregated | | |
|------------|---------------|--------|
| AUM | | Rate |
| First | \$25.000.000 | 60 bps |
| Next | \$25.000.000 | 55 bps |
| Next | \$50.000.000 | 50 bps |
| Next | \$50.000.000 | 45 bps |
| Next | \$50.000.000 | 40 bps |
| Over | \$200.000.000 | 40 bps |

Uninvested cash balances

In some cases a client account may hold cash pending investment, in anticipation of withdrawals or for investment and/or for defensive, hedging or collateral purposes, depending on the circumstances at the time. In the event that AGFA believes, in its sole judgment, that there is not sufficiently good value in securities suitable for investment in accordance with the client's investment objectives, strategies and restrictions, all or a substantial portion of the Account's capital may be held in cash, cash equivalents or other short term instruments including, without limitation, money market funds. Additionally, uninvested cash balances in the client's custodial

account may be swept into money market funds that may be sponsored by the client's custodian or broker-dealer. When money market funds are used for cash management purposes, the client may, in effect, pay two advisory fees with respect to the portion of the account allocated to cash (, the money market fund's fees and expenses and that portion of AGFA's fees attributable to such assets) as well as other expenses, previously described.

Calculation and Payment of Fees

AGFA's fees are calculated and paid in accordance with the terms of the relevant investment advisory agreement and/or other governing documents applicable to the account.

While particular fee billing arrangements may vary, as a general matter:

1. management fees are calculated and paid quarterly, in arrears, with the amount of such fee being the agreed upon percentage of the aggregate market value of all assets under management within the relevant Institutional Account(s) (including allocations to cash) on the relevant valuation day; and
2. incentive fees and allocations are calculated and paid annually, with the amount of such compensation being an agreed upon percentage of the increase in the aggregate market value of the Institutional Account during the measurement period.

Clients may request that fees owed to AGFA be deducted directly from the client's custodial account. In such cases, AGFA takes steps to assure itself that the qualified custodian sends periodic account statements directly to the client, no less frequently than quarterly, showing all transactions, including fees paid to AGFA, unless alternative arrangements have been made to assure compliance with Rule 206(4)-2 under the Advisers Act ("Custody Rule").

AGFA's fees are calculated based on the market value and/or performance of the assets in the accounts it manages. As a result, to the extent that AGFA values a security higher than its current market value (or where such market values are unreliable), AGFA may benefit by receiving a management fee or incentive allocation that is increased by the impact, if any, of such valuation discrepancy.

Accounts may, at any time or from time to time, invest in assets that are illiquid, thinly traded or otherwise difficult to value, depending on the investment mandate. AGFA mitigates any conflicts and the potential for material pricing discrepancies, ensuring assets are valued in good faith and as accurately as reasonably practicable.

In general, assets are valued through the use of an unrelated third party pricing service provider in accordance with the AGFA Valuation Policy. Where securities may not be readily priced by the third party service provider, AGFA defers to its Independent Valuation Committee to value the securities. The AGFA Valuation Policy, used by the Independent Valuation Committee and offered to all AGFA clients, outlines a detailed valuation methodology and process which AGFA believes, due to its mechanical and consistent application, results in balanced and fair values of the securities. Reconciliations between AGFA records and those of the client's custodian or designated service provider are performed routinely. Differences are resolved in accordance with client specific requirements and in accordance with governing documents for the portfolio.

Investment management agreements between AGFA and its clients remain in full force and effect until terminated pursuant to the terms of the relevant agreement. Such agreements may require that written notice be provided by the terminating party and, in some cases, may specify a particular notice period. In the event of termination prior to the end of a billing period, the client will pay only that portion of the fee earned by AGFA prior to termination. To the extent that fees are paid in arrears, clients will be charged, pro rata, up to the date of termination; if a client and AGFA agree that fees will be paid in advance, AGFA will provide a pro rata refund to a client who terminates prior to the end of an already-billed period.

Generally, performance fees, if any, will be calculated and assessed on intra-period terminations or withdrawals as though the period ended on the date thereof.

Side-by-Side Management and Performance-Based fees

To the extent incentive or performance based fees are negotiated, AGF will charge such fees in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended ("Advisers Act"), unless that rule is inapplicable by reason of Section 205(b) of the Advisers Act or interpretive positions of the U.S. Securities and Exchange Commission or its staff.

An incentive may be created to favor accounts with performance-based fees in the allocation of investment opportunities or in the selection of investments with greater inherent risks that may contribute significantly to strong performance in the account.

AGFA may manage client accounts having differing fee arrangements but with substantially similar investment styles, or accounts that may otherwise compete for investment opportunities or have differing abilities to engage in short sales or similar investment strategies with differing fee arrangements, any of which may create an incentive to favor certain accounts over others that may be less lucrative. AGFA has adopted policies and procedures with respect to, among other things, the allocation of investment and trading opportunities, which AGFA believes are reasonably designed to mitigate these and other conflicts associated with "side-by-side" management. Refer to Brokerage Activities for additional information.

Types of Clients

AGFA provides advisory services to a wide array of clients that may include:

- Corporate clients, including not-for-profit and tax-exempt organizations;
- State, municipal or other governmental organizations;
- Open-end investment companies registered with the US Securities and Exchange Commission
- Pension, employee savings plans, profit sharing plans and Taft-Hartley pension funds;
- Collective Investment Funds;
- Collective investment vehicles and other pooled investment vehicles; and
- Corporate and other types of institutional clients seeking discretionary asset management services.

We generally require clients to have a minimum account size of US\$25million to receive discretionary investment management services, though we may from time to time waive the minimum or impose higher minimums for certain investment mandates based on client specific circumstances and the totality of the relationship and services provided. The ability to waive or modify our minimums will give rise to situations where clients with similar investment mandates are offered different minimums to establish the account.

Methods of Analysis, Investment Strategies and Risk of Loss

Portfolio managers, in managing portfolios consistent with their fiduciary obligations, make investment decisions in the best interests of clients without consideration to socially conscious or other ethical or religious conscious filters (with the exception of the specific socially responsible investment mandates AGFA offers). Decisions are made primarily with a view to the best positive economic outcome for a client's account. Generally speaking, we do not implement client specific guidelines concerning such filters and will require a specific list of restricted securities to be provided and maintained by our client.

There are inherent risks associated with investing in capital markets. There is no assurance that portfolio objectives, including specific performance objectives, will be achieved. Risks vary based on the investment mandate, strategy, restrictions and the nature of securities held in a portfolio. The risk of loss in an account is a risk clients should be prepared to bear.

Individual portfolio managers employ differing methods of security analysis and selection based on the investment mandates and strategies they are individually responsible for. Those approaches differ on an array of factors including but not limited to, market capitalization ranges, issuer and/or sector concentration,

geographic considerations, cash flows and liquidity needs, benchmarks and other similar factors. Even within an investment mandate, customization to meet client specific requirements and situations (e.g. cash flows and account guidelines) may result in differing approaches. Individual portfolio managers will make different investment decisions for different clients which may be based on objective criteria (e.g. industry, capitalization and other market metrics) and based on subjective professional judgment about the suitability of an investment for either the mandate generally or for a specific account.

In general, the primary methods employed by AGFA portfolio managers involve fundamental analysis, the analysis and study of individual company, market and industry data, based on information obtained from companies, either obtained from public sources or from meetings with management of the companies, and market and industry data obtained from various research sources. Objective criteria, determined by individual portfolio managers, is used as a filter to identify investment opportunities and portfolio managers then use their professional judgment in deciding when and what to buy or sell from a mandate and from individual client accounts.

The material risks involved and considered as a result of our primary methods of analysis include:

- Counterparty risk;
- Credit risk;
- Derivative risk;
- Equity risk;
- ETF industry sector risk;
- Foreign currency risk;
- Foreign market risk; and
- Liquidity risk

Counterparty risk

The strategy may enter into derivatives with one or more counterparties. In entering into a derivative, the strategy will be fully exposed to the credit risk associated with the counterparty. Securityholders will have no recourse or rights against the assets of the counterparty or any affiliate thereof in respect of the derivatives or arising out of the derivatives or in respect of any payments due to securityholders.

Credit risk

Credit risk is the risk that an issuer of a bond or other fixed income security won't be able to pay interest or repay the principal when it's due. Credit risk is generally lowest among issuers that have a high credit rating from an independent credit rating agency. It is generally highest among issuers that have a low credit rating or no credit rating. Debt securities issued by companies or governments in emerging markets often have higher credit risk (lower rated debt), while debt securities issued by well-established companies or by governments of developed countries tend to

have lower credit risk (higher rated debt). The prices of securities with a low rating or no rating tend to fluctuate more than securities with higher ratings. They usually offer higher interest rates, which may help to compensate for the higher credit risk.

Derivative risk

A derivative is a contract between two parties. The value of the contract is based on or derived from an underlying asset, such as a stock, a market index, a currency, a commodity or a basket of securities. It's not a direct investment in the underlying asset itself. While derivatives can be useful for hedging against losses, making indirect investments and gaining exposure to financial markets and other assets, they have certain risks:

- There's no guarantee that hedging will be effective.
- There's no guarantee a market will exist for some derivatives. This could prevent the strategy from making a profit or limiting its losses.
- Exchanges can impose trading limits that could prevent us from carrying out the derivative contract.
- The price of a derivative may not accurately reflect the value of the underlying asset.
- The other party to a derivative contract may not be able to honour its obligations under the contract.
- If money has been deposited with a derivatives dealer and the dealer goes bankrupt, the strategy may lose its investment.
- Derivatives don't prevent changes in the market value of the investments in a strategy's portfolio or prevent losses if the market value of the investments falls.
- Some exchange traded derivatives may lack liquidity when we try to complete the derivative contract.

Equity risk

The prices of individual equity securities can rise and fall with the fortunes of the companies that issue them or with general stock market conditions. Changes in the price of individual equity securities held by a strategy will affect such strategy's price.

ETF industry sector risk

Some of the strategies may invest in ETFs that provide exposure to securities involving industry sector risks. Investing in one specific sector of the stock market entails greater risk (and potential reward) than investing in all sectors of the stock market. If a sector declines or falls out of favor, the share values of most or all of the companies in that sector may generally fall faster than the market as a whole. The opposite may also true.

An industry can be significantly affected by, amongst other things, supply and demand, speculation, events relating to international political and economic developments, energy conservation, environmental issues, increased competition

from other providers of services, commodity prices, regulation by various government authorities, government regulation of rates charged to customers, service interruption due to environmental, operational or other mishaps, the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards, and general changes in market sentiment. Moreover, it is possible that other developments, such as increasingly strict environmental and safety laws and regulations and enforcement policies thereunder and claims for damages to property or persons resulting from operations, could result in substantial costs and liabilities, delays or an inability to complete projects or the abandonment of projects.

Exposure to equity securities that have exposure to commodity markets may entail greater volatility than traditional securities. The value of securities exposed to commodity markets may be affected by commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes and tariffs.

The extent of these factors cannot be accurately predicted and will change from time to time, but a combination of these factors may result in issuers not receiving an adequate return on invested capital. Many industries are very competitive and involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome

Foreign currency risk

Some of the strategies intend to invest in foreign securities using foreign currency. Changes in the value of the base currency compared to foreign currencies will therefore affect the value, in base currency, of any foreign securities or foreign currencies in those strategies. In particular, securities that are priced in foreign currencies can lose value when the base currency rises against the foreign currency, and can gain value when the base currency weakens against the foreign currency. Foreign governments may impose currency exchange restrictions, which could limit a Strategy's ability to buy and sell certain foreign investments and could reduce the value of the foreign securities such Strategy holds.

Foreign market risk

Foreign investments involve additional risks because financial markets outside the U.S. may be less liquid and companies may be less regulated and have lower standards of accounting and financial reporting. There may not be an established stock market or legal system that adequately protects the rights of investors. Foreign investments can also be affected by social, political, or economic instability. Foreign governments may impose investment restrictions. In general, securities issued by companies in more developed markets, such as the U.S., Canada and Western Europe, have lower foreign market risk. Securities issued in emerging or developing markets, such as Southeast Asia or Latin America, tend to have a higher foreign market risk.

The strategies may trade in futures, forward and option contracts on exchanges located outside Canada and outside the United States where the regulations of Canadian or U.S. commodity futures regulators do not apply. Some foreign exchanges, in contrast to Canadian or U.S. exchanges, are "principals' markets" in which performance with respect to a contract is the responsibility only of the individual

member with whom the trader has entered into a contract and not of the exchange or clearinghouse, if any. In the case of trading on such foreign exchanges, the strategies will be subject to the risk of the inability of, or refusal by, the counterparty, to perform with respect to such contracts. The strategies also may not have the same access to certain trades as do various other participants in foreign markets. Due to the absence of a clearinghouse system on certain foreign markets, such markets are significantly more susceptible to disruptions than on U.S. exchanges.

Liquidity risk

Investors often describe the speed and ease with which an asset can be sold and converted into cash as its liquidity. Most of the investments utilized by a strategy can usually be sold promptly at a fair price and therefore can be described as relatively liquid. But a strategy may also hold investments that are illiquid, which means they can't be sold quickly or easily. Some investments are illiquid because of legal restrictions, the nature of the investment itself, settlement terms, or for other reasons. Sometimes, there may simply be a shortage of buyers. A strategy that has trouble selling an investment can lose value or incur extra costs. In addition, illiquid investments may be more difficult to value accurately and may experience larger price changes. This can cause greater fluctuations in the strategy's value.

The Emerging Markets Strategy invests in equities which are subject to market volatility and loss. The Emerging Markets Strategy invest in foreign securities and foreign depositary receipts which carry the associated risk of economic and political instability, market liquidity, currency volatility and differences in accounting standards. The Emerging Markets Strategy invests in emerging markets securities which are more likely to experience turmoil or rapid changes in market or economic conditions than developed countries.

Various investment strategies are employed across our investment mandates based on the objectives and strategies of the clients. Segregated accounts with similar mandates, investment guidelines and strategies are managed similarly (subject to client specific investment restrictions). Where clients are not able to hold securities in specific markets directly and expect market exposure consistent with an investment mandate we offer, AGFA may use derivatives to generate returns consistent with such exposure. Derivatives and other techniques (e.g. options, swaps, PNotes, ADRs and GDRs) may be used to "hedge" risks associated with specific investments in a client's portfolio. The use of such techniques may cause the portfolio to incur a loss as a result of market volatility, liquidity constraints, counterparty exposures and other such factors. Clients who purchase our collective investment trusts purchase securities of the investment trust and share the returns of a common portfolio. AGFA may use any or all of the above investment strategies in managing the portfolio of a collective investment trust we manage, to the extent consistent with the investment mandate and restrictions of the collective investment trust.

Where a particular portfolio transaction is requested for multiple accounts, AGFA, in accordance with its Trade Allocation Policy (“Allocation Policy”), may seek to acquire or dispose of the same securities for multiple accounts contemporaneously and will seek to aggregate into a single trade order several contemporaneous orders for a single security through our trading desk. Additionally, orders placed by a portfolio manager through an AGFA affiliates’ trading desk may be aggregated for execution with other orders placed by such person, or other personnel of the AGFA affiliate having access to that desk.

AGFA seeks to aggregate trade orders in a manner that is consistent with its duty to

- (1) seek best execution of client orders;
- (2) treat all accounts fairly and equitably over time; and
- (3) not systematically advantage any single account or group of accounts over time.

When an aggregate trade order is filled in its entirety, each participating account generally participates at the average share price for the aggregated order, and transaction costs are shared pro rata. Where portions of the batched order are placed with different brokers and filled contemporaneously, the average price and commissions incurred on the entire block is allocated across the accounts.

AGFA generally is not able to aggregate trades in the case where clients identify specific brokers to AGFA to affect trades on their accounts. Notwithstanding AGFA may attempt, when circumstances permit, to include such trades in an aggregated order if the executing broker-dealer agrees to transfer that portion of the bunched order relating to such client-directed brokerage account(s) to the specified broker(s). If the executing broker does not agree to make this transfer, the order for the same security will be affected through the specified broker(s) and the cost of the transaction may be greater.

The Fair Allocation Policy is intended to promote fairness, to mitigate potential conflicts of interest, and to conform to applicable regulatory principles. AGFA recognizes the conflicts of interests associated with managing accounts with differing fees (including performance based fees). The AGFA Investment Governance Committee provides oversight of the aggregation and allocation process to ensure that AGFA clients benefit from a process mandating that (1) all accounts are treated fairly, over time, with respect to the allocation of investment or trade opportunities and (2) AGFA personnel do not consider differences in fee structures or other potential benefits to AGFA or its personnel or affiliates when making allocation decisions. AGFA forbids any allocation request or allocation decision that favors one account over another based on the self-interest of AGFA or of its personnel.

Disciplinary Information

There is no pending litigation, regulatory matters, litigation matters or other such matters concerning AGFA. Certain affiliated entities may be involved in other legal, regulatory or litigation matters concerning their respective business activities that have no, direct or indirect, material adverse consequence or impact to AGFA, its operations or the ongoing ability for AGFA to provide its services.

Other Financial Activities and Affiliations

AGFA is a subsidiary of AGF Management Limited, an independently controlled firm, with publicly traded non-voting shares listed on the Toronto Stock Exchange. Founded in 1957, AGF Management Limited is a premier Canadian-based investment solutions firm with more than 60 years in the business, providing industry leading investment management services through our core business: AGF Investments. AGF Investments offers professional investment management services globally through a collection of licensed subsidiaries located in the United States, Europe, Asia and Canada. AGF Investments Inc. (“AGFII”), our Canadian affiliate, is registered across Canada with the various provincial securities commissions and in Europe with certain European financial regulatory authorities. Generally, AGFA’s portfolio managers are also portfolio managers of AGFII. AGFA may also utilize other portfolio managers of AGF affiliates. For example, AGFA may utilize the quantitative investment strategies offered by affiliates of Highstreet Asset Management Inc. There have been no material changes to the financial condition of AGFA since this Brochure was last amended.

AGFII, in addition to portfolio management related services, also provides certain operational services to AGFA and to other AGFA affiliates. Those services may include portfolio valuation services, portfolio accounting services, client servicing and reporting, marketing services and other similar services. Our parent company, AGF Management Limited, provides all entities with certain corporate services, including Legal, Compliance, Human Resources, Internal Audit, Taxation and Corporate Finance.

Code of Business Conduct, Ethics and Personal Trading

AGFA has adopted a code of business conduct and ethics (“AGFA Code”) for all Supervised Persons, which include all employees of affiliates who are involved in the provision of services to AGFA and/or AGFA clients, of the firm describing its high standard of business conduct and fiduciary duty to its clients. The AGFA Code of Business Conduct, Ethics and Personal Trading are available upon request. The AGFA Code includes, amongst other items, specific provisions relating to:

- the confidentiality of client information,
- insider trading and self-dealing prohibitions,
- gifts and entertainment practices,
- political contributions, and
- personal trading requirements and practices.

All Supervised Persons at AGFA must acknowledge receipt and agree to abide by the AGFA Code upon becoming a Supervised Person and at least annually thereafter.

The AGFA Code places restrictions on the receipt of gifts and entertainment opportunities, ensuring any such participation is for legitimate business purposes and neither so frequent nor of such value that could be perceived to improperly influence the recipient and/or potentially be in conflict with the interests of AGFA clients. Routine and regular disclosures are made by all Supervised Persons and reviewed by the compliance department to ensure compliance with the AGFA Code. Results are presented by the compliance department at each meeting of the AGFA Investment Governance Committee.

All AGFA employees, Supervised Persons, their families and dependents and individuals living with them are considered 'access persons' for the purposes of complying with the requirements concerning personal trading activities. Personal trades for all 'access persons' must be approved prior to execution, unless specifically exempted from these requirements in the AGFA Code. Trades exempted from the requirement to obtain prior approval are nevertheless disclosed monthly by 'access persons', including investments in mutual strategies AGFA and any of its affiliates manage.

The preclearance process ensures clients portfolios always have the initial opportunity to trade in investment opportunities. 'Access persons' are restricted from trading where a client account traded in the same security in the prior 5 business days, where an open order exists for client accounts, and where a portfolio manager sees the potential to trade in client accounts in the next 2 days, subject to certain exemptions. Additionally, a minimum 30 day hold period on investments is expected. Individuals who are also 'access persons' of any AGFA affiliate must also obtain preclearance in respect of activities in the relevant affiliated entity. All 'access persons' of AGFA and of all affiliates disclose monthly all personal trades executed in the month, certifying completeness and accuracy of their disclosure. Personal brokerage statements, received directly by AGFA and its affiliates from the broker dealers, are reconciled monthly to the monthly disclosure forms submitted by 'access persons'. Any discrepancies, including non-receipt of brokerage statements directly from the executing brokers, are escalated as violations requiring immediate action and are reported to senior management, the Chief Compliance Officer and to the board of directors of AGFA and/or the relevant affiliated entity. Consequences are commensurate with the offence and may include a change of employment or dismissal.

Political contributions made for the purpose of obtaining or retaining business with government entities is prohibited. AGFA employees and supervised persons must obtain prior approval to make a political contribution and must comply with the AGFA Code.

AGFA does not act as a broker for client accounts nor does it use any affiliated broker/dealers to execute client trades. AGFA does not invest for its own account, except in the case of incubating a new mandate with the intent in perfecting the strategy in anticipating its eventual inclusion in product offerings to clients. AGFA or an affiliate may potentially provide seed capital in connection with the launch of a new sponsored product, which is typically to constitute the vehicle and is short term in nature.

Brokerage Practices

All trade orders submitted by AGFA portfolio managers for AGFA clients are sent to the AGFII trading desk for placement with executing broker dealers. AGFA portfolio managers, their teams and AGFII traders have responsibility for the selection of brokers and the overall trade execution in accordance with the AGFA Best Execution and Broker Selection Policy. In accordance with our Allocation Policy, when there are open orders in the same security for more than one client account, the AGFII trading desk will aggregate the orders, placing a single block order with one or more executing broker dealers. In the event there exist open orders at AGFII in the same security being traded by AGFA, the AGFII trading desk will direct the AGFA block and AGFII block to the same executing brokers to ensure the same average trading price across all clients of AGFA and AGFII participating in the order. In considering whether to aggregate orders, the traders consider liquidity, market conditions and volume, the speed and ability to execute a complete order. In limited circumstances similar orders may not be aggregated, which may include client restrictions and/or client broker selection requirements, or the use program/automated trades to rebalance or liquidate a client portfolio.

Filled orders are allocated pro rata amongst participating accounts based on the order size, rounding to the nearest board lot. Where filled through multiple executions, we allocate where possible at the average execution price and commission. AGFA believes pro rata allocation treats clients fairly in most instances, recognizing that a mathematical approach does not always lead to equitable results.

From time to time, the different investment mandates and strategies may cause us to execute trades for one client that differs from, or conflicts with, trades being executed for another client. For example, one portfolio manager may be buying a particular security and another manager selling the same security. In all circumstances we seek to obtain best execution on all orders, which incorporates but is not limited to best price. One client may appear to receive a more favorable

price, for example, than the other competing client. In the event AGFA has orders to buy and sell the same security at the same time and on the same terms, direct trading (e.g. cross trading) may be considered by the AGFII trading desk. Direct trades provide a benefit to clients in the form of reduced transaction costs, however not all clients may be permitted to engage in direct trades. Direct trading, to the extent permitted by law and clients, may only be considered in the rare circumstances that all conditions and expectations perfectly align and it is in the best interests of all the clients involved. Nominal brokerages charges are typically charged by executing to complete the transaction. AGFA forwards all cross trading activity to an executing broker dealer to independently ticket and price the trade in the market.

In a very limited number of circumstances, clients may request AGFA to direct trades to a specific broker or to trade a specific security. AGFA will evaluate the request advising the client on the suitability of executing such transactions. Clients are requested to acknowledge they may not obtain best execution, in terms of best price, speed or liquidity as a result of executing the requested transaction. AGFA generally discourages client directed trades.

Trade Error Policy

At the time of discovering a trade error, AGFA will always seek to remedy such trade errors to ensure clients are made whole (as if the error never took place).

Losses in clients' accounts caused by trade errors will, as immediately as practical, be remedied (as if the error never occurred). Gains in clients' accounts caused by trade errors will accrue to the clients, regardless of the fact that AGFA shall remedy the trade error.

The Chief Investment Officer and each of AGFA's Internal Audit and Compliance departments (referred to collectively as the "Oversight Team") shall be promptly notified of trade errors and actions taken by the Trading Desk to resolve the error and ensure all affected clients are made whole.

The Oversight Team is responsible for reviewing and ensuring appropriate actions were taken, as soon as reasonably and practically possible, to appropriately and adequately resolve the situation in the clients' best interests.

Broker Selection, Best Execution and Use of brokerage commissions

AGFA and AGFII portfolio managers execute a detailed semi-annual broker vote process evaluating broker performance on a defined set of criteria which is then reviewed in the context of ensuring AGFA adheres to best execution principles. Criteria include the ability to execute unique/difficult or complex transactions, access

to particular markets, anonymity, access to management of issuers of securities, counterparty relationships, speed and liquidity, sophistication and technology, and access to permitted research and market information to assist in the investment decision making process. The list of brokers is broad and any broker may appear on the list, excluding any affiliated broker or a broker that AGFA has determine should not be included on the list. The results of the vote and portfolio manager comments per broker are made available to the AGFII trading desk, as each trader has discretion to decide which brokers to use in executing specific transactions (unless otherwise directed by the portfolio manager or client). The AGFA Investment Governance Committee reviews the results and compares vote results with actual brokerage activity.

Brokers typically provide a bundle of services, including research and brokerage products or services (“soft dollar items”), in addition to the execution of transactions. Soft dollar items provided by brokers who bundle their services include but are not limited to written research material (not otherwise available for purchase), access to management of companies whose securities AGFA may be interested in, access to professionals (e.g. industry or market experts) and other such services used by portfolio managers in compiling their research to assist in the investment decisions making process.

In allocating brokerage the AGFII traders may review the selection of brokers based on both an assessment of the broker’s ability to provide quality execution and a belief that any soft dollar items provided by the broker, without solicitation, may benefit AGFA’s clients. Because is often not possible to place, with precision, a dollar value on the quality executions or on certain soft dollar items receives from brokers effecting transactions in portfolio securities, AGFA may pay commissions in respect of certain portfolio transactions in an amount or at a rate that exceeds the commission another broker might have charged for effecting a similar transaction when AGFA determines, in good faith, that such amounts are reasonable in relation to the value of the soft dollar items or superior qualitative executions provided by those brokers, viewed either in terms of a particular transaction or its overall duty to clients. The receipt of soft dollar items also benefits AGFA by, among other things, allowing portfolio managers, at no direct cost to:

- (1) supplement its own research, analysis and execution facilities,
- (2) receive the views and information from other professionals, and
- (3) gain access to persons having special expertise on certain companies, industries, economic areas and market factors.

This may relieve AGFA of expenses that it might otherwise bear in obtaining comparable information or research items on its own.

AGFA’s soft dollar policy requires portfolio managers that obtain soft dollar items must ensure, based on their opinion and experience, that:

- (1) the soft dollar items benefit clients;

- (2) soft dollar items are obtained with the intention to add value to investment or trading decisions; and
- (3) the amount of brokerage paid is reasonable in relation to the value of the soft dollar items received.

AGFA does not enter into formal arrangements that would permit AGFA to direct a portion of client brokerage commissions to pay for specific research. AGFA uses brokerage services to obtain soft dollar items consistent with the “safe harbor” (Section 28 (e) of the U.S. Securities Exchange Act of 1934, as amended). In the case of proprietary or “bundled” research, AGFA will determine a value for such services and will maintain a record of such value in aggregate and will record the research materials received, where value, in the opinion of the portfolio managers, has been added to client accounts. The AGFA Investment Governance Committee periodically reviews the services provided by these brokers to verify that AGFA obtains effective trade execution and that soft dollar items obtained from client brokerage are used in conformance with applicable regulations.

Soft dollar items obtained are not always used, in whole or in part, for the specific account that generated brokerage from which the items were obtained. AGFA does not typically allocate the relative costs or benefits with precision among client accounts because it believes that in the aggregate the soft dollar items received benefit clients by assisting portfolio managers in fulfilling their overall duty. To the extent that AGFA aggregates orders, brokerage commissions attributable to one or more accounts may be allocated to brokers who provide soft dollar items (such as statistical data or research) used by AGFA in managing other accounts, and vice versa. For this reason, commissions paid in one account may, in effect, subsidize soft dollar items that benefited another account. Additionally, consistent with the safe harbor, AGFA may use soft dollars generated by trades for one type of account (e.g., equity) to acquire soft dollar items which may benefit other types of accounts (e.g., fixed income).

AGFA may use brokerage to pay for a portion of certain “mixed use” items (i.e., items which provide both eligible and non-eligible benefits or encompass multiple functionalities some of which are not eligible for the safe harbor). Although the allocation is not always precise, AGFA makes a good faith effort to allocate payment for such items appropriately by paying cash for that portion of the cost of the soft dollar item which is attributable to a use or functionality which is not eligible under the safe harbor.

Client directed brokerage

Some clients request that AGFA place orders for their account with specific brokers that provide services to that client. Our policies for ensuring fair allocation of investment opportunities and practices to obtain best execution necessitate the ability to either aggregate orders or select brokers based on our criteria. Consequently, AGFA will only agree to client directed brokerage requests on a 'best efforts' basis to the extent it is consistent with our policies and procedures to obtain best execution and is operationally possible in the specific circumstances, depending on the securities being traded. In extremely rare circumstances AGFA may use 'step-out trading' in order to redirect a client's trades to another broker. Generally speaking executing brokers discourage such practices due to operational constraints and certain settlement risks. Generally, AGFA discourages client directed brokerage.

Review of Accounts

Portfolio managers are responsible for ensuring investments are suitable for client accounts based on the investment mandate and specific client guidelines and restrictions. The portfolio managers all report to the Chief Investment Officer ("CIO"), who is responsible for monitoring the ongoing performance of the portfolio managers. The CIO reviews performance quarterly using detailed portfolio attribution analysis provided by AGFII's portfolio analytics team and the reporting team (independent of the portfolio manager team). The CIO is also a member of the AGFA Investment Governance Committee ("IG Committee"), which on a quarterly basis also reviews the portfolio manager's activities in aggregate and on an account-by-account basis. The materials reviewed by the IG Committee include, but are not limited to, third party generated best execution reports that provide detailed analysis on best execution and top/bottom performing transactions; detailed brokerage analysis on an account basis, broker vote results and actual commissions directed and portfolio monitoring reports that analyze the results of daily portfolio reviews for compliance with the investment mandate, regulatory requirements and client specific investment guidelines and restrictions.

The quarterly investment reports provided to all clients is independently reviewed by the compliance department and includes market commentaries, portfolio attribution information about the account, current positioning commentary from the portfolio manager and the statement of portfolio holdings and transactions for the period. Additionally, depending on services negotiated by clients with AGFA, clients may have access to portfolio managers, associate portfolio managers and/or portfolio specialists to discuss investment performance, trends and themes impacting their account. Some clients have also negotiated a fixed timetable to perform in-depth due diligence reviews of the performance of AGFA in providing its services to the client.

Client Referrals and Other Compensation

AGFA has its own business development personnel and uses certain marketing services from AGFII to prepare materials to aid in soliciting new business. AGFA sources new business through the use of industry consultants, who specialize in the search of investment managers for their clients, the use of third party investment management data providers to include AGFA investment mandates and performance data in databases they maintain for prospective clients to search for investment managers, as well as through the direct submission of responses to request for proposals from potential clients. The use of third party databases, and in some cases consultants, may result in fees being paid by AGFA to participate. These fees are not directly charged to any AGFA client accounts.

In the case of consultants, AGFA will provide them with information concerning our investment mandates, the investment process used by the portfolio managers, our firm's policies and procedures as it relates to the provision of discretionary investment management services, and other related information. When consultants perform searches for their clients, they may direct a request for proposal to AGFA in connection with those searches. As a result, AGFA may invite consultants to its offices to perform due diligence reviews of our operations and of the investment process used by our portfolio managers. Additionally, the consultants may host conferences, which AGFA pays fees to attend and to participate in the opportunity to discuss a variety of topics associated with the industry and the provision of service to existing and prospective clients.

Custody

All of our clients have engaged their own third party custodians to hold the assets we manage on their behalf. AGFA's authority is limited to the provision of investment instructions (buy and sell securities) in connection with the custodial account. AGFA does not have authority to obtain possession of any assets in the client's account nor to pay for any expenses associated with the client's account. We maintain an authorized traders list, provided to clients and their custodians, that identifies those individuals who are authorized to provide investment instructions on the client's account.

AGFA receives custodial reports from the client's custodian and regularly reconciles its records to those of the custodian to ensure completeness and accuracy. Reconciliations are performed by AGFII's operations department, a department independent from AGFII traders, the settlements desk and all portfolio managers and their teams. This control provides assists in the mitigation of risks associated with the safeguarding of client assets. In addition to custodial reports clients receive from their custodians, clients also receive detailed portfolio transaction and positions reports from AGFA quarterly and, where separately negotiated, on a monthly basis. Clients are encouraged to review these reports and compare them with custodial records as an additional control measure.

Investment Discretion

AGFA clients all enter into written agreements with AGFA detailing the services to be provided, the authority and discretion AGFA is given in respect of the managing the assets and the client's specific investment policy statement, guidelines and restrictions (referred to as the client IPS).

The client IPS is incorporated into the investment management agreement and allows clients to detail their specific investment objectives, guidelines and any specific restrictions. Monitoring of compliance with the client IPS is conducted by the compliance department on a 'live' daily basis using the trade order management system utilized by the portfolio managers and traders to manage client accounts and record trade orders and fills. The effectiveness of such monitoring is dependent on the quality of data uploaded into the system, which from time to time may not be complete, accurate or available from the service providers used to source and maintain the data. AGFII has an independent data team responsible for the maintenance of data in the system. Additionally, some restrictions may be exceeded or compromised as a result of events beyond the control of AGFA and its portfolio managers. For example, corporate actions, changes in credit ratings of counterparties, market liquidity events, corporate share buybacks and other similar events. To the extent restrictions are not able to be monitored using the trade order management system; other departments perform manual procedures to monitor compliance, which are subject to periodic reviews by our parent company's internal audit department.

In addition to the client IPS, the compliance department also uses the trade order management system to monitor other restrictions and guidelines imposed either by the portfolio manager in respect of the mandate or by certain regulatory and/or market requirements. For example, the aggregate ownership of classes of equity securities are monitored for restrictions placed on ownership either for reporting purposes or for local market regulatory restrictions. Additionally, where a client is itself subject to regulatory restrictions that impose limits on control or ownership, AGFA also uses the trade order management system to monitor these limits.

Voting Client Securities

Typically, our clients give us discretion to vote proxies on securities held in their accounts. Our ability to vote proxies depends on the client's custodian delivering the proxies in proper form and in a timely manner to us or our agent.

AGFA votes proxies in the best interests of our clients' as shareholders and in a manner that we believe maximizes the economic value of their holdings. Our proxy voting guidelines set forth general guidelines for voting proxies however, portfolio managers retain discretion to vote proxies on a case-by-case basis taking into account all relevant circumstances applicable to each client. Our proxy voting

guidelines provide the portfolio manager for the client account the authority to decide the final vote, or in some circumstances the portfolio manager may determine that it is in the client's best interest to refrain from voting proxies, absent a material conflict of interest. The vote entered on a client's behalf with respect to a particular proposal may differ between clients based on the client specific circumstances and expectations connected with voting proxies.

It is possible, on occasion, that AGFA or one of our affiliates will have a business relationship with an issuer whose securities are held in a client account. Additionally, it is possible that relevant personnel or their close relatives (e.g. spouse or child) are directors or officers of an issuer whose securities are held in a client account. As a result, we have adopted and implemented policies and procedures that we believe are reasonably designed to manage the conflicts created by those business and personal relationships. These procedures allow for the identification of such 'conflicted securities' and ensure that any proxy ballots for them are redirected to an independent committee of individuals who are responsible for determining an appropriate course of action ("AGFA Proxy Committee").

The AGFA Proxy Committee will first determine whether there exists an item on the ballot that presents a conflict of interest. For example, the election of directors where one proposed individual is related to relevant personnel. In the event of a conflict, the AGFA Proxy Committee will determine whether it may resolve business conflicts by voting as recommended by a third-party voting service, notifying the client and seeking instruction or permitting the client to vote or take action which will allow the best interest of the clients. Identifying potential conflicts arising from personal relationship is a self-reporting process, consequently if the apparent conflict is not raised by someone within the firm; it may not be identified and reviewed by the AGFA Proxy Committee.

Clients are offered a copy of the Proxy Voting Policies and Guidelines at the start of the relationship and information on how their securities were voted are made available upon request or as outlined in the investment management agreement.

Conflict of Interest Matters

While certain situations of conflict have been covered throughout this document (e.g. personal trading practices, fair allocation of investment opportunities, side-by-side management, broker selection, proxy voting practices and securities valuation practices), conflicts of interest may arise beyond these ordinary course of business situations. Certain conflicts cannot be avoided or AGFA has chosen not to avoid them as there may be an adverse impact to processes implemented designed to ensure the best interests of clients are placed ahead of those of AGFA and its Supervised Persons and employees. Instead, AGFA has implemented practices designed to identify and manage such conflicts so as to fulfill our obligations to clients, including our fiduciary obligations.

AGFA acknowledges that certain conflicts may arise directly from client relationships. For example, certain clients may be able to influence or affect AGFA's operations and practices by virtue of the size of assets under management or by virtue of the client's reputation and status in a particular industry or market. AGFA's practices involve the requirement to comply with all policies and procedures consistently and effectively to meet their objectives. Our parent company's Internal Audit and Compliance departments each conduct routine reviews, audits and assessments of the effectiveness of internal controls, the degree of compliance with internal controls and the overall effectiveness in the design of controls to meet stated control objectives. Reports are issued to management and to the board of directors of AGFA, AGFII and of our parent, AGF Management Limited. Additionally, many back office operations and governance processes have been outsourced to our affiliate AGFII, which itself is subject to an independent internal control audit for the purposes of generating an annual Canadian Standards Assurance Engagement (CSAE 3416) (akin to a U.S. SAS 70 report), a copy of which may be made available to our clients upon request.

The AGFA IG Committee, in addition to monitoring performance related activities of the portfolio managers in connection with client accounts, also reviews quarterly firm compliance with key conflicts of interest policies, including but not limited to, gifts & entertainment matters, political contributions, complaints activity and non-compliance matters by AGFA Supervised Persons (e.g. gifts & entertainment review, certification activities, self-disclosure activities, etc.). AGFA is committed to treating you with respect and consideration. Providing the highest level of service is our commitment to you. However, from time to time there may be a misunderstanding, something may have gone wrong or you may feel you have been treated unfairly. In such a circumstance AGFA will act diligently in an effort to resolve the problem quickly. Complaints may be directed to your AGFA representative, AGFA compliance or any member of AGFA senior management.

Financial Information

AGFA does not solicit prepayment of client fees. Furthermore, there are no financial conditions that are reasonably likely to impair AGFA's ability to meet any of its contractual commitments to its clients.