

Standard Life

International Equity Fund (AGF) AGF Investments Inc.

Lead Manager(s): Rory Flynn

Performance Review Date: December 31, 2013

Investment Objective: To provide superior long-term growth. It invests primarily in common shares of medium and large international companies.

Investment Style: Value

Annual Fund Performance (%)

	2009	2010	2011	2012	2013	5 yrs
International Equity Fund (AGF)	18.72	-3.07	-13.97	16.39	32.00	7.31
MSCI EAFE Index (Can\$)	13.21	2.83	-9.75	15.34	31.81	9.82
Value Added (+) / Lost (-)	5.51	-5.90	-4.22	1.05	0.19	-2.51
Quartile Ranking ⁽¹⁾	1st	4th	4th	3rd	2nd	4th

Annualized Performance – Relative Rankings ⁽¹⁾ (ending December 31, 2013)

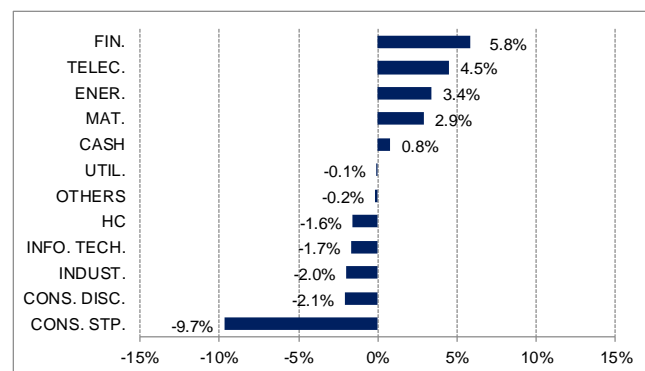
3 years	4 th	Quartile
5 years	4 th	Quartile
7 years	4 th	Quartile
10 years	3 rd	Quartile

Risk Characteristics (5 years ending December 31, 2013)

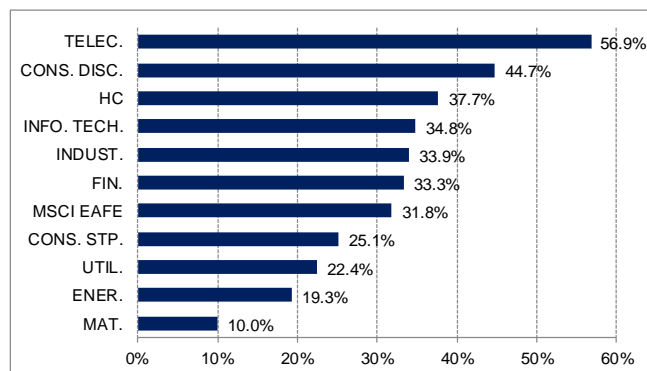
Downside Volatility	4.47%	1 st	Quartile
Standard deviation	20.66%	1 st	Quartile
Tracking error	9.83%	1 st	Quartile
Information ratio	-0.23	4 th	Quartile
Beta	1.43	1 st	Quartile

Portfolio Positioning

Fund Sector Deviations



Year-to-date Index Sector Performance



Short-Term Performance Analysis

- In 2013, the fund slightly outperformed its benchmark and ranks in the second quartile relative to its peers.
- Sector allocation was the main driver of added value, primarily due to an overweight position in the outperforming Financials sector.
- Security selection produced negative results, particularly within the Telecommunications sector.
- Based on the MSCI EAFE Style indices, Value stocks outperformed on average. Given the fund's Value investment bias, its style had a positive impact on short-term performance.

Long-Term Style Analysis

	2009	2010	2011	2012	2013	5 years
Outperforming Investment Style	Value	Growth	Value	Value	Value	Growth

Long-Term Performance Analysis

- The fund outperformed its benchmark in three of the past five years, but failed to add value on a five-year annualized basis. This long-term performance ranks it in the fourth quartile when compared to its peers.
- Security selection was negative more often than not and was the main detractor of relative value on a five-year annualized basis.
- Sector allocation produced mixed results over the long term.
- Based on the MSCI EAFE Style indices, Growth stocks outperformed on average. Given the fund's Value investment bias, its style had a negative impact on long-term performance.

Significant Corporate Events

Corporate

- In December 2013, AGF Investments Inc. announced that Martin Hubbes, Executive Vice President and Chief Investment Officer, will be leaving the firm. A search for his replacement is underway and Mr. Hubbes will continue in his role throughout the transition.

Fund Specific

- In October 2011, John Arnold, Managing Director, retired from the firm.
- In October 2011, Rory Flynn took on the role of Chief Investment Officer for the AGF International Stock Class which is the underlying fund for the Standard Life International Equity Fund (AGF).

Quality & Choice Commentary

- The International Equity Fund (AGF) is a bottom-up, value focused international equity mandate that emphasizes investing in companies trading at discounts to their business value. The fund is expected to provide above average returns over a full market cycle but might underperform when growth stocks mostly drive the market.

Conclusion: The fund is No Longer Promoted as a Quality & Choice investment option as of February 2014, based on the analysis done at that time.

Manager Outlook

- The manager believes international equity markets have the potential to continue rising as the global economic recovery appears to be maintaining its momentum and returning to 'normal' levels. Economic fundamentals are supportive and valuations show potential. Although liquidity is very loose at the moment, the manager does not expect inflation to rise in the next few years. In their view, the rise in the markets is likely to be underpinned by real economic growth and a rotation of money flows from the bond markets into equity markets where there is more relative value. Heightened volatility may continue as central bankers attempt to ease away from monetary stimulus and let economies stand by themselves. Areas of the market that have overly benefited from central bank easing, such as commodities and bonds, may be at risk in this environment and may experience muted growth. The beneficiary is likely to be assets such as cyclical equities that are more linked to economic growth. Regarding fixed income, real yields have reached very low levels and they expect yields to rise to more normal levels.

⁽¹⁾ Quartile rankings are based on the underlying fund's returns.

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