



US Equity Fund (AGF)
Manulife US Equity Fund (AGF)
AGF Investments Inc.

December 31, 2016

Lead manager(s):	Tony Genua	Investment style:	Growth
Investment objective:	The objective is to provide long term capital growth by investing mainly in equity securities of established U.S. companies.		
Last meeting date:	Q4 2016	Next estimated meeting date:	Q4 2017
Current rating:	IN GOOD STANDING		

Annual fund performance (%)

	2012	2013	2014	2015	2016	5 yrs
US Equity Fund (AGF)	N/A	N/A	N/A	26.46	4.50	N/A
S&P 500 CompositeTR (\$Cdn)	N/A	N/A	N/A	20.97	8.61	N/A
Value added (+) / lost (-)	N/A	N/A	N/A	5.49	-4.10	N/A
Quartile ranking ⁽¹⁾	N/A	N/A	N/A	1st	4th	N/A

Short-term performance analysis

- The Fund underperformed its benchmark on a one-year basis and is ranked 4th quartile against category peers.
- Security selection was the main detractor though sector allocation also detracted slightly.
- Stock selection from the Information Technology, Industrials and Consumer Discretionary sectors led the underperformance driven through security selection.
- Within information technology the manager is looking to benefit from secular themes such as cloud computing, e-commerce and social media.
- Based on the S&P 500 style indices value stocks outperformed growth stocks overall which could be expected to be a headwind for investment managers with a growth style such as this one.
- The investment manager sees potential for continued U.S. Equity growth with the new U.S. administration through proposed tax reform and fiscal stimulus. Nevertheless, the manager continues to focus on the fundamentals of companies and seeks out dynamic growth opportunities believed to be positioned to benefit from secular themes. Companies that capture markets with superior growth are expected to deliver above market returns for investors,

Long-term performance analysis

- In 2015 the Fund strongly outperformed its benchmark.
- Stock selection in Consumer Discretionary and Health Care led, however, positive relative value selection was broad-based across sectors. Names such as Amazon, Facebook and Health Care company Regeneron Pharmaceuticals were lead performers
- Based on S&P 500 style indices, growth stocks solidly outperformed value equities on average which should be favourable given the managers growth investment style. There are no concerns with the Fund's performance since its addition to the platform.

Significant corporate events

Corporate

- In June 2014, Kevin McCreddie was appointed President and CIO of AGF Investments Inc.

Fund specific

- There were no significant Fund specific events over the past three years.

IMS commentary

- The investment team believes in capturing the market leaders of each cycle period offers investors the best opportunity to outperform the market over time. The portfolio investments reflects innovative companies that exhibit leadership qualities in the current investment cycle, employ solid management teams that have a clearly defined strategy for achieving above average growth, have a proven ability to implement and drive the strategy forward and goals.
- Based on our due diligence, we are confident that the manager has remained within the stated investment philosophy and style.
- The Fund has outperformed its peers since its addition to the platform and ranks in the higher quartiles. There are no concerns with long-term performance. There are no significant concerns with 2016 underperformance as the Fund underperformed during a time period where the value style was in favor within the market.

Conclusion:

- Due to the fact that 1) the Fund has generated results that are competitive with the benchmark over the long term, all the while remaining within the stated investment philosophy and style, and 2) the Fund ranks in the higher quartiles when compared to its peer group since addition to the platform, IMS continues to rate this Fund In Good Standing.

⁽¹⁾ The source of benchmark returns are utilizing the Bank of Canada end of day rate for currency exchange. This change may result in minor differences from otherwise listed benchmark returns.

⁽²⁾ Quartile rankings are based on the underlying fund's returns.

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