

September 8, 2011

AGF International Stock Class – John Arnold to retire on October 31st

On Wednesday September 7th, AGF Investments Ltd. announced the upcoming retirement of John Arnold, CIO and Managing Director of AGF International Advisors (AGFIA), based in Dublin, Ireland.

With over 40 years of investment experience, Arnold was the lead manager on key mandates at AGF, namely the International Stock Class, European Equity and Global Value Funds. The AGF International Stock Class is held in the Meritage International Equity Portfolio.

Rory Flynn is set to take over after Arnold's departure. Flynn has been working with AGFIA since 1992. While this succession announcement is logical and not surprising, AGF is expected to alter some of the risk parameters of the fund, which is a trigger for the Meritage Portfolios' due diligence process.

Over the coming weeks, an assessment will be conducted to evaluate the impact of the departure of John Arnold and the ensuing structural changes on the Fund itself, and the Meritage International Equity Portfolio.

The review includes a comprehensive analysis of the quantitative and qualitative factors of this change, and an independent validation of the analysis by Aon Hewitt.

The commitment of the Meritage Portfolios has always been to offer the best blend of the best funds available in the industry. From over 5,000 funds available to investors, 23 were carefully selected based on their potential return, sustained performance over time and the synergy of their portfolio managers' investment approaches.

Due Diligence Process

1. Complete review of the new manager's track record, according to the Select Rating System criteria:
 - Value added by the manager
 - Complete downside risk analysis / Returns per unit of risk
 - Other observations: holding based style consistency, correlation with the other fixed income funds already in Meritage, downside and upside capture ratios, validation of management team continuity and additional qualitative data provided by Aon Hewitt.
2. Analysis and comparisons with alternative funds within a comparable universe.
3. Review of the entire process by Aon Hewitt, analysis of the fund and its new manager and detailed recommendation to the Meritage Investment Committee.