

**Annual Management Report of Fund Performance**

# **AGF Canadian Small Cap Fund**

September 30, 2024

## Management Discussion of Fund Performance

This management discussion of fund performance represents the portfolio management team's view of the significant factors and developments affecting the fund's performance and outlook.

### Investment Objective and Strategies

Pursuant to the Declaration of Trust, the investment objective of AGF Canadian Small Cap Fund (the "Fund") is to provide superior capital growth by investing primarily in shares and other securities of small and medium Canadian companies that have the potential to generate above average growth. The Fund may also invest in foreign securities, which are typically not expected to exceed 10% of the Net Asset Value (see Explanatory Note (1) a)) of the Fund at the time of purchase. Cypress Capital Management Ltd. ("Cypress"), as portfolio manager, uses a fundamental bottom-up investment process to identify attractive businesses trading at reasonable valuations. In bottom-up investing, the portfolio manager focuses attention on a specific company rather than on the industry in which that company operates or on the economy as a whole. This core investment process is complemented by top-down macroeconomic and industry outlooks. A top-down investment approach involves looking at the "big picture" in the economy and financial world and then breaking those components down into finer details. The portfolio manager focuses on selecting companies with quality management aligned with securityholders, superior revenue and earnings growth potential, attractive valuation and the capability to finance future growth. During periods of market downturn or for other reasons, a significant portion of the Fund's assets may be held in cash, cash equivalents or fixed income securities.

### Risk

The risks of investing in the Fund remain as disclosed in the current prospectus. Any changes to the Fund over the period have not affected the overall level of risk of the Fund.

The Fund continues to be suitable for investors investing for the long-term, seeking the growth potential of equity securities of Canadian companies and who have medium tolerance for risk. The suitability of the Fund has not changed from what has been disclosed in the prospectus.

### Results of Operations

For the year ended September 30, 2024, the Mutual Fund Units of the Fund returned 18.5% (net of expenses) while the S&P/TSX Small Cap Index returned 25.1%. The performance of the other series of the Fund is substantially similar to that

of the Mutual Fund Units, save for differences in expense structure. Refer to "Past Performance" section for performance information of such series.

The Fund under-performed the S&P/TSX Small Cap Index over the reporting period, driven by sector allocation and partially offset by security selection. The drag from sector allocation was entirely driven by an underweight position in the heavy-weight Materials sector (9.9% versus 30.7%). Materials along with Consumer Staples were the top-performing small capitalization sectors, recording very strong gains of 48.0% for the period. The only other notable drag was an overweight position in the Utilities sector (6.0% vs. 1.5%), with the sector down 3.0% for the period. On the other hand, the strongest contributor to performance from a sector allocation perspective was an underweight position in Energy (12.5% vs. 19.1%), which tied Utilities as the worst-performing sector, also down 3.0% over the reporting period.

Security selection saw several sectors making strong contributions to relative performance, led by Consumer Discretionary, Utilities and Real Estate. Notably within the Consumer Discretionary sector, top-ten holding Aritzia Inc. gained 115.0%, while Sleep Country Canada Holdings Inc. and Park Lawn Corporation gained 56.0% and 44.0%, respectively, on the back of take-out offers. Within the Utilities sector, top-ten holding AltaGas Limited gained 34.0%, while Boralex Inc. and Innergex Renewable Energy Inc. gained 26.0% and 19.0%, respectively. Within the Real Estate sector, the Fund has a strong focus on residential real estate investment trusts ("REITs"), which saw Dream Unlimited Corporation gained 88.0%, Mainstreet Equity Corporation gained 44.0% and Tricon Residential Inc. gained 54.0% on a takeout offer. The Fund out-performed in six of eleven sectors.

The Fund's most notable changes over the reporting period include a lower cash position (5.4% to 1.4%) and reduced weightings in the Energy (15.7% to 12.5%) and Consumer Staples (4.8% to 3.8%) sectors. All other sector weightings were increased, led by Consumer Discretionary (7.8% to 9.6%), Materials (8.2% to 9.9%) and Utilities (4.7% to 6.0%).

The Fund added several new names during the reporting period, including Pet Valu Holdings Limited in Consumer Discretionary, Propel Holdings Inc. in Financials, Well Health Technologies Corporation in Health Care, Coveo Solutions Inc. in Information Technology, Primaris REIT in Real Estate and Innergex Renewable Energy Inc. in Utilities.

The Fund exited a number of positions over the reporting period, including top-ten holding Tricon Residential Inc. acquired by Blackstone, Neighbourly Pharmacy Inc. acquired by private equity firm Persistence Capital Partners and Park Lawn Corporation acquired by Homesteaders Life Company

This annual management report of fund performance contains financial highlights, but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1 800 268-8583, by writing to us at AGF Investments Inc., CIBC SQUARE, Tower One, 81 Bay Street, Suite 4000, Toronto, Ontario, Canada M5J 0G1 attention: Client Services, or by visiting our website at [www.agf.com](http://www.agf.com) or SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

and Birch Hill Equity Partners. As of the end of the reporting period, there were an additional three holdings that were in the process of being acquired with closings all expected in the last calendar quarter of 2024 – Sleep Country Canada Holdings Inc. by Fairfax, Stelco Holdings Inc. by Cleveland-Cliffs and Osisko Mining Inc. by Gold Fields.

The Fund had net redemptions of approximately \$30 million for the current period, as compared to net redemptions of approximately \$12 million in the prior period. Rebalancing by fund on fund programs resulted in net redemptions of approximately \$8 million in the Fund. The portfolio manager does not believe that redemption activity had a meaningful impact on the Fund's performance or the ability to implement its investment strategy.

Total expenses before foreign withholding taxes, commissions and other portfolio transaction costs vary period over period mainly as a result of changes in average Net Asset Values and investor activity, such as number of investor accounts and transactions. Expenses have decreased as compared to the previous period due mainly to a decrease in average Net Asset Values. Custodian fees decreased due to a decrease in the number of portfolio transactions and interest expense increased due to an increase in overdraft positions throughout the period. The decrease in independent review committee fees was due to variances between the accrued amounts versus the actual expenses incurred in the previous period. All other expenses remained fairly consistent throughout the periods.

## Recent Developments

World equity markets posted strong gains over the reporting period, driven by receding inflation, a dovish pivot from central bankers and continued economic resilience. Central banks' success at reining in inflation shifted the market's paradigm from a "higher for longer" interest rate environment to expectations for less restrictive monetary policy and multiple forthcoming rate cuts. In Canada, those rate cuts began in June 2024 with the Bank of Canada ("BoC") announcing the first of three successive 0.25% cuts. The U.S. Federal Reserve (the "Fed") moved later but kicked off with a jumbo 0.5% rate cut in September 2024. While the pace of forward monetary loosening remains uncertain and will be data dependent, the path appears clear with benchmark interest rates expected to continue moving lower.

All major equity markets posted double-digit gains over the reporting period. Particularly notable was strong performance in the Information Technology sector, driven by a rally in artificial intelligence ("AI") related names. Developed markets out-performed significantly, gaining 30.5%, while emerging markets posted a still strong gain of 22.9%. Among the developed markets, the tech-heavy S&P 500 Index in the U.S. led the way gaining 36.4%, followed by Canada up 26.7%, Japan up 23.8% and Europe up 22.0%. All returns quoted are in U.S. dollar terms, except Canada in Canadian dollar terms.

Bond market performance was notably positive for the reporting period with the Canadian broad bond market composite up 12.9%. Gains were driven by significant declines in bond yields as interest rate cut expectations rose and when actual rate cuts materialized. The Government of Canada 10-year bond yield declined from 4.03% to 2.96% over the period. As mentioned, the BoC finally provided some interest rate relief beginning in June 2024, reducing its benchmark interest rate by a total of 0.75% over the reporting period. It was the first rate cut since the current cycle of BoC and Fed interest rate hikes ended in July 2023, which saw cumulative hikes of 4.75% and 5.25%, respectively, and brought benchmark rates to levels unseen since 2001.

Taking a closer look at the Canadian equity markets, the S&P/TSX Composite Index's 26.7% gain was broad-based with all sectors in positive double-digit territory, except Communication Services which was up a modest 5.1%. Cyclical sectors out-performed, with Information Technology leading the way up 40.0% due to aforementioned AI driven rally, followed by Financials up 37.5%. Beyond Communication Services, the next weakest sectors were Energy up 14.5%, Health Care up 14.6%, Industrials up 18.6% and Consumer Discretionary up 19.1%.

Small capitalization equities ("small-cap") modestly under-performed large capitalization equities ("large-cap") over the reporting period, with the S&P/TSX Small Cap Index up 25.1% versus the S&P/TSX Composite Index's gain of 26.7%. Small-cap sector performance was slightly more mixed, with two of eleven small-cap sectors - Utilities and Energy - in negative territory, down 2.8% and 2.7% respectively. However, every other sector posted strong gains above 20.0%. Consumer Staples led the way up 48.2%, followed by Materials up 47.7% (driven by gold stocks) and Information Technology up 32.4%. Five of eleven small-cap sectors out-performed their larger-cap peers over the reporting period.

The modest small-cap under-performance relative to large-cap was largely driven by sector weights, notably a much smaller weighting in strong-performing Financials, which was up 37.5%. Following strong small-cap out-performance as markets rebounded from the pandemic-driven market plunge through mid-2021, small-caps have generally under-performed (8 out of the last 12 quarters).

Looking beyond equity markets, the resilience of the Canadian and U.S. economies in the post-Covid pandemic era appears to be coming to an end (more notably for Canada). The lagged effects of the rapid and steep pace of monetary tightening are now manifesting. Canadian gross domestic product ("GDP") growth has fallen short of expectations in 2024, following weakness in the second half of 2023 that saw the nation barely avoiding recession. Adjusting for the recent massive levels of immigration/population growth, the country would actually be in recession territory, with GDP declining on a per-person basis for six consecutive quarters.

Business and consumer sentiment have declined and the labour market has weakened, with the unemployment rate in Canada rising notably from 5.0% in early 2023 to 6.6%

currently. The weakening labour market combined with cooling consumer spending and subdued business investment should contribute to a sustained moderation in inflation, which recently decelerated to 2.0%, the softest since February 2021 and in-line with the central bank's target.

The weak economic data and rapidly declining inflation appear to have tilted risks to the downside, allowing the BoC to step in with rate cuts to loosen monetary policy and support economic growth. The portfolio manager expects further steady rate reductions, likely 0.25% per BoC meeting, with the possibility of larger 0.5% cuts should the economy weaken significantly. It remains to be seen whether Canada will be able to achieve a "soft landing" or head into a more significant recession.

World equity markets rallied strongly over the reporting period on the combination of receding inflation, dovish central bankers and most recently interest rate cuts. Following the strong gains, Canadian market valuations have returned to long-term average levels, while the U.S. market remains well above average. While further interest rate cuts have the potential to contribute to additional Canadian market gains, notable growth concerns remain the counterweight.

Additional broad market risks also remain, including geopolitical concerns in the Middle East, the Russia/Ukraine war and U.S./China tensions. Also pending is the U.S. election in November 2024 and the potential for a contested election. In this environment, the portfolio manager expects continued equity market volatility and continues to focus on quality companies (resilient earnings, strong balance sheets, trading at attractive valuations) with an emphasis on maintaining diversification amid higher levels of uncertainty.

## Related Party Transactions

AGF Investments Inc. ("AGFI") is the manager ("Manager") and trustee of the Fund. Pursuant to the management agreement between the Fund and AGFI, AGFI is responsible for the day-to-day business of the Fund. AGFI acts either as the investment (portfolio) manager itself or hires an external investment manager to manage the investment portfolio of the Fund. AGFI and Cypress entered into an investment management agreement pursuant to which Cypress is responsible for managing the investment portfolio of the Fund. Under the management agreement, the Fund (except for Series I, Series O, Series Q and Series W Units, if applicable) pays management fees, calculated based on the Net Asset Value of the respective series of the Fund. Management fees of approximately \$3,842,000 were incurred by the Fund during the period ended September 30, 2024.

Certain operating expenses relating to registrar and transfer agency services are paid directly by AGFI and in exchange, a fixed rate administration fee is payable by the Mutual Fund Series, Series F, Series FV, Series I, Series T and Series V Units, as applicable, of the Fund. The administration fee is calculated based on the Net Asset Value of the respective series of the Fund at a fixed annual rate, as disclosed in the

current prospectus. Administration fees of approximately \$539,000 were incurred by the Fund during the period ended September 30, 2024.

AGFI and Cypress are indirect wholly-owned subsidiaries of AGF Management Limited.

## Caution Regarding Forward-looking Statements

This report may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and similar expressions.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.

The forward-looking statements are by their nature based on numerous assumptions, which include, amongst other things, that (i) the Fund can attract and maintain investors and has sufficient capital under management to effect its investment strategies, (ii) the investment strategies will produce the results intended by the portfolio manager, and (iii) the markets will react and perform in a manner consistent with the investment strategies. Although the forward-looking statements contained herein are based upon what the portfolio manager believes to be reasonable assumptions, the portfolio manager cannot assure that actual results will be consistent with these forward-looking statements.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, taxation, changes in government regulations, unexpected judicial or regulatory proceedings, technological changes, cybersecurity, the possible effects of war or terrorist activities, outbreaks of disease or illness that affect local, national or international economies (such as COVID-19), natural disasters and disruptions to public infrastructure, such as transportation, communications, power or water supply or other catastrophic events.

It should be stressed that the above-mentioned list of factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years as applicable.

### Mutual Fund Units - Net Assets per Unit<sup>(1)</sup>

For the periods ended	Sept 30, 2024 (\$)	Sept 30, 2023 (\$)	Sept 30, 2022 (\$)	Sept 30, 2021 (\$)	Sept 30, 2020 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>12.54</b>	<b>11.73</b>	<b>13.81</b>	<b>10.01</b>	<b>9.35</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.31	0.29	0.24	0.22	0.17
Total expenses	(0.39)	(0.38)	(0.39)	(0.37)	(0.28)
Realized gains (losses)	0.49	0.44	0.33	0.94	1.77
Unrealized gains (losses)	1.91	0.52	(2.39)	2.82	(1.00)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.32</b>	<b>0.87</b>	<b>(2.21)</b>	<b>3.61</b>	<b>0.66</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>14.87</b>	<b>12.54</b>	<b>11.73</b>	<b>13.81</b>	<b>10.01</b>

### Mutual Fund Units - Ratios/Supplemental Data<sup>(1)</sup>

For the periods ended	Sept 30, 2024	Sept 30, 2023	Sept 30, 2022	Sept 30, 2021	Sept 30, 2020
Total Net Asset Value (\$000's)	190,867	178,917	177,870	172,239	89,807
Number of units outstanding (000's)	12,839	14,266	15,163	12,470	8,974
Management expense ratio <sup>(5)</sup>	2.83%	2.83%	2.82%	2.82%	2.86%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	2.83%	2.83%	2.82%	2.84%	2.87%
Trading expense ratio <sup>(7)</sup>	0.03%	0.10%	0.04%	0.12%	0.11%
Portfolio turnover rate <sup>(8)</sup>	5.18%	20.91%	6.05%	22.35%	28.05%
Net Asset Value per unit	14.87	12.54	11.73	13.81	10.01

### Series F Units - Net Assets per Unit<sup>(1)</sup>

For the periods ended	Sept 30, 2024 (\$)	Sept 30, 2023 (\$)	Sept 30, 2022 (\$)	Sept 30, 2021 (\$)	Sept 30, 2020 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>16.06</b>	<b>14.84</b>	<b>17.28</b>	<b>12.38</b>	<b>11.45</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.40	0.36	0.30	0.27	0.20
Total expenses	(0.28)	(0.28)	(0.28)	(0.30)	(0.23)
Realized gains (losses)	0.63	0.56	0.59	1.33	2.13
Unrealized gains (losses)	2.46	0.61	(5.44)	3.52	(1.09)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>3.21</b>	<b>1.25</b>	<b>(4.83)</b>	<b>4.82</b>	<b>1.01</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>19.28</b>	<b>16.06</b>	<b>14.84</b>	<b>17.28</b>	<b>12.38</b>

### Series F Units - Ratios/Supplemental Data<sup>(1)</sup>

For the periods ended	Sept 30, 2024	Sept 30, 2023	Sept 30, 2022	Sept 30, 2021	Sept 30, 2020
Total Net Asset Value (\$000's)	12,337	11,186	10,584	2,380	1,601
Number of units outstanding (000's)	640	696	713	138	129
Management expense ratio <sup>(5)</sup>	1.57%	1.60%	1.64%	1.80%	1.81%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	1.57%	1.60%	1.64%	1.81%	1.93%
Trading expense ratio <sup>(7)</sup>	0.03%	0.10%	0.04%	0.12%	0.11%
Portfolio turnover rate <sup>(8)</sup>	5.18%	20.91%	6.05%	22.35%	28.05%
Net Asset Value per unit	19.28	16.06	14.84	17.28	12.38

### Series I Units - Net Assets per Unit<sup>(1)</sup>

For the periods ended	Sept 30, 2024 (\$)	Sept 30, 2023 (\$)	Sept 30, 2022 (\$)	Sept 30, 2021 (\$)	Sept 30, 2020 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>14.43</b>	<b>13.13</b>	<b>15.04</b>	<b>10.61</b>	<b>9.65</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.36	0.33	0.26	0.23	0.17
Total expenses	(0.02)	(0.03)	(0.02)	(0.03)	(0.02)
Realized gains (losses)	0.55	0.51	0.37	1.19	1.81
Unrealized gains (losses)	2.22	0.63	(2.40)	3.12	(0.99)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>3.11</b>	<b>1.44</b>	<b>(1.79)</b>	<b>4.51</b>	<b>0.97</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>17.58</b>	<b>14.43</b>	<b>13.13</b>	<b>15.04</b>	<b>10.61</b>

### Series I Units - Ratios/Supplemental Data<sup>(1)</sup>

For the periods ended	Sept 30, 2024	Sept 30, 2023	Sept 30, 2022	Sept 30, 2021	Sept 30, 2020
Total Net Asset Value (\$000's)	37,113	39,112	39,626	48,491	39,807
Number of units outstanding (000's)	2,111	2,711	3,018	3,224	3,751
Management expense ratio <sup>(5)</sup>	0.08%	0.08%	0.08%	0.10%	0.11%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.08%	0.08%	0.08%	0.10%	0.11%
Trading expense ratio <sup>(7)</sup>	0.03%	0.10%	0.04%	0.12%	0.11%
Portfolio turnover rate <sup>(8)</sup>	5.18%	20.91%	6.05%	22.35%	28.05%
Net Asset Value per unit	17.58	14.43	13.13	15.04	10.61

### Series O Units - Net Assets per Unit<sup>(1)</sup>

For the periods ended	Sept 30, 2024 (\$)	Sept 30, 2023 (\$)	Sept 30, 2022 (\$)	Sept 30, 2021 (\$)	Sept 30, 2020 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>13.52</b>	<b>12.29</b>	<b>14.07</b>	<b>10.38*</b>	<b>-</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.34	0.32	0.28	0.25	-
Total expenses	(0.00)	(0.02)	(0.01)	(0.02)	-
Realized gains (losses)	0.54	0.29	0.28	0.26	-
Unrealized gains (losses)	1.92	(0.34)	(3.74)	1.94	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.80</b>	<b>0.25</b>	<b>(3.19)</b>	<b>2.43</b>	<b>-</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>16.47</b>	<b>13.52</b>	<b>12.29</b>	<b>14.07</b>	<b>-</b>

\* represents initial Net Assets

(1), (2), (3), (4), (5), (6), (7) and (8) see Explanatory Notes



## Series O Units - Ratios/Supplemental Data<sup>(1)</sup>

For the periods ended	Sept 30, 2024	Sept 30, 2023	Sept 30, 2022	Sept 30, 2021	Sept 30, 2020
Total Net Asset Value (\$'000's)	7,574	5,807	1,442	363	-
Number of units outstanding ('000's)	460	430	117	26	-
Management expense ratio <sup>(5)</sup>	0.00%	0.00%	0.00%	0.00%	-
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.05%	0.14%	0.88%	2.51%	-
Trading expense ratio <sup>(7)</sup>	0.03%	0.10%	0.04%	0.12%	-
Portfolio turnover rate <sup>(8)</sup>	5.18%	20.91%	6.05%	22.35%	-
Net Asset Value per unit	16.47	13.52	12.29	14.07	-

## Explanatory Notes

(1) a) This information is derived from the Fund's audited annual financial statements. Under International Financial Reporting Standards ("IFRS"), investments that are traded in an active market are generally valued at closing price, which is determined to be within the bid-ask spread and most representative of fair value. As a result, there is no difference between the net assets per unit presented in the financial statements ("Net Assets") and the net asset value per unit calculated for fund pricing purposes ("Net Asset Value").

b) The following series of the Fund commenced operations on the following dates, which represents the date upon which securities of a series were first made available for purchase by investors.

Mutual Fund Units	February 1996
Series F Units	April 2000
Series I Units	January 2018
Series O Units	October 2020

(2) Net Assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash/reinvested in additional units of the Fund, or both. The computation of the distributions per unit does not take into account the management fee distributions, if applicable (see note 5 below). The characterization of the distributions is based on management's estimate of the actual income for the year.

(4) This is not a reconciliation of the beginning and ending Net Assets per unit.

(5) The management expense ratio ("MER") of a particular series is calculated in accordance with National Instrument 81-106, based on all the expenses of the Fund (including Harmonized Sales Tax, Goods and Services Tax and interest, but excluding foreign withholding taxes, commissions and other portfolio transaction costs) and the Fund's proportionate share of the MER, if applicable, of the underlying funds and exchange traded funds ("ETFs") in which the Fund has invested, allocated to that series, expressed as an annualized percentage of average daily Net Asset Value of that series during the period. For new series launched during the period, the MER is annualized from the date of the first external purchase.

AGFI may reduce the effective management fee payable by some unitholders by reducing the management fee it charges to the Fund and directing the Fund to make management fee distributions to these unitholders in amounts equal to the amounts of the management fee

reduction. The MER does not take into account the reduction in management fees due to management fee distributions to unitholders.

(6) AGFI waived certain fees or absorbed certain expenses otherwise payable by the Fund. The amount of expenses waived or absorbed is determined annually on a series by series basis at the discretion of AGFI and AGFI can terminate the waiver or absorption at any time.

(7) The trading expense ratio represents total commissions and other portfolio transaction costs, including the Fund's proportionate share of the commissions, if applicable, of the underlying funds and ETFs in which the Fund has invested, expressed as an annualized percentage of average daily Net Asset Value during the period.

(8) The Fund's portfolio turnover rate ("PTR") indicates how actively the Fund's portfolio advisor manages its portfolio investments. A PTR of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's PTR in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

PTR is calculated based on the lesser of the cumulative cost of purchases or cumulative proceeds of sales divided by the average market value of the portfolio, excluding short-term investments.

## Management Fees

The Fund is managed by AGFI. As a result of providing investment and management services, AGFI receives a monthly management fee, based on the Net Asset Value of the respective series, calculated daily and payable monthly. Management fees in respect of Series I, Series O, Series Q and Series W Units, if applicable, are arranged directly between the Manager and investors and are not expenses of the Fund. AGFI uses these management fees to pay for sales and trailing commissions to registered dealers on the distribution of the Fund's units, investment advice, as well as for general administrative expenses such as overhead, salaries, rent, legal and accounting fees relating to AGFI's role as manager.

	As a percentage of management fees		
	Annual rates	Dealer compensation	General administration and investment advice
Mutual Fund Units	2.25%	16.36%	83.64%
Series F Units	1.25%	-	100.00%

(1), (2), (3), (4), (5), (6), (7) and (8) see Explanatory Notes

## Past Performance\*

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. Note that the performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

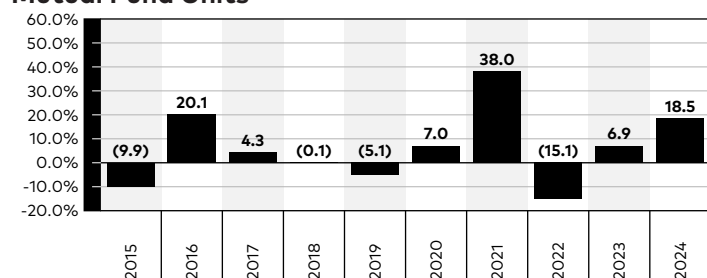
It is AGFI's policy to report rates of return for series in existence greater than one year. The performance start date for each series represents the date of the first purchase of such series, excluding seed money. During the ten year period ended September 30, 2024, certain other funds with similar investment objectives merged into the Fund. Generally, for fund mergers, the continuing fund is considered a new fund for the purpose of calculating rates of return and therefore, the rates of return have not been provided for the period of the merger and previous periods. However, the merger of AGF Canadian Small Cap Discovery Fund with the Fund in May 2016 did not constitute a material change to the Fund and accordingly did not impact the ability of the Fund to maintain its historical performance.

All rates of return are calculated based on the Net Asset Value.

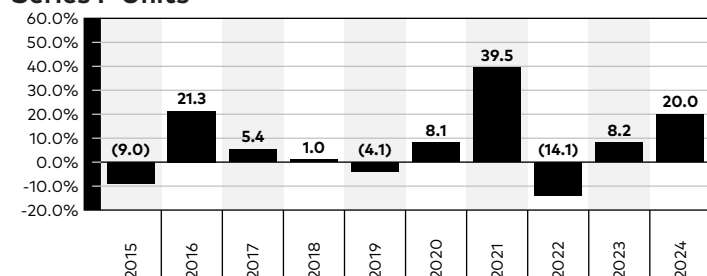
### Year-By-Year Returns

The following bar charts show the Fund's annual performance for each of the past 10 years to September 30, 2024 as applicable, and illustrate how the Fund's performance has changed from year to year. The charts show, in percentage terms, how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.

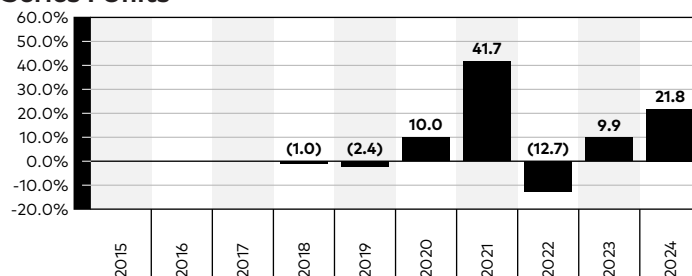
### Mutual Fund Units



### Series F Units

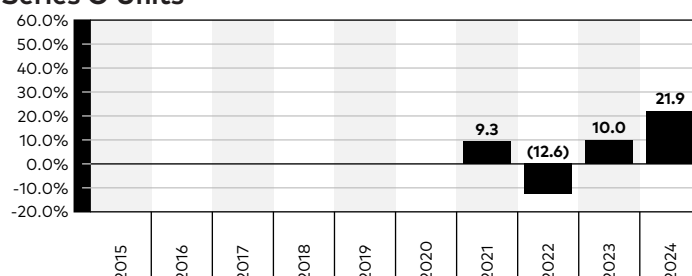


### Series I Units



Performance for 2018 represents returns for the period from January 10, 2018 to September 30, 2018.

### Series O Units



Performance for 2021 represents returns for the period from April 12, 2021 to September 30, 2021.

### Annual Compound Returns

The following table compares the historical annual compound returns for each series with the index, for each of the periods ended September 30, 2024.

Percentage Return:	Since Inception				
	1 Year	3 Years	5 Years	10 Years	
Mutual Fund Units	18.5	2.5	9.7	5.5	N/A
S&P/TSX Small Cap Index	25.1	4.9	10.1	5.0	N/A
Series F Units	20.0	3.7	11.0	6.6	N/A
S&P/TSX Small Cap Index	25.1	4.9	10.1	5.0	N/A
Series I Units	21.8	5.3	12.8	N/A	8.8
S&P/TSX Small Cap Index	25.1	4.9	10.1	N/A	5.6
Series O Units	21.9	5.4	N/A	N/A	7.4
S&P/TSX Small Cap Index	25.1	4.9	N/A	N/A	5.5

The S&P/TSX Small Cap Index provides an investable index for the Canadian small capitalization market. The index is float-adjusted and market capitalization-weighted and was developed with industry input as the ideal benchmark for those with small capitalization exposure of the Canadian equity market.

For a discussion of the relative performance of the Fund as compared to the index, see Results of Operations in the Management Discussion of Fund Performance.

\* The indicated rates of return shown here are the historical annual compounded total returns including changes in security value and reinvestment of all distributions and do not take into account sales, redemption, distribution or other optional charges by any securityholder that would have reduced returns or performance. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

## Summary of Investment Portfolio

As at September 30, 2024

The major portfolio categories and top holdings (up to 25) of the Fund at the end of the period are indicated in the following tables. The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and the next quarterly update will be in the Quarterly Portfolio Disclosure as at December 31, 2024.

Portfolio by Country	Percentage of Net Asset Value (%)
Canada	95.7
United States	2.2
Cash & Cash Equivalents	1.4
United Kingdom	0.7
Other Net Assets (Liabilities)	(0.0)

Portfolio by Sector	Percentage of Net Asset Value (%)
Industrials	19.7
Real Estate	15.6
Energy	12.5
Materials	9.9
Consumer Discretionary	9.6
Information Technology	8.4
Financials	7.6
Utilities	6.0
Communication Services	3.9
Consumer Staples	3.8
Health Care	1.6
Cash & Cash Equivalents	1.4
Other Net Assets (Liabilities)	(0.0)

Portfolio by Asset Mix	Percentage of Net Asset Value (%)
Canadian Equity	95.7
United States Equity	2.2
Cash & Cash Equivalents	1.4
International Equity	0.7
Other Net Assets (Liabilities)	(0.0)

Top Holdings	Percentage of Net Asset Value (%)
AtkinsRealis Group Inc.	4.9
Aritzia Inc.	4.6
Element Fleet Management Corporation	4.1
Morguard Corporation	3.8
Cargojet Inc.	3.2
Quebecor Inc.	2.6
Boralex Inc.	2.5
Stella-Jones Inc.	2.5
AltaGas Limited	2.4
goeasy Limited	2.4
Trisura Group Limited	2.4
ATS Corporation	2.3
Whitecap Resources Inc.	2.3
The Descartes Systems Group Inc.	2.2
Flagship Communities Real Estate Investment Trust	2.2
Maple Leaf Foods Inc.	2.1
Dream Unlimited Corporation	2.0
Tamarack Valley Energy Limited	2.0
Headwater Exploration Inc.	1.9
Guardian Capital Group Limited	1.9
Badger Infrastructure Solutions Limited	1.9
Sleep Country Canada Holdings Inc.	1.8
Jamieson Wellness Inc.	1.7
Kinaxis Inc.	1.7
Interfor Corporation	1.6
<b>Total Net Asset Value (thousands of dollars)</b>	<b>\$ 247,891</b>

## Other Material Information

Effective October 1, 2024, the Manager will pay for all the operating expenses of the Fund (except for certain costs as disclosed in the current prospectus) in exchange for an annual fixed rate administration fee payable by the applicable series of the Fund, and in return, the administration fee relating to registrar and transfer agency services will be eliminated. The adoption of the fixed rate administration fee was approved by the securityholders of the Fund at the special securityholder meeting held on June 12, 2024.





For more information contact your investment advisor or:

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