

# ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

AGF MUTUAL FUNDS

## AGF Inflation Plus Bond Fund

SEPTEMBER 30, 2015



What are you doing after work?<sup>®</sup>

## 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 principal investment objective of AGF Inflation Plus Bond Fund (the "Fund") is to provide monthly income with safety of capital. It invests primarily in investment grade bonds of Canadian federal and provincial governments, inflation indexed bonds, floating rate securities and may invest in dividend-paying shares of established Canadian companies and other financial securities. The Fund may also invest in foreign securities which are not expected to exceed 30% of Net Asset Value (see Explanatory Note (1) a)) of the Fund at time of purchase, however, up to 49% may be invested in foreign securities. Foreign currency exposure would normally be hedged, such that Canadian dollar exposure is at least 90%. AGF Investments Inc. ("AGFI"), as portfolio manager, uses a top-down fundamental analysis based on anticipating changes in interest rates. It analyzes economic indicators to forecast Canadian and global interest rates in order to identify where on the yield curve the portfolio should be positioned. 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. In periods of unusual market conditions, 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. The principal risks associated with the Fund are changes in legislation risk, concentration risk, counterparty risk, credit risk, derivative risk, equity risk, exchange traded fund ("ETF") general risks, ETF index risks, ETF industry sector risk, foreign currency risk, foreign market risk, gold and silver ETFs risk, interest rate risk, liquidity risk, repurchase agreement risk, reverse repurchase agreement risk, securities lending risk and substantial securityholder risk. The Fund is suitable for investors seeking medium term income potential through investments in Canadian fixed income securities and who have low tolerance for risk.

### Results of Operations

For the year ended September 30, 2015, the Mutual Fund Units of the Fund returned -1.1% (net of expenses) while the FTSE TMX Canada Real Return Bond Index ("FTSE TMX Real Return Bond Index") returned 3.4%. 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 FTSE TMX Real Return Bond Index due to the Fund's out-of-benchmark exposure to floating rate notes. Bond yields trended lower during the reporting period as a result of global growth concerns, ongoing geopolitical risk and disinflationary forces. Inflation trended lower, driven mainly by declining oil prices, which continued to grip the Canadian economy. The decline in yields led to strong returns for longer duration securities. Duration exposure is the sensitivity of the portfolio due to changes in interest rates.

Despite eliminating the Fund's average exposure of approximately 45.0% to floating rate securities in July 2015, this still detracted from returns. The portfolio manager's decision to eliminate the Fund's exposure to floating rate securities was a result of the uncertain and volatile market environment as well as its belief that the U.S. Federal Reserve (the "Fed") would not raise interest rates in September 2015 and that interest rates will not rise materially in the coming months. While the revised positioning helped performance in the remaining months of the reporting period, as yields continued to trend lower, it was not sufficient to offset the under-performance relative to the FTSE TMX Real Return Bond Index, which has no exposure to floating rate notes.

The Fund entered into foreign exchange forward contracts during the period under review. As of September 30, 2015, the Fund was long Canadian dollar and short Australian dollar, Pound Sterling and U.S. dollar in order to hedge its currency exposure.

Certain series of the Fund, as applicable, make monthly distributions at a rate determined by AGFI from time to time. If the aggregate amount of the monthly distributions made to series in a year exceeds the portion of the net income and net realized capital gains allocated to such series, the excess will constitute a return of capital. The portfolio manager does not believe that the distributions made by the Fund had a meaningful impact on the Fund's ability to implement its investment strategy or to fulfill its investment objectives.

The Fund had net redemptions of approximately \$57 million for the current period, as compared to net redemptions of approximately \$59 million in the prior period. Rebalancing by an institutional program resulted in net redemptions of approximately \$20 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. The decrease in management fees accounted for most of the decrease in expenses during the period as compared to the previous period due to a decrease in average Net Asset Values. Unitholder servicing and administrative fees decreased due to a decrease in investor activity and interest expense decreased as a result of a

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. c/o 100 - 5900 Hurontario Street, Mississauga, Ontario, Canada L5R 0E8 attention: AGF Client Services, or by visiting our website at [www.agf.com](http://www.agf.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

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.

decrease in the number of overdraft positions throughout the period. The decrease in audit fees was due to variance between the accrued amounts versus the actual expenses incurred in the previous period. All other expenses remained fairly consistent throughout the periods.

#### Recent Developments

The challenging environment for Canadians has developed in part due to the substantial decline in oil prices, which contributed to a mild slowdown in the first half of calendar year 2015. In the portfolio manager's view, oil prices will likely be range bound between the highs and lows of the past year for a prolonged period. The possibility of a real estate correction could also weigh on the Canadian economy. The portfolio manager believes these factors, along with record debt to disposable income, should keep interest rates in a low range well into the future. These conditions have also resulted in significant Canadian dollar weakness, abetted by the Bank of Canada's monetary policy and rhetoric. Although the weakening dollar has boosted foreign asset returns for Canadians, the dollar has already retraced more than half of its secular gains from the previous decade. As a result, the portfolio manager anticipates that further Canadian dollar decline is unlikely to be as frenetic, on an annualized basis, as those of the past few years.

The Fed decided not to hike interest rates at its September 2015 meeting. However, it has still signaled its intention to commence raising interest rates later in 2015, the fear of which has continued to weigh on financial markets. While investors appear overconfident about the U.S. dollar in the near term, the longer term upward trend appears to be intact, which could keep pressure on emerging economies, commodities, and the Canadian dollar. The gradual deceleration in China's growth rate has also contributed to this trend. Weaker growth, combined with the People's Bank of China ("PBoC") devaluing the Chinese Yuan in August 2015, helped spark a global correction in equity markets. The portfolio manager believes that the PBoC will continue to provide accommodative monetary policies in support of its economy. As this is coupled with stimulative fiscal policy from the government, the portfolio manager believes that the Chinese economy is not at imminent risk of a recession, although the transformation will likely remain volatile.

#### Adoption of International Financial Reporting Standards ("IFRS")

Effective October 1, 2014, the Fund adopted IFRS as its basis of accounting as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles as defined in Part V of the CPA Handbook ("Canadian GAAP"). The financial statements for the period ended September 30, 2015, including comparative information, have been prepared in compliance with IFRS. The impact of the change from Canadian GAAP to IFRS has been applied retrospectively.

Key changes to the financial statements as a result of the implementation of IFRS are:

- The Fund's issued and redeemable units do not qualify for equity classification under IFRS and have been reclassified as financial liabilities.
- Under 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. This eliminates the difference between Net Asset Value per unit and Net Assets per unit (see Explanatory Note (1) a)) as previously reported under Canadian GAAP.

- The Fund is required to present a Statement of Cash Flows under IFRS.

Other notable changes to the financial statements include certain reclassifications, presentation changes, additional or enhanced information in the notes to the financial statements, including disclosures on the Fund's transition from Canadian GAAP to IFRS.

#### Related Party Transactions

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. As indicated above, AGFI also acts as the investment (portfolio) manager, managing the investment portfolio of the Fund. Under the management agreement, the Fund (except for 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 \$1,760,000 were incurred by the Fund during the period ended September 30, 2015.

#### 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.

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, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and 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. The financial information presented for the periods ended September 30, 2015 and 2014 is determined in accordance with IFRS. All per unit information presented for the period ended September 30, 2014, including opening net assets, reflects retrospective adjustments in accordance with IFRS. Information for the periods prior to October 1, 2013 is derived from financial statements prepared in accordance with Canadian GAAP.

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

For the periods ended	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)	Sept 30, 2012 (\$)	Sept 30, 2011 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>9.10</b>	<b>9.04</b>	<b>9.29</b>	<b>9.14</b>	<b>9.01</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.19	0.23	0.24	0.26	0.34
Total expenses	(0.17)	(0.17)	(0.17)	(0.17)	(0.17)
Realized gains (losses)	(0.15)	(0.04)	0.29	0.10	(0.05)
Unrealized gains (losses)	0.06	0.11	(0.50)	0.08	0.15
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(0.07)</b>	<b>0.13</b>	<b>(0.14)</b>	<b>0.27</b>	<b>0.27</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.02)	(0.06)	(0.09)	(0.12)	(0.15)
From dividends	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.03)</b>	<b>(0.07)</b>	<b>(0.10)</b>	<b>(0.12)</b>	<b>(0.15)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>8.97</b>	<b>9.10</b>	<b>9.04</b>	<b>9.29</b>	<b>9.14</b>

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

For the periods ended	Sept 30, 2015	Sept 30, 2014	Sept 30, 2013	Sept 30, 2012	Sept 30, 2011
Total Net Asset Value (\$000's)	93,093	127,948	181,526	244,480	233,495
Number of units outstanding (000's)	10,382	14,066	20,082	26,306	25,529
Management expense ratio <sup>(5)</sup>	1.87%	1.87%	1.87%	1.84%	1.85%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	1.96%	1.94%	1.90%	1.84%	1.86%
Trading expense ratio <sup>(7)</sup>	0.00%	0.00%	–	0.00%	0.00%
Portfolio turnover rate <sup>(8)</sup>	58.12%	26.65%	31.34%	54.02%	63.10%
Net Asset Value per unit	8.97	9.10	9.04	9.29	9.15

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

For the periods ended	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)	Sept 30, 2012 (\$)	Sept 30, 2011 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>9.11</b>	<b>9.05</b>	<b>9.30</b>	<b>9.14</b>	<b>9.01</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.19	0.23	0.24	0.26	0.34
Total expenses	(0.12)	(0.12)	(0.12)	(0.12)	(0.11)
Realized gains (losses)	(0.14)	(0.04)	0.31	0.11	(0.05)
Unrealized gains (losses)	0.04	0.11	(0.51)	0.06	0.13
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(0.03)</b>	<b>0.18</b>	<b>(0.08)</b>	<b>0.31</b>	<b>0.31</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.04)	(0.09)	(0.14)	(0.16)	(0.19)
From dividends	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.05)</b>	<b>(0.11)</b>	<b>(0.15)</b>	<b>(0.17)</b>	<b>(0.20)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>9.01</b>	<b>9.11</b>	<b>9.04</b>	<b>9.30</b>	<b>9.14</b>

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

For the periods ended	Sept 30, 2015	Sept 30, 2014	Sept 30, 2013	Sept 30, 2012	Sept 30, 2011
Total Net Asset Value (\$000's)	2,744	3,602	5,839	9,567	8,190
Number of units outstanding (000's)	305	395	645	1,029	895
Management expense ratio <sup>(5)</sup>	1.32%	1.32%	1.31%	1.26%	1.26%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	1.44%	1.38%	1.31%	1.26%	1.26%
Trading expense ratio <sup>(7)</sup>	0.00%	0.00%	–	0.00%	0.00%
Portfolio turnover rate <sup>(8)</sup>	58.12%	26.65%	31.34%	54.02%	63.10%
Net Asset Value per unit	9.01	9.11	9.05	9.30	9.15

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

For the periods ended	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)	Sept 30, 2012 (\$)	Sept 30, 2011 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>9.14</b>	<b>9.07</b>	<b>9.32</b>	<b>9.16</b>	<b>9.02</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.20	0.23	0.32	0.26	0.34
Total expenses	(0.00)	(0.00)	–	–	–
Realized gains (losses)	(0.15)	(0.04)	0.25	0.10	(0.05)
Unrealized gains (losses)	0.04	0.11	(0.22)	0.08	0.16
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.09</b>	<b>0.30</b>	<b>0.35</b>	<b>0.44</b>	<b>0.45</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.08)	(0.20)	(0.24)	(0.27)	(0.29)
From dividends	(0.02)	(0.03)	(0.03)	(0.01)	(0.01)
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.10)</b>	<b>(0.23)</b>	<b>(0.27)</b>	<b>(0.28)</b>	<b>(0.30)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>9.11</b>	<b>9.14</b>	<b>9.07</b>	<b>9.32</b>	<b>9.16</b>

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

For the periods ended	Sept 30, 2015	Sept 30, 2014	Sept 30, 2013	Sept 30, 2012	Sept 30, 2011
Total Net Asset Value (\$000's)	927	1,237	1,647	66,579	56,913
Number of units outstanding (000's)	102	135	182	7,141	6,208
Management expense ratio <sup>(5)</sup>	–	–	–	–	–
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.65%	0.48%	0.11%	0.04%	0.04%
Trading expense ratio <sup>(7)</sup>	0.00%	0.00%	–	0.00%	0.00%
Portfolio turnover rate <sup>(8)</sup>	58.12%	26.65%	31.34%	54.02%	63.10%
Net Asset Value per unit	9.11	9.14	9.07	9.32	9.17

## Explanatory Notes

(1) a) This information is derived from the Fund's audited annual financial statements. Prior to October 1, 2014, the net assets per unit presented in the financial statements ("Net Assets") differed from the net asset value per unit calculated for fund pricing purposes ("Net Asset Value"), due to differences in valuation techniques of certain investments as required under Canadian GAAP. The adoption of IFRS, effective October 1, 2014, has generally eliminated the difference between Net Assets per unit and Net Asset Value per unit.

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	April 1984
Series F Units	January 2000
Series O Units	April 2010

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

- (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 (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) allocated to that series divided by the average daily Net Asset Value of that series during the period.  
  
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 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 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	1.50%	28.55%	71.45%
Series F Units	1.00%	–	100.00%

## 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.

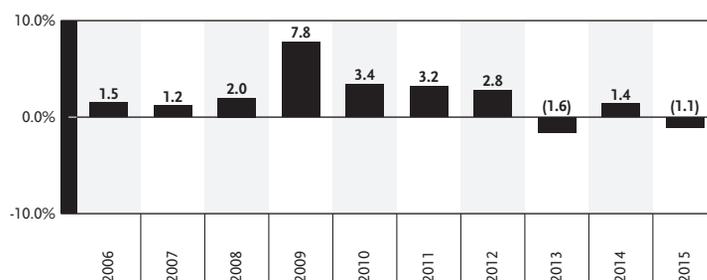
It is AGFI's policy to report rates of return for series in existence greater than one year. The performance start date for each series represents the date of the first purchase of such series, excluding seed money.

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

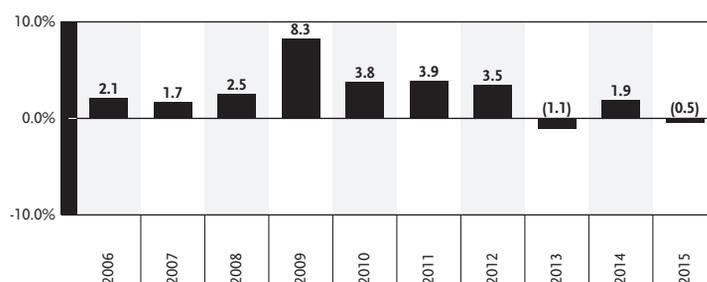
### Year-By-Year Returns

The following bar charts show the Fund's annual performance for each of the past 10 years to September 30, 2015 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

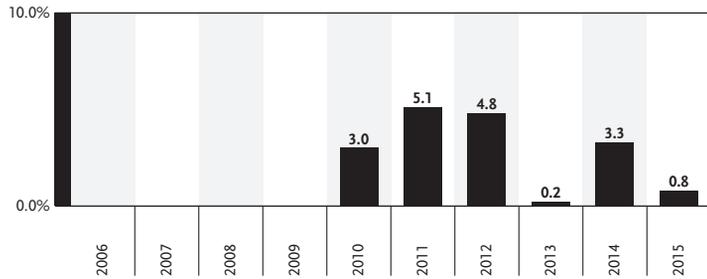


### Series F Units



\* 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.

## Series O Units



Performance for 2010 represents returns for the period from April 9, 2010 to September 30, 2010.

## Annual Compound Returns

The following table compares the historical annual compound returns for each series with the indices, for each of the periods ended September 30, 2015.

Percentage Return:	1 Year	3 Years	5 Years	10 Years	Since Inception
Mutual Fund Units	(1.1)	(0.4)	0.9	2.0	N/A
FTSE TMX Canada Real Return Bond Index	3.4	0.1	4.4	N/A‡	N/A
FTSE TMX Canada Short Term Bond Index	3.0	2.4	2.7	3.8	N/A
Blended Benchmark	3.5	2.9	3.9	4.3	N/A
Series F Units	(0.5)	0.1	1.5	2.6	N/A
FTSE TMX Canada Real Return Bond Index	3.4	0.1	4.4	N/A‡	N/A
FTSE TMX Canada Short Term Bond Index	3.0	2.4	2.7	3.8	N/A
Blended Benchmark	3.5	2.9	3.9	4.3	N/A
Series O Units	0.8	1.4	2.8	N/A	3.1
FTSE TMX Canada Real Return Bond Index	3.4	0.1	4.4	N/A	5.3
FTSE TMX Canada Short Term Bond Index	3.0	2.4	2.7	N/A	3.1
Blended Benchmark	3.5	2.9	3.9	N/A	4.2

‡ The 10-year return of FTSE TMX Canada Real Return Bond Index is unavailable as the benchmark was only established after the series' inception.

Effective July 2, 2015, the Fund's primary benchmark was changed from FTSE TMX Canada Short Term Bond Index to FTSE TMX Canada Real Return Bond index and removed as secondary benchmark, 50% FTSE TMX Canada Short Term Bond Index and 50% Barclays Capital Global Inflation-Linked Bond Index (Canadian\$ hedged) (the "Blended Benchmark").

The FTSE TMX Canada Real Return Bond Index is a capitalization-weighted index, which measures the performance of inflation-indexed bonds issued in Canadian dollars.

The FTSE TMX Canada Short Term Bond Index is a market capitalization-weighted index designed to be a measure of the Canadian investment-grade fixed income market with terms to maturity of 1 to 5 years.

The Barclays Capital Global Inflation-Linked Bond Index (Canadian\$ hedged) measures the performance of the major government inflation-linked bond markets. The index is designed to include only those markets in which a global government linked fund is likely to invest. This variation is hedged to Canadian dollar.

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

## Summary of Investment Portfolio

As at September 30, 2015

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, 2015.

Portfolio by Country	Percentage of Net Asset Value (%)
Canada	66.8
United States	13.6
Italy	6.0
Australia	6.0
Cash & Cash Equivalents	3.8
United Kingdom	3.8
Foreign Exchange Forward Contracts	(0.0)

Portfolio by Sector	Percentage of Net Asset Value (%)
Government Bonds	76.2
Corporate Bonds	11.3
Provincial Bonds	7.3
Cash & Cash Equivalents	3.8
Financials	1.4
Foreign Exchange Forward Contracts	(0.0)

Portfolio by Asset Mix	Percentage of Net Asset Value (%)
Canadian Fixed Income	65.4
International Fixed Income	15.8
United States Fixed Income	13.6
Cash & Cash Equivalents	3.8
Canadian Equity	1.4
Foreign Exchange Forward Contracts	(0.0)

Portfolio by Credit Rating††	Percentage of Net Asset Value (%)
AAA	66.3
AA	3.8
A	16.5
BBB	12.0
BB	1.4

†† References made to credit ratings are obtained from Standard & Poor's, Moody's, Dominion Bond Rating Service and/or Fitch Ratings. Where one or more rating is obtained for a security, the lowest rating has been used.

Top Holdings	Percentage of Net Asset Value (%)
Government of Canada**	47.9
U.S. Treasury**	12.4
Republic of Italy**	6.0
Government of Australia**	6.0
Province of Ontario**	4.8
United Kingdom Treasury**	3.8
Province of Quebec**	2.6
Bank of Montreal**	1.6
Brookfield Asset Management Inc.**	1.6
TELUS Corporation**	1.5
Canadian Imperial Bank of Commerce**	1.5
Capital Power Limited Partnership**	1.5
Brookfield Office Properties Inc.	1.4
Bell Canada**	1.3
Hydro One Inc.**	1.2
Anheuser-Busch InBev Finance Inc.**	1.1
Foreign Exchange Forward Contracts	(0.0)
<b>Total Net Asset Value (thousands of dollars)</b>	<b>\$ 96,764</b>

\*\* Debt Instruments

For more information contact your investment advisor or:



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The payment of distributions should not be confused with a fund's performance, rate of return or yield. If distributions paid by the fund are greater than the performance of the fund, your original investment will shrink. Distributions paid as a result of capital gains realized by a fund, and income and dividends earned by a fund are taxable in your hands in the year they are paid. Your adjusted cost base will be reduced by the amount of any returns of capital. If your adjusted cost base falls below zero, you will have to pay capital gains tax on the amount below zero.

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