

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

# AGF Short-Term Income Class

SEPTEMBER 30, 2016



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

As described in the Simplified Prospectus, the investment objective of AGF Short-Term Income Class (the "Fund") is to provide maximum income while preserving capital and liquidity. AGF Investments Inc. ("AGFI"), as portfolio manager, invests the Fund primarily in short-term instruments, government guaranteed securities and corporate paper with a minimum A credit rating. The Fund may also invest in foreign securities, which are typically not expected to exceed 49% of the Net Asset Value (see Explanatory Note (1) a) of the Fund at the time of purchase.

### 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, class risk, concentration risk, counterparty risk, credit 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 and substantial securityholder risk. The Fund is suitable for investors investing for the short-term, seeking the income potential of short-term fixed income securities and who have low tolerance for risk.

### Results of Operations

For the year ended September 30, 2016, the Mutual Fund Shares of the Fund returned 1.3% (net of expenses) while the FTSE TMX Canada 91 Day T-Bill Index ("FTSE TMX 91 Day Index") and the Blended Benchmark returned 0.4% and 6.6%, respectively. The Blended Benchmark is composed of 50% Bloomberg Barclays Global Inflation-Linked Bond Index (CAD hedged) (formerly, Barclays Capital Global Inflation-Linked Bond Index (CAD hedged))/50% FTSE TMX Canada Short Term Bond Index. The performance of the other series of the Fund is substantially similar to that of the Mutual Fund Shares, save for differences in expense structure. Refer to "Past Performance" section for performance information of such series.

Relative to the FTSE TMX 91 Day Index, the Fund's inclusion of bonds longer than three months in maturity and inflation-linked bonds resulted in the Fund's out-performance. The Fund under-performed the Blended Benchmark due to its underweight allocation to inflation-linked bonds. Although the Fund decreased its floating rate note and inflation-linked bond exposure during the reporting period, the remaining exposure detracted as longer term bonds typically out-performed as bond yields declined. As at September 30, 2016, the Fund held approximately 7.0% in

inflation-linked bonds and close to 12.0% in floating rate notes while the Blended Benchmark had a static allocation of 50.0% to inflation-linked bonds and no exposure to floating rate notes. There are no inflation-linked bonds in the FTSE TMX 91 Day Index.

The Fund entered into foreign exchange forward contracts during the period under review. As of September 30, 2016, the Fund was long Canadian dollar and short U.S. dollar in order to hedge its currency exposure.

The Fund had net redemptions of approximately \$1 million for both the current and prior periods. 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 increase in shareholder servicing and administrative fees was due to non-recurring expenses incurred in current period. Custodian fees increased due to the change in third party service provider during the current period and interest expense increased due to an increase in the number of overdraft positions throughout the period. All other expenses remained fairly consistent throughout the periods.

### Recent Developments

The economic fallout from the UK's decision to leave the European Union ("Brexit") in June 2016 has generally been milder than feared, resulting in economic and market conditions that have been better than expected. However, formal Brexit process is anticipated to enact by early 2017. The portfolio manager will be closely monitoring the situation as it continues to unfold.

While the U.S. Federal Reserve did not hike rates at its September 2016 meeting, the portfolio manager believes federal funds rate may raise in December 2016, as underlying economic data are likely to hold up strongly enough to support it. The Bank of Japan's shift in monetary policy allows it to be more flexible and potentially support more sustainable growth over the long-term. As a number of central banks are potentially approaching their limits on monetary policy, a number of countries have announced plans to implement expansionary fiscal policy, which is likely to be supportive of growth in the medium term. Countries such as Canada, Japan and South Korea have announced fiscal packages, while others such as the U.S. and the UK are likely to follow. While near term growth may improve, the portfolio manager believes longer term benefits will depend on how effectively those policies are deployed. Historically, government spending has not been as productive or supportive of gross domestic product growth as private sector spending, although refurbishing of aging infrastructure does present an opportunity to enhance productivity.

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. 55 Standish Court, Suite 1050, Mississauga, Ontario, Canada L5R 0G3 attention: 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.

# AGF Short-Term Income Class

## (CLASS OF AGF ALL WORLD TAX ADVANTAGE GROUP LIMITED)

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In the portfolio manager's opinion, ongoing political risk may result in mixed investor sentiment and could potentially weigh on financial markets going forward, particularly the U.S. presidential election in November 2017. The Italian referendum in December 2016 and the European Union elections in 2017 also pose medium term uncertainty.

The portfolio manager expects bond yields to gradually move higher in the near term, supported by more favourable growth and inflation prospects as the economy continues to recover from weak growth during first half of 2016. However, the portfolio manager anticipates yields to remain in a low range as the global economy continues to experience anemic growth and central bank accommodations remain supportive. The portfolio manager anticipates maintaining the Fund's modest inflation-linked bond exposure, based on the expectation of gradually higher inflation as the economic environment improves.

On March 22, 2016, the federal budget announced proposals to amend the Income Tax Act (Canada) so that conversions of shares between two classes of a mutual fund corporation (including AGF All World Tax Advantage Group Limited) will be treated as a disposition of shares at their fair market value if the conversion occurs after September 2016. On July 29, 2016, the Department of Finance Canada released draft tax legislation that extended the effective date from October 1, 2016 to January 1, 2017. Until the proposed amendments become effective, conversions between the Fund and other classes within AGF All World Tax Advantage Group Limited will continue to occur on a tax-deferred basis.

### Related Party Transactions

AGFI is the manager ("Manager") 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 Shares, if applicable) pays management fees, calculated based on the Net Asset Value of the respective series of the Fund. Management fees of approximately \$289,000 were incurred by the Fund during the period ended September 30, 2016.

Effective February 15, 2016, AGF CustomerFirst Inc. ("AGFC"), a wholly owned subsidiary of AGF Management Limited, provides transfer agency services to the Fund pursuant to a services agreement with AGFI. Shareholder servicing and administrative fees of approximately \$22,000 incurred by the Fund were paid to AGFC for the period from February 15, 2016 to September 30, 2016.

### 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 Fund adopted International Financial Reporting Standards ("IFRS") on October 1, 2014. All per share 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 generally accepted accounting principles as defined in Part V of the CPA Handbook ("Canadian GAAP").

### Mutual Fund Shares – Net Assets per Share<sup>(1)</sup>

For the periods ended	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)	Sept 30, 2012 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>13.72</b>	<b>13.60</b>	<b>13.43</b>	<b>13.31</b>	<b>13.20</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.38	0.24	0.29	0.18	0.17
Total expenses	(0.12)	(0.12)	(0.12)	(0.08)	(0.08)
Realized gains (losses)	0.42	(0.25)	(0.11)	0.02	(0.00)
Unrealized gains (losses)	(0.50)	0.26	0.11	(0.00)	0.02
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.18</b>	<b>0.13</b>	<b>0.17</b>	<b>0.12</b>	<b>0.11</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>13.90</b>	<b>13.72</b>	<b>13.60</b>	<b>13.43</b>	<b>13.31</b>

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

# AGF Short-Term Income Class

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

For the periods ended	Sept 30, 2016	Sept 30, 2015	Sept 30, 2014	Sept 30, 2013	Sept 30, 2012
Total Net Asset Value (\$000's)	26,590	27,926	28,072	30,661	42,873
Number of shares outstanding (000's)	1,913	2,036	2,064	2,282	3,221
Management expense ratio <sup>(2)</sup>	0.88%	0.87%	0.87%	0.61%	0.58%
Management expense ratio before waivers or absorptions <sup>(3)</sup>	1.75%	1.60%	1.62%	1.56%	1.46%
Trading expense ratio <sup>(7)</sup>	–	–	–	–	–
Portfolio turnover rate <sup>(8)</sup>	70.67%	52.32%	45.79%	86.41%	–
Net Asset Value per share	13.90	13.72	13.60	13.43	13.31

### Series F Shares – Net Assets per Share<sup>(1)</sup>

For the periods ended	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)	Sept 30, 2012 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>14.23</b>	<b>14.06</b>	<b>13.85</b>	<b>13.72</b>	<b>13.60</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.36	0.26	0.30	0.18	0.18
Total expenses	(0.09)	(0.09)	(0.08)	(0.08)	(0.08)
Realized gains (losses)	0.46	(0.24)	(0.11)	0.03	(0.01)
Unrealized gains (losses)	(0.49)	0.25	0.10	(0.00)	0.03
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.24</b>	<b>0.18</b>	<b>0.21</b>	<b>0.13</b>	<b>0.12</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>14.46</b>	<b>14.23</b>	<b>14.06</b>	<b>13.85</b>	<b>13.72</b>

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

For the periods ended	Sept 30, 2016	Sept 30, 2015	Sept 30, 2014	Sept 30, 2013	Sept 30, 2012
Total Net Asset Value (\$000's)	2,858	2,576	3,501	3,466	3,611
Number of shares outstanding (000's)	198	181	249	250	263
Management expense ratio <sup>(2)</sup>	0.61%	0.60%	0.60%	0.59%	0.58%
Management expense ratio before waivers or absorptions <sup>(3)</sup>	1.37%	1.42%	1.42%	1.36%	1.20%
Trading expense ratio <sup>(7)</sup>	–	–	–	–	–
Portfolio turnover rate <sup>(8)</sup>	70.67%	52.32%	45.79%	86.41%	–
Net Asset Value per share	14.46	14.23	14.06	13.85	13.72

### 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 share presented in the financial statements ("Net Assets") differed from the net asset value per share 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 share and Net Asset Value per share.

For the purpose of comparability with the period ended September 30, 2016, total Net Asset Value and number of shares outstanding presented for the period ended September 30, 2015 may have been adjusted to include certain transactions, if applicable. These adjustments have no effect on the Net Asset Value per share.

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 Shares	October 1994
Series F Shares	January 2000

c) On October 1, 2011, shareholders of each of the outstanding classes of AGF All World Tax Advantage Group Limited formed by articles of amalgamation dated October 1, 2010 (including the Fund) and two outstanding classes (Acuity Diversified Income Class and Acuity High Income Class) of Acuity Corporate Class Ltd. (the "Amalgamating Funds") amalgamated under the Business Corporations Act (Ontario) to form a new amalgamated corporation ("New Tax Advantage Group").

Pursuant to the amalgamation above, shareholders of each of the Amalgamating Funds became shareholders of separate classes of New Tax Advantage Group. The amalgamation was effected by way of merger, with shares of each of the Amalgamating Funds exchanged on a one for one ratio for shares of new classes of New Tax Advantage Group. Each of the new classes of New Tax Advantage Group represents continuation of the predecessor fund.

- Net Assets, dividends and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.
- Dividends and distributions were paid in cash/reinvested in additional shares of the Fund, or both.
- This is not a reconciliation of the beginning and ending Net Assets per share.
- 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, income 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 ETFs in which the Fund has invested, attributable to that series, expressed as an annualized percentage of average daily Net Asset Value of that series during the period.
- 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.
- 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.
- 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.

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

## 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 Shares, 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 shares, 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 Shares	1.00%	27.85%	72.15%
Series F Shares	0.75%	—	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.

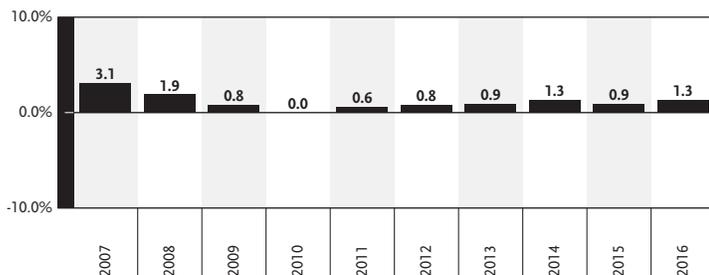
It is AGFI's policy to report rates of return for series in existence greater than one year. The performance start date for each series represents the date of the first purchase of such series, excluding seed money.

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

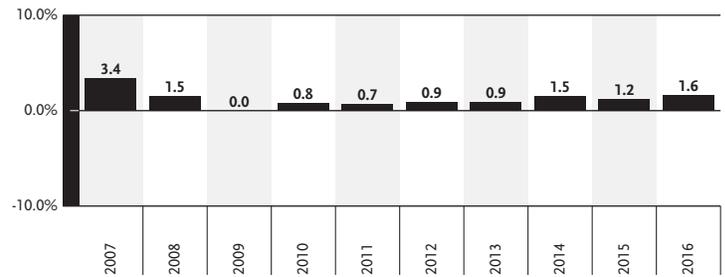
### Year-By-Year Returns

The following bar charts show the Fund's annual performance for each of the past 10 years to September 30, 2016, 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 Shares



### Series F Shares



### 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, 2016.

Percentage Return:	1 Year	3 Years	5 Years	10 Years	Since Inception
Mutual Fund Shares	1.3	1.2	1.0	1.2	N/A
FTSE TMX Canada 91 Day T-Bill Index	0.4	0.7	0.8	1.5	N/A
Blended Benchmark	6.6	5.0	4.1	4.7	N/A
Series F Shares	1.6	1.4	1.2	1.3	N/A
FTSE TMX Canada 91 Day T-Bill Index	0.4	0.7	0.8	1.5	N/A
Blended Benchmark	6.6	5.0	4.1	4.7	N/A

The FTSE TMX Canada 91 Day T-Bill Index tracks the performance of Canadian government 3-month Treasury Bills.

The Bloomberg Barclays Global Inflation-Linked Bond Index (CAD 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.

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.

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, 2016

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, 2016.

\* 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.

# AGF Short-Term Income Class

(CLASS OF AGF ALL WORLD TAX ADVANTAGE GROUP LIMITED)

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Portfolio by Sector	Percentage of Net Asset Value (%)
Corporate Bonds	50.0
Provincial Bonds	19.6
Government Bonds	14.3
Government Guaranteed Investments	10.9
Cash & Cash Equivalents	2.2
Asset-Backed Securities	1.4
Municipal Bonds	1.1
Foreign Exchange Forward Contracts	0.0

Portfolio by Credit Rating††	Percentage of Net Asset Value (%)
AAA	29.6
AA	7.1
A	48.5
BBB	14.3

Top Holdings	Percentage of Net Asset Value (%)
Government of Canada**	12.3
Canada Housing Trust**	8.5
Province of Ontario**	7.3
Province of Quebec**	5.8
Hydro One Inc.**	3.3
CPPIB Capital Inc.**	2.9
Province of Manitoba**	2.8
Bell Canada**	2.8
Bank of Nova Scotia**	2.7
Brookfield Asset Management Inc.**	2.6
Toronto-Dominion Bank**	2.6
Municipal Finance Authority of British Columbia**	2.5
Greater Toronto Airports Authority**	2.4
Sun Life Financial Inc.**	2.4
JPMorgan Chase & Company**	2.4
Royal Bank of Canada**	2.4
John Deere Canada Funding Inc.**	2.2
BP Capital Markets PLC**	2.2
Cominar Real Estate Investment Trust**	2.2
OMERS Realty Corporation**	2.1
U.S. Treasury**	2.0
Bank of Montreal**	1.5
BMW Canada Auto Trust**	1.4
Canadian Imperial Bank of Commerce**	1.4
FortisBC Energy Inc.**	1.3
<b>Total Net Asset Value (thousands of dollars)</b>	<b>\$ 29,448</b>

†† 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.

\*\* Debt Instruments



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For more information contact your investment advisor or:

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