

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

# AGF Canadian Money Market Fund

SEPTEMBER 30, 2016



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## 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 Money Market Fund (the "Fund") is to provide maximum income, while preserving capital and liquidity by investing primarily in Canadian money market instruments, such as Canadian treasury bills. AGF Investments Inc. ("AGFI"), as portfolio manager, invests in high quality, short-term money market instruments ensuring that the Fund's investments maintain a weighted average term to maturity of 90 days or less.

### 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, credit 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 to invest in money market instruments and have low tolerance for risk.

### Results of Operations

For the year ended September 30, 2016, the Mutual Fund Units of the Fund returned nil (net of expenses) while the FTSE TMX Canada 91 Day T-Bill Index ("FTSE TMX 91 Day Index") returned 0.4%. 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.

On an expense-adjusted basis, the Fund out-performed the FTSE TMX 91 Day Index. The Fund maintained an average exposure of approximately 30.0% to money market instruments backed by Canadian financial institutions during the reporting period, which out-performed the FTSE TMX 91 Day Index and contributed to the Fund's performance. During the same period, the Fund's gross average yield was 0.7% relative to 0.5% for the FTSE TMX 91 Day Index; thus, also contributing to performance.

Over the period under review, the Fund maintained a shorter maturity profile relative to the benchmark. The positioning contributed to performance as money market yields climbed over all maturities. The Fund's average term of 51 days remained shorter than that of the FTSE TMX 91 Day Index.

The Fund had net redemptions of approximately \$21 million for the current period, as compared to net redemptions of approximately

\$2 million in the prior period. 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 (see Explanatory Note (1) a)) and investor activity, such as number of investor accounts and transactions. Expenses have increased as compared to the previous period due mainly to an increase in average Net Asset Values. Custodian fees increased due to the change in third party service provider during the current period. All other expenses remained fairly consistent throughout the periods.

### Recent Developments

The economic fallout following the Brexit vote towards the end of June 2016 has generally been milder than feared, resulting in economic and market conditions that have been better than expected. However, by the end of the reporting period, it was anticipated that Article 50 (which formally starts the process of the UK's exit from the European Union) will be enacted 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 meeting, the portfolio manager believes they will raise in December 2016 as underlying data are likely to hold up strongly enough to support it. The Bank of Japan's shift in monetary policy allows the bank to be more flexible and potentially support more sustainable growth over the long-term.

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. elections in November 2016. The Italian referendum in December 2016 and European Union elections in 2017 also pose medium term risks.

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.

In the near term, the portfolio manager expects bond yields to gradually move higher, supported by more favourable growth and inflation prospects as the economy continues to recover from weak growth earlier in calendar year 2016. However, the portfolio manager anticipates yields

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.

to remain in a low range as the global economy continues to experience anemic growth and central bank accommodation remains supportive.

In this environment, the portfolio manager expects the Fund will continue to take advantage of the out-of-benchmark exposure to bankers' acceptance paper as they provide higher yields than government guaranteed and provincial treasury bills of a similar maturity. The portfolio manager will also continue to actively manage the maturity profile of the Fund and may extend the profile in anticipation of rising interest rates, should the premium for holding longer term securities becomes more rewarding.

## 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 \$1,512,000 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. Unitholder servicing and administrative fees of approximately \$380,000 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 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 generally accepted accounting principles as defined in Part V of the CPA Handbook ("Canadian GAAP").

### Mutual Fund Units – Net Assets per Unit<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>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.06	0.09	0.11	0.11	0.11
Total expenses	(0.06)	(0.09)	(0.11)	(0.11)	(0.11)
Realized gains (losses)	–	–	–	–	–
Unrealized gains (losses)	–	–	–	–	–
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
From dividends	–	–	–	–	–
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.00)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>

### Mutual Fund Units – 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)	149,425	171,030	172,994	204,180	249,053
Number of units outstanding (000's)	14,943	17,103	17,299	20,418	24,905
Management expense ratio <sup>(5)</sup>	0.63%	0.87%	1.11%	1.14%	1.08%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	1.68%	1.66%	1.63%	1.56%	1.49%
Trading expense ratio <sup>(7)</sup>	–	–	–	–	–
Portfolio turnover rate <sup>(8)</sup>	N/A	N/A	N/A	N/A	N/A
Net Asset Value per unit	10.00	10.00	10.00	10.00	10.00

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

## Series F Units – Net Assets per Unit<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>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.06	0.09	0.11	0.11	0.11
Total expenses	(0.06)	(0.09)	(0.10)	(0.09)	(0.08)
Realized gains (losses)	–	–	–	–	–
Unrealized gains (losses)	–	–	–	–	–
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.00</b>	<b>0.00</b>	<b>0.01</b>	<b>0.02</b>	<b>0.03</b>
<b>Distributions:</b>					
From income (excluding dividends)	(0.00)	(0.00)	(0.01)	(0.02)	(0.03)
From dividends	–	–	–	–	–
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.02)</b>	<b>(0.03)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>

## Series F Units – 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)	2,753	2,780	4,354	5,243	4,438
Number of units outstanding (000's)	275	278	435	524	444
Management expense ratio <sup>(5)</sup>	0.63%	0.87%	0.96%	0.93%	0.82%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.85%	1.22%	0.96%	0.93%	0.93%
Trading expense ratio <sup>(7)</sup>	–	–	–	–	–
Portfolio turnover rate <sup>(8)</sup>	N/A	N/A	N/A	N/A	N/A
Net Asset Value per unit	10.00	10.00	10.00	10.00	10.00

## Series O Units – Net Assets per Unit<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>10.00</b>	<b>10.00</b>	<b>10.00*</b>	–	–
<b>Increase (decrease) from operations:</b>					
Total revenue	0.06	0.09	–	–	–
Total expenses	–	–	–	–	–
Realized gains (losses)	–	–	–	–	–
Unrealized gains (losses)	–	–	–	–	–
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.06</b>	<b>0.09</b>	–	–	–
<b>Distributions:</b>					
From income (excluding dividends)	(0.06)	(0.09)	–	–	–
From dividends	–	–	–	–	–
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.06)</b>	<b>(0.09)</b>	–	–	–
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	–	–

## Series O Units – 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)	2,483	1,944	1	–	–
Number of units outstanding (000's)	248	194	1	–	–
Management expense ratio <sup>(5)</sup>	–	–	–	–	–
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.07%	0.48%	97488.18%~	–	–
Trading expense ratio <sup>(7)</sup>	–	–	–	–	–
Portfolio turnover rate <sup>(8)</sup>	N/A	N/A	N/A	–	–
Net Asset Value per unit	10.00	10.00	10.00	–	–

\* represents initial Net Assets

~ annualized

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

## 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.

For the purpose of comparability with the period ended September 30, 2016, total Net Asset Value and number of units 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 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	December 1975
Series F Units	January 2000
Series O Units	September 2014

c) In September 2014, the Fund recommenced the offering of Series O Units that are available to institutional investors. Series O Units previously commenced offering in January 2009 and were closed due to full redemption by unitholders in March 2013. The financial data of the Series O Units includes the results of operations from date of recommencement.

(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, expressed as an annualized percentage of 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	1.00%	0.38%	99.62%
Series F Units	0.50%	–	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.

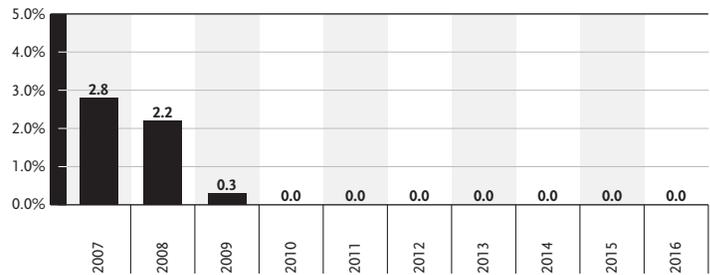
It is AGFI's policy to report rates of return for series in existence greater than one year. The performance start date for each series represents the date of the first purchase of such series, excluding seed money. During the ten year period ended September 30, 2016, certain other funds with similar 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 Acuity Money Market Fund with the Fund in August 2011 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.

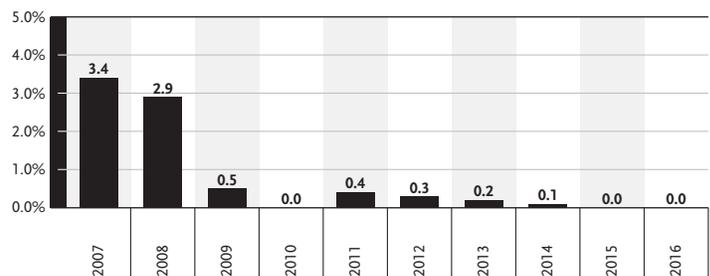
## Year-By-Year Returns

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

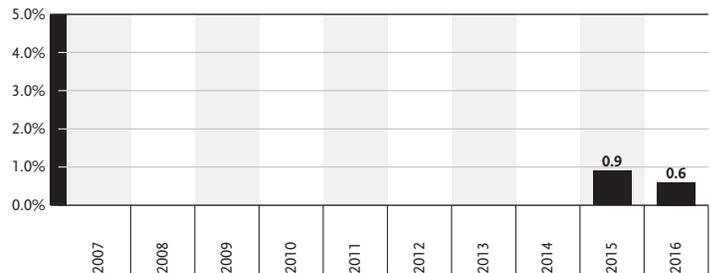
### Mutual Fund Units



### Series F Units



### Series O Units



Performance for 2015 represents returns for the period from October 3, 2014 to September 30, 2015.

\* 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, 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.

<b>Portfolio by Sector</b>	<b>Percentage of Net Asset Value (%)</b>
Treasury Bills	31.4
Bankers' Acceptances	27.6
Promissory Notes	21.1
Government Guaranteed Investments	9.7
Cash & Cash Equivalents	4.4
Corporate Bonds	2.7
Short-Term Deposits	2.7

<b>Portfolio by Credit Rating††</b>	<b>Percentage of Net Asset Value (%)</b>
AAA	29.8
AA	30.0
A	39.8

<b>Top Holdings</b>	<b>Percentage of Net Asset Value (%)</b>
Government of Canada**	20.1
Canada Housing Trust**	9.7
Province of Ontario**	5.8
Province of Alberta**	5.8
Province of Saskatchewan**	5.8
Province of Newfoundland and Labrador**	5.5
Toronto-Dominion Bank**	5.2
Province of Prince Edward Island**	5.1
HSBC Bank Canada**	4.5
Bank of Montreal**	4.5
Province of British Columbia**	4.5
Canadian Imperial Bank of Commerce**	4.5
National Bank of Canada**	4.4
Royal Bank of Canada**	4.2
Bank of Nova Scotia**	2.9
CIBC Mellon Trust Company**	2.7
<b>Total Net Asset Value (thousands of dollars)</b>	<b>\$ 154,661</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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