

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

AGF Monthly High Income Fund

SEPTEMBER 30, 2016



What are you doing after work?®

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 Monthly High Income Fund (the "Fund") is to achieve a high level of monthly income by investing primarily in income producing securities with added diversification through selective investment in fixed income securities and common shares.

AGF Investments Inc. ("AGFI"), as portfolio manager, uses a bottom-up asset allocation approach to identify the most attractive income opportunities. 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. Within the equity component, the portfolio manager uses a bottom-up quantitative and qualitative approach to identify companies paying out an above average proportion of their earnings to shareholders through dividend payments. The portfolio manager focuses on selecting securities with good management, sustainable dividends, good balance sheet, stability of earnings and cash flow among other characteristics. Within the fixed income component, the portfolio manager combines a top-down fundamental approach to assess credit markets, category allocation and duration management with a bottom-up approach to corporate bond selection. 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. Duration exposure is the sensitivity of the portfolio due to change in interest rates. The Fund has a targeted ex-cash "neutral" weighting of 50% equities and 50% fixed income, which generally fluctuates plus or minus 30% on an absolute basis. The Fund may invest in below investment grade debt with a credit rating below BBB by Standard & Poor's (or an equivalent rating from another rating agency). The Fund may also invest in foreign securities, which are not expected to exceed 49% of Net Asset Value (see Explanatory Note (1) a)) of the Fund at the time of purchase. In periods of unusual market conditions, a significant portion of the Fund's assets may be held in cash 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 capital erosion risk, changes in legislation 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 income-oriented investors investing for the medium to long-term, who wish to receive regular monthly distributions (that could include return of capital) and who have medium tolerance for risk.

Results of Operations

For the year ended September 30, 2016, the Mutual Fund Units of the Fund returned 10.8% while the S&P/TSX Composite Index ("S&P/TSX Index"), the FTSE TMX Canada Universe Bond Index ("FTSE TMX Universe Bond Index") and the Blended Benchmark returned 14.2%, 6.3% and 12.4%, respectively. The Blended Benchmark is composed of 60% S&P/TSX Index/20% FTSE TMX Universe Bond Index/20% Bloomberg Barclays U.S. Corporate High-Yield Bond Index (hedged to CAD) (formerly, Barclays Capital U.S. Corporate High-Yield Bond Index (hedged to CAD)). 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 Index due to the inclusion of fixed income in the portfolio, which under-performed equities during the reporting period. The Fund out-performed the FTSE TMX Universe Bond Index due to the inclusion of equities in the portfolio, which out-performed fixed income. The Fund under-performed the Blended Benchmark due to its underweight exposure to high yield bonds, as high yield bonds out-performed government bonds as spreads tightened.

Within the equities portion of the portfolio, security selection in the health care, consumer discretionary, information technology and consumer staples sectors contributed to relative performance, though this was partially offset by selection in materials, financials, telecommunication services and real estate sectors, which detracted. Relative to the S&P/TSX Index, an average overweight allocation to materials (14.9% versus 11.5%) and average underweight allocation to financials (17.1% versus 34.8%) also contributed to performance.

In terms of individual holdings, the Fund's top contributors were Fortescue Metals Group Limited, Randgold Resources Limited and Las Vegas Sands Corporation, while the top detractors were Corrections Corporation of America, The Geo Group Inc. and MTN Group Limited. Avoiding Valeant Pharmaceuticals International Inc. also contributed significantly, which was weighted heavily in the S&P/TSX Index and dropped 86.5% in stock value over the period under review. The Fund sold its holdings in Randgold Resources Limited, Corrections Corporation of America, The Geo Group Inc. and MTN Group Limited during the reporting period.

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.

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 or SEDAR at 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.

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 a 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 \$116 million for the current period, as compared to net redemptions of approximately \$265 million in the prior period. Rebalancing by an institutional program resulted in net subscriptions of approximately \$1 million in the Fund. The portfolio manager does not believe that redemption/subscription 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 and investor activity. In particular, registration fees decreased due to a decrease in subscription activity. On the contrary, 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

U.S. equity markets mostly traded in a range before breaking out to new highs towards the end of the reporting period. Equities rallied in the last calendar quarter of 2015 as interest rate expectations continued to be pushed out, before experiencing significant volatility and decline during the first six weeks of 2016 after the December 2015 federal funds rate increase. During this bout of volatility, investors worried about a slowing Chinese economy and potential U.S. recession, selling off equities indiscriminately and particularly punishing stocks that performed well in 2015.

However, as 2016 progressed and economic data showed slow but steady strength, worries about an imminent U.S. recession began to retreat and equity markets began to rally. Equities rallied through the last half of the first calendar quarter and throughout the second calendar quarter of 2016, including bouncing back strongly following volatility related to a surprise vote by the UK to leave the European Union ("Brexit"). During this period, the U.S. Federal Reserve (the "Fed") continued to telegraph its intention to normalize the interest rate policy after the first interest rate hike in December 2015, though mixed economic data and geopolitical developments such as the Brexit vote continued to delay further increases. As investors continued to push out interest rate expectations, defensive, dividend paying and low volatility stocks outperformed.

Equities were further buoyed by an improving backdrop for corporate earnings, though U.S. corporations saw earnings stagnate throughout most of the reporting period due to the impact of lower oil prices on the energy sector and a strong U.S. dollar on multinational corporations. The impact of these factors began to abate towards the second half of 2016,

leading to increasing expectations of the corporate profile. As a result, U.S. equities finally made new highs during the third calendar quarter of 2016, after failing to do so for more than a year.

In Canada, a slow growth environment persisted, with gross domestic product data showing the Canadian economy contracted 1.6% in the second calendar quarter of 2016 due to fallout from weaker exports and the wildfires in northern Alberta. However, manufacturing data improved towards the end of the reporting period driven by improvements in the food, primary metals and energy sectors as oil production returned to normal levels in Alberta following the wildfires. During the period under review, the Bank of Canada left interest rates unchanged at 0.5%, but adopted a more dovish tone given weakness in exports and inflation.

The portfolio manager expects that interest rate hikes by the Fed will continue to remain lower for longer, as the current slow growth environment has made it more difficult to achieve further interest rate hikes. This dynamic has been exacerbated by various geopolitical uncertainties, including the U.S. election and the fallout from the Brexit vote. In this low rate environment, some parts of equity markets are showing signs of risky valuations. In particular, bond-proxy "low volatility" stocks popularized by various ETF's have garnered significant assets and outperformed in the first half of 2016, driving valuations to cycle highs. In the Fund portfolio, the portfolio manager has avoided stocks where extreme valuations are not warranted by the company's growth profile.

Overall, despite the assortment of global economic risks, the portfolio manager remains relatively optimistic and constructive on equities, based on the view that both Canada and the U.S. are emerging from recession-like conditions and leading economic indicators point to a stable economic environment for the time being. The portfolio manager remains constructive on equities and has been finding more opportunities in different sectors along with adopting a long-term approach, focusing on stocks that have been well managed through previous downturns and can remain profitable in a slow growth environment.

In fixed income, the portfolio manager expect 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 remains supportive.

The portfolio manager remains focused on picking high-quality stocks with quality assets, high return on investment, strong balance sheets and sustainable and growing dividends. In portfolio manager's belief, this approach will endure and over time will prove to out-perform through all economic scenarios.

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 \$11,938,000 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 \$456,000 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⁽¹⁾

For the periods ended	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)	Sept 30, 2012 (\$)
Net Assets, beginning of period⁽¹⁾	8.90	10.99	10.52	10.66	10.32
Increase (decrease) from operations:					
Total revenue	0.40	0.46	0.48	0.52	0.53
Total expenses	(0.25)	(0.28)	(0.29)	(0.25)	(0.25)
Realized gains (losses)	(0.52)	(0.25)	0.65	0.59	0.17
Unrealized gains (losses)	1.24	(1.35)	0.20	(0.29)	0.54
Total increase (decrease) from operations⁽²⁾	0.87	(1.42)	1.04	0.57	0.99
Distributions:					
From income (excluding dividends)	–	(0.03)	(0.03)	(0.03)	(0.04)
From dividends	(0.38)	(0.21)	(0.18)	(0.22)	(0.27)
From capital gains	–	(0.24)	(0.28)	(0.37)	–
Return of capital	(0.09)	(0.13)	(0.18)	(0.12)	(0.43)
Total annual distributions⁽³⁾	(0.47)	(0.61)	(0.67)	(0.74)	(0.74)
Net Assets, end of period⁽⁴⁾	9.36	8.90	10.99	10.50	10.66

Mutual Fund Units – Ratios/Supplemental Data⁽¹⁾

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)	475,321	572,357	902,382	687,808	669,780
Number of units outstanding (000's)	50,780	64,334	82,098	65,401	62,702
Management expense ratio ⁽⁵⁾	2.41%	2.40%	2.40%	2.40%	2.39%
Management expense ratio before waivers or absorptions ⁽⁶⁾	2.46%	2.40%	2.40%	2.42%	2.39%
Trading expense ratio ⁽⁷⁾	0.27%	0.16%	0.13%	0.20%	0.09%
Portfolio turnover rate ⁽⁸⁾	99.90%	54.52%	79.56%	87.33%	39.94%
Net Asset Value per unit	9.36	8.90	10.99	10.52	10.68

Series F Units – Net Assets per Unit⁽¹⁾

For the periods ended	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)	Sept 30, 2012 (\$)
Net Assets, beginning of period⁽¹⁾	9.77	11.91	11.26	11.29	10.80
Increase (decrease) from operations:					
Total revenue	0.46	0.50	0.52	0.56	0.56
Total expenses	(0.15)	(0.16)	(0.17)	(0.14)	(0.14)
Realized gains (losses)	(0.55)	(0.28)	0.68	0.64	0.18
Unrealized gains (losses)	1.38	(1.52)	0.23	(0.31)	0.55
Total increase (decrease) from operations⁽²⁾	1.14	(1.46)	1.26	0.75	1.15
Distributions:					
From income (excluding dividends)	–	(0.06)	(0.05)	(0.05)	(0.05)
From dividends	(0.46)	(0.34)	(0.31)	(0.30)	(0.42)
From capital gains	–	(0.26)	(0.28)	(0.34)	–
Return of capital	(0.06)	(0.01)	(0.08)	(0.10)	(0.31)
Total annual distributions⁽³⁾	(0.52)	(0.67)	(0.72)	(0.79)	(0.78)
Net Assets, end of period⁽⁴⁾	10.41	9.77	11.91	11.24	11.29

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

Series F Units – Ratios/Supplemental Data⁽¹⁾

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)	15,329	15,509	23,266	16,538	17,356
Number of units outstanding (000's)	1,473	1,588	1,953	1,469	1,535
Management expense ratio ⁽⁵⁾	1.12%	1.12%	1.17%	1.25%	1.24%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.12%	1.12%	1.17%	1.25%	1.24%
Trading expense ratio ⁽⁷⁾	0.27%	0.16%	0.13%	0.20%	0.09%
Portfolio turnover rate ⁽⁸⁾	99.90%	54.52%	79.56%	87.33%	39.94%
Net Asset Value per unit	10.41	9.77	11.91	11.26	11.31

Series Q Units – Net Assets per Unit⁽¹⁾

For the periods ended	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)	Sept 30, 2012 (\$)
Net Assets, beginning of period ⁽¹⁾	8.88	10.76	10.27	10.00 [*]	–
Increase (decrease) from operations:					
Total revenue	0.35	0.45	0.48	0.44	–
Total expenses	(0.03)	(0.03)	(0.03)	–	–
Realized gains (losses)	(0.47)	(0.19)	0.68	0.44	–
Unrealized gains (losses)	1.23	(1.37)	0.07	(0.24)	–
Total increase (decrease) from operations ⁽²⁾	1.08	(1.14)	1.20	0.64	–
Distributions:					
From income (excluding dividends)	–	(0.06)	(0.07)	(0.04)	–
From dividends	(0.40)	(0.37)	(0.50)	(0.23)	–
From capital gains	–	(0.23)	(0.30)	(0.27)	–
Return of capital	(0.07)	–	–	–	–
Total annual distributions ⁽³⁾	(0.47)	(0.66)	(0.87)	(0.54)	–
Net Assets, end of period ⁽⁴⁾	9.57	8.88	10.76	10.25	–

Series Q Units – Ratios/Supplemental Data⁽¹⁾

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)	2,392	3,739	6,961	2,998	–
Number of units outstanding (000's)	250	421	647	292	–
Management expense ratio ⁽⁵⁾	–	–	–	–	–
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.05%	0.11%	0.12%	0.26%	–
Trading expense ratio ⁽⁷⁾	0.27%	0.16%	0.13%	0.20%	–
Portfolio turnover rate ⁽⁸⁾	99.90%	54.52%	79.56%	87.33%	–
Net Asset Value per unit	9.57	8.88	10.76	10.27	–

Series S Units – Net Assets per Unit⁽¹⁾

For the periods ended	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)	Sept 30, 2012 (\$)
Net Assets, beginning of period ⁽¹⁾	10.13	12.28	11.87	11.76	11.12
Increase (decrease) from operations:					
Total revenue	0.46	0.51	0.54	0.61	0.58
Total expenses	(0.04)	(0.03)	(0.03)	–	–
Realized gains (losses)	(0.53)	(0.36)	0.77	0.74	0.19
Unrealized gains (losses)	1.55	(1.63)	(0.03)	(0.40)	0.74
Total increase (decrease) from operations ⁽²⁾	1.44	(1.51)	1.25	0.95	1.51
Distributions:					
From income (excluding dividends)	–	(0.07)	(0.10)	(0.03)	(0.07)
From dividends	(0.52)	(0.42)	(0.66)	(0.31)	(0.50)
From capital gains	–	(0.25)	(0.39)	(0.32)	–
Return of capital	(0.02)	–	–	(0.16)	(0.24)
Total annual distributions ⁽³⁾	(0.54)	(0.74)	(1.15)	(0.82)	(0.81)
Net Assets, end of period ⁽⁴⁾	10.91	10.13	12.28	11.84	11.76

* represents initial Net Assets
 ~ annualized

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

Series S Units – Ratios/Supplemental Data⁽¹⁾

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)	138,945	113,569	199,633	54,516	39,558
Number of units outstanding (000's)	12,737	11,208	16,260	4,594	3,357
Management expense ratio ⁽⁵⁾	–	–	–	–	–
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.17%	1.16%	1.15%	1.16%	1.15%
Trading expense ratio ⁽⁷⁾	0.27%	0.16%	0.13%	0.20%	0.09%
Portfolio turnover rate ⁽⁸⁾	99.90%	54.52%	79.56%	87.33%	39.94%
Net Asset Value per unit	10.91	10.13	12.28	11.87	11.78

Series T Units – Net Assets per Unit⁽¹⁾

For the periods ended	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)	Sept 30, 2012 (\$)
Net Assets, beginning of period ⁽¹⁾	10.34	13.07	12.72	13.03	12.76
Increase (decrease) from operations:					
Total revenue	0.46	0.54	0.57	0.63	0.65
Total expenses	(0.29)	(0.32)	(0.34)	(0.30)	(0.30)
Realized gains (losses)	(0.60)	(0.29)	0.70	0.73	0.21
Unrealized gains (losses)	1.43	(1.57)	0.48	(0.37)	0.75
Total increase (decrease) from operations ⁽²⁾	1.00	(1.64)	1.41	0.69	1.31
Distributions:					
From income (excluding dividends)	–	(0.04)	(0.04)	(0.03)	(0.03)
From dividends	(0.27)	(0.24)	(0.23)	(0.28)	(0.29)
From capital gains	–	(0.29)	(0.41)	(0.52)	–
Return of capital	(0.57)	(0.42)	(0.36)	(0.20)	(0.75)
Total annual distributions ⁽³⁾	(0.84)	(0.99)	(1.04)	(1.03)	(1.07)
Net Assets, end of period ⁽⁴⁾	10.58	10.34	13.07	12.70	13.03

Series T Units – Ratios/Supplemental Data⁽¹⁾

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)	31,561	40,249	67,921	77,219	94,297
Number of units outstanding (000's)	2,984	3,891	5,196	6,070	7,225
Management expense ratio ⁽⁵⁾	2.37%	2.34%	2.33%	2.35%	2.32%
Management expense ratio before waivers or absorptions ⁽⁶⁾	2.37%	2.34%	2.33%	2.35%	2.32%
Trading expense ratio ⁽⁷⁾	0.27%	0.16%	0.13%	0.20%	0.09%
Portfolio turnover rate ⁽⁸⁾	99.90%	54.52%	79.56%	87.33%	39.94%
Net Asset Value per unit	10.58	10.34	13.07	12.72	13.05

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	January 2005
Series F Units	January 2005
Series Q Units	December 2012
Series S Units	January 2009
Series T Units	December 2006

- c) On May 23, 2014, AGF High Income Fund merged into the Fund. The financial data of the Fund includes the results of operations of AGF High Income Fund from the date of the merger.
- (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) and the Fund's proportionate share of the MER, if applicable, of the underlying funds and 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.

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.

* 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.

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	2.00%	40.46%	59.54%
Series F Units	0.90%	–	100.00%
Series S Units	1.00%	–	100.00%
Series T Units	2.00%	40.47%	59.53%

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.

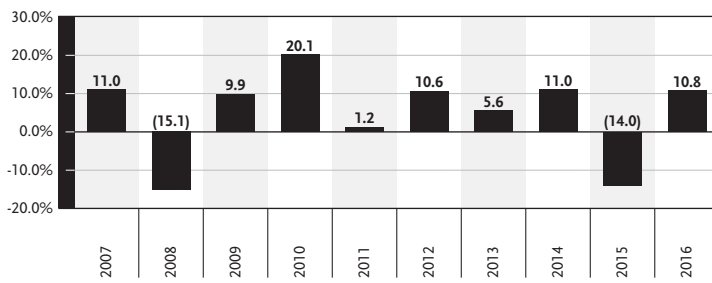
It is AGFI's policy to report rates of return for series in existence greater than one year. The performance start date for each series represents the date of the first purchase of such series, excluding seed money. During the ten year period ended September 30, 2016, certain other funds with similar 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 AGF High Income Fund with the Fund (see Explanatory Note (1) c)) and the merger of AGF Diversified Dividend Income Fund with the Fund in May 2009 did not constitute material changes 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.

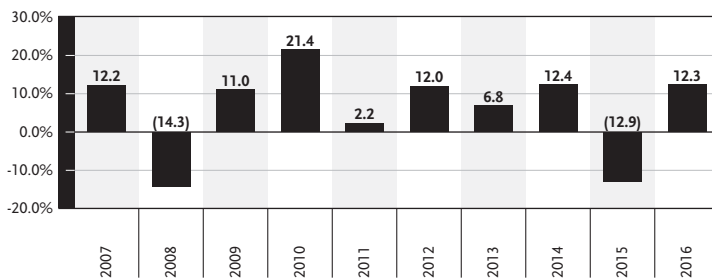
Year-By-Year Returns

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.

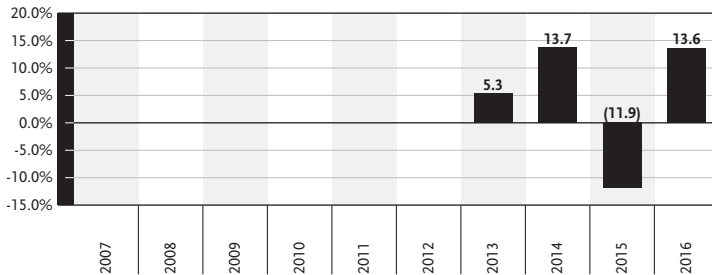
Mutual Fund Units



Series F Units

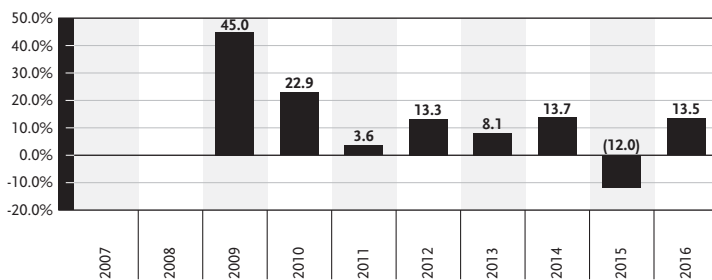


Series Q Units



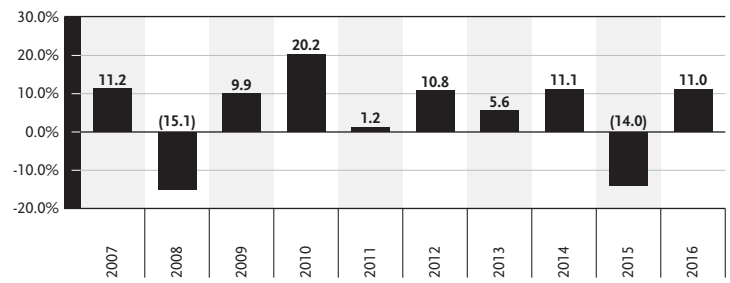
Performance for 2013 represents returns for the period from January 10, 2013 to September 30, 2013.

Series S Units



Performance for 2009 represents returns for the period from January 26, 2009 to September 30, 2009.

Series T Units



Performance for 2007 represents returns for the period from December 12, 2006 to September 30, 2007.

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 Units	10.8	1.9	4.3	4.5	N/A
S&P/TSX Composite Index	14.2	8.0	8.1	5.3	N/A
FTSE TMX Canada Universe Bond Index	6.3	6.0	4.4	5.2	N/A
Blended Benchmark	12.4	7.3	7.6	5.9	N/A
Old Blended Benchmark	11.0	6.7	6.8	5.8	N/A
Series F Units	12.3	3.2	5.6	5.7	N/A
S&P/TSX Composite Index	14.2	8.0	8.1	5.3	N/A
FTSE TMX Canada Universe Bond Index	6.3	6.0	4.4	5.2	N/A
Blended Benchmark	12.4	7.3	7.6	5.9	N/A
Old Blended Benchmark	11.0	6.7	6.8	5.8	N/A
Series Q Units	13.6	4.4	N/A	N/A	5.0
S&P/TSX Composite Index	14.2	8.0	N/A	N/A	7.5
FTSE TMX Canada Universe Bond Index	6.3	6.0	N/A	N/A	4.5
Blended Benchmark	12.4	7.3	N/A	N/A	6.6
Old Blended Benchmark	11.0	6.7	N/A	N/A	6.0
Series S Units	13.5	4.3	6.8	N/A	13.1
S&P/TSX Composite Index	14.2	8.0	8.1	N/A	10.4
FTSE TMX Canada Universe Bond Index	6.3	6.0	4.4	N/A	5.5
Blended Benchmark	12.4	7.3	7.6	N/A	10.1
Old Blended Benchmark	11.0	6.7	6.8	N/A	8.8
Series T Units	11.0	2.0	4.4	N/A	4.7
S&P/TSX Composite Index	14.2	8.0	8.1	N/A	4.4
FTSE TMX Canada Universe Bond Index	6.3	6.0	4.4	N/A	5.2
Blended Benchmark	12.4	7.3	7.6	N/A	5.3
Old Blended Benchmark	11.0	6.7	6.8	N/A	5.3

Effective July 1, 2016, the Fund's Old Blended Benchmark, which comprised 50% S&P/TSX Composite Index/30% FTSE TMX Canada Universe Bond Index/20% FTSE TMX Canada High Yield Bond Index was changed to the Blended Benchmark to better reflect the investment opportunity set of the Fund.

The S&P/TSX Composite Index is a capitalization-weighted index designed to measure market activity of stocks and trusts listed on the Toronto Stock Exchange.

The FTSE TMX Canada Universe Bond Index is a market capitalization-weighted index designed to be a broad measure of the Canadian investment grade fixed income market.

The Bloomberg Barclays U.S. Corporate High-Yield Bond Index (hedged to CAD) measures the U.S. dollar denominated, high yield, fixed-rate corporate bond market. This variation is hedged to Canadian dollars.

The FTSE TMX Canada High Yield Bond Index is a market capitalization-weighted index designed to be a broad measure of the Canadian non-investment grade fixed income market.

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.

Portfolio by Country	Percentage of Net Asset Value (%)
Canada	60.9
United States	24.8
United Kingdom	4.2
Cash & Cash Equivalents	1.6
Hong Kong	1.5
Italy	1.3
Germany	1.3
Australia	0.8
Mexico	0.8
Peru	0.3
Hungary	0.3
Indonesia	0.3
Dominican Republic	0.3
Paraguay	0.2
Luxembourg	0.2
Ireland	0.2
Romania	0.2
Israel	0.1
Austria	0.1
Belize	0.0
Netherlands	0.0
Foreign Exchange Forward Contracts	(0.0)

Portfolio by Sector	Percentage of Net Asset Value (%)
Energy	15.3
Corporate Bonds	12.4
Financials	10.2
Materials	10.2
Consumer Discretionary	8.8
Government Bonds	6.0
High Yield Bonds	5.8
Provincial Bonds	5.7
Information Technology	4.8
Utilities	4.5
Health Care	3.6
Industrials	2.6
Government Guaranteed Investments	2.2
Telecommunication Services	1.9
Consumer Staples	1.8
Emerging Markets Bonds	1.7
Cash & Cash Equivalents	1.6
Municipal Bonds	0.3
Foreign Exchange Forward Contracts	(0.0)

Portfolio by Asset Mix	Percentage of Net Asset Value (%)
Canadian Equity	37.4
Canadian Fixed Income	23.5
United States Equity	17.6
International Equity	8.7
United States Fixed Income	7.2
International Fixed Income	3.4
Cash & Cash Equivalents	1.6
Foreign Exchange Forward Contracts	(0.0)

Portfolio by Credit Rating††	Percentage of Net Asset Value (%)
AAA	8.0
AA	2.9
A	8.1
BBB	5.7
BB	4.5
B	4.0
CCC	0.8
CC	0.1
C	0.0
Not Rated	1.7

†† 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**	5.3
Canada Housing Trust**	2.2
Province of Ontario**	2.1
Western Digital Corporation	1.6
Encana Corporation	1.5
Vermilion Energy Inc.	1.5
Sands China Limited	1.5
Frontier Communications Corporation	1.4
Bonterra Energy Corporation	1.4
Amgen Inc.	1.4
Analog Devices Inc.	1.4
Methanex Corporation	1.4
Gibson Energy Inc.	1.3
Keyera Corporation	1.3
PRADA SpA	1.3
Cisco Systems Inc.	1.3
Brookfield Asset Management Inc.	1.3
Province of British Columbia**	1.3
Magellan Midstream Partners Limited Partnership	1.3
First Quantum Minerals Limited	1.3
Russel Metals Inc.	1.3
Hugo Boss AG	1.2
Mattel Inc.	1.2
Philip Morris International Inc.	1.2
WestRock Company	1.2
Total Net Asset Value (thousands of dollars)	\$ 663,548

** Debt Instruments



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