

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

AGF Canadian Small Cap 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 Canadian Small Cap Fund (the "Fund") is to provide superior capital growth by investing primarily in shares and other securities of small and medium Canadian companies that have the potential to generate above-average growth. The Fund may also invest in foreign securities, which are not expected to exceed 10% of Net Asset Value (see Explanatory Note (1) a) of the Fund at the time of purchase. Cypress Capital Management Ltd. ("Cypress"), as portfolio manager, uses a bottom-up investment process to identify attractive businesses trading at reasonable valuations. In bottom-up investing, the portfolio manager focuses attention on a specific company rather than on the industry in which that company operates or on the economy as a whole. This core investment process is complemented by top-down macroeconomic and industry outlooks. A top-down investment approach involves looking at the "big picture" in the economy and financial world and then breaking those components down into finer details. The portfolio manager focuses on selecting securities with quality management aligned with securityholders, superior revenue and earnings growth potential, attractive valuation and the capability to finance future growth. 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 changes in legislation risk, commodity risk, counterparty risk, depository securities and receipts risks, 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 risks, liquidity risk, repurchase agreement risk, reverse repurchase agreement risk, securities lending risk, small company risk and substantial securityholder risk. The Fund is suitable for investors investing for the longer term, seeking the growth potential of equity securities of Canadian companies and who have high tolerance for risk.

Results of Operations

For the year ended September 30, 2016, the Mutual Fund Units of the Fund returned 20.1% (net of expenses) while the S&P/TSX Small Cap Index returned 35.8%. 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.

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.

The Fund under-performed the S&P/TSX Small Cap Index due to its notably underweight exposure to the materials sector (15.4% versus 26.3%) and security selection within this sector. The materials sector performed extremely well over the reporting period and was up 82.9%, as a rally in gold and silver prices drove the metals and mining sub-sector up 92.3%. The Fund was significantly underweight in the metals and mining sub-sector (3.2% versus 21.0%) and thus, detracted from relative performance.

On the other hand, strong security selection across other sectors contributed to the Fund's performance, partially offsetting the under-performance in the materials sector. The top contributors to the Fund's performance include Real Matters Inc., Sandvine Corporation ("Sandvine"), Evertz Technologies Limited and The Descartes Systems Group Inc. from the information technology sector as well as Guardian Capital Group Limited from the financials sector. Other notable top contributors include Leucrotta Exploration Inc., Seven Generations Energy Limited, Whitecap Resources Inc. and Tamarack Valley Energy Limited from the energy sector in addition to Boralex Inc., Innergex Renewable Energy Inc. and Algonquin Power & Utilities Corporation from the utilities sector. As of September 30, 2016, the Fund no longer had any holdings in Sandvine.

From a sector allocation perspective, the Fund's underweight allocations to the energy (13.6% versus 22.7%) and consumer discretionary (8.1% versus 11.3%) sectors contributed to performance as these sectors under-performed the broader market with the consumer discretionary sector being the worst performing sector over the reporting period. The Fund's increased allocation to the energy sector from 9.3% to 13.6% over the period under review reflects the portfolio manager's more positive outlook for the sector.

The Fund had net redemptions of approximately \$8 million for the current period, as compared to net redemptions of approximately \$27 million in the prior period. Rebalancing by an institutional program resulted in net redemptions of approximately \$2 million in the Fund. The merger of AGF Canadian Small Cap Discovery Fund into the Fund (refer to "Recent Developments" section below) resulted in subscriptions of approximately \$9 million in the Fund. The portfolio manager does not believe that redemption/subscriber 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. On the contrary, 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

World equity markets posted very solid returns over the period under review, notwithstanding some significant intra-period volatility. Notably, the first calendar quarter of 2016 saw a significant decline, driven by fears of a global economic slowdown and fallout from the U.S. Federal Reserve's (the "Fed") first rate hike in almost 10 years. However, expectations for further Fed rate hikes dropped notably as the year wore on, contributing to a sell-off in the U.S. dollar, a rally in commodity prices and recovering equity markets. World markets also experienced a sharp decline in June 2016 following an unexpected "Leave" vote in the UK's Brexit referendum, but recovered quickly and resumed their upward trend.

Emerging markets led the way up, driven by the weaker U.S. dollar, rebound in commodities and increased risk appetite. The U.S. continued to perform well as their economy continues to strengthen, with the Dow Jones Industrial Average and S&P 500 Index gaining over the period under review. Developed markets, excluding the U.S., also posted solid gains.

Canadian markets experienced similar volatility to worldwide markets, but managed to post very solid returns. The S&P/TSX Composite Index gained 14.2% over the period under review, driven by the materials and energy sectors. Risk aversion decreased over the period and Canadian small capitalization equities out-performed large capitalization equities by a wide margin, with the S&P/TSX Small Cap Index gaining 35.8% over the same period.

On the currency front, the Canadian dollar continued its dramatic decline early in the period under review, from USD \$0.75 to a low of USD \$0.69 in January 2016 before recovering and ending the period at US \$0.76. The turnaround was supported by a rallying oil price and an improving interest rate differential compared to the U.S. Bond yields continued to compress, with the Government of Canada 10-year bond yield declining from approximately 1.4% to 1.0%. The yield compression reflects the impact of continued monetary stimulus worldwide, driving interest rates down across the globe as investors search for even modestly positive yields.

Despite the overall positive returns for global equity markets over the period under review, market uncertainty remains prevalent. Worldwide economic growth remains muted with calendar year 2016 gross domestic product growth expected to hit a post-crisis 7-year low. It also appears that monetary stimulus may be nearing the limits of its efficacy. Driven by central bank bond purchases, about USD \$12 trillion of developed market bonds now offer negative yields. Even the U.S., where fundamentals appear very solid, saw its 10-year treasury yield continue to decline, from approximately 2.0% to 1.6% over the period. With interest rates already near record lows, the prospect of additional bond purchases and even lower rates successfully stimulating economic growth appears unlikely, in the opinion of the portfolio manager. The discussion on how to boost persistently slow economic growth has turned to fiscal stimulus, as already seen in Canada, in addition to maintaining easy monetary policy.

The U.S. appears to be the bright spot in a mixed global economic recovery. The labour market has moved towards full recovery and improvements in consumer confidence and housing markets are seen.

However, market valuations appear fair, reflecting the benign outlook. With a low Canadian dollar supportive of export growth, fiscal stimulus in place, resilient housing markets and consumer spending as well as stronger commodity prices, Canada's outlook appears to be improving. Emerging markets remain a source of concern as China transitions to slower growth, and there is much uncertainty regarding Europe as well. While the portfolio manager does not expect the recent Brexit vote to have a significant impact on Canadian markets, concerns do remain about the impact on the European Union ("EU") and the potential for other countries to follow the UK's lead and leave the EU.

The portfolio manager remains relatively neutral on Canadian small capitalization equities. While the portfolio manager expects a period of extended low interest rates and a modestly growing economy to provide support to equity markets, a number of risks exist that could result in significant market volatility. In this environment, the importance of focusing on fundamentals remains as important as ever. The portfolio manager continues to take a bottom-up approach, focusing on quality companies with strong competitive positioning, quality management teams and superior growth profiles that trade at attractive valuations. In the portfolio manager's opinion, maintaining diversification remains a focus, specifically targeting companies with exposure to the U.S. economy.

At the special unitholder meeting held on April 13, 2016, unitholders approved the merger of AGF Canadian Small Cap Discovery Fund into the Fund. The merger was implemented on May 20, 2016.

Related Party Transactions

AGF Investments Inc. ("AGFI") is the manager ("Manager") and trustee of the Fund. Pursuant to the management agreement between the Fund and AGFI, AGFI is responsible for the day-to-day business of the Fund. AGFI acts either as the investment (portfolio) manager itself or hires an external investment manager to manage the investment portfolio of the Fund. AGFI and Cypress, wholly owned subsidiaries of AGF Management Limited, entered into an investment management agreement pursuant to which Cypress is responsible for managing the investment portfolio of the Fund. Under the management agreement, the Fund (except for Series O, Series Q and Series W Units, if applicable) pays management fees, calculated based on the Net Asset Value of the respective series of the Fund. Management fees of approximately \$3,275,000 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 \$240,000 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⁾ | 7.87 | 8.73 | 7.60 | 7.42 | 7.10 |
| Increase (decrease) from operations: | | | | | |
| Total revenue | 0.14 | 0.14 | 0.16 | 0.15 | 0.13 |
| Total expenses | (0.26) | (0.26) | (0.27) | (0.21) | (0.21) |
| Realized gains (losses) | (0.13) | (0.01) | 1.09 | 0.58 | 0.32 |
| Unrealized gains (losses) | 1.81 | (0.72) | 0.24 | (0.43) | 0.11 |
| Total increase (decrease) from operations⁽²⁾ | 1.56 | (0.85) | 1.22 | 0.09 | 0.35 |
| Distributions: | | | | | |
| From income (excluding dividends) | – | – | – | – | – |
| From dividends | – | – | – | – | – |
| From capital gains | – | – | – | – | – |
| Return of capital | – | – | – | – | – |
| Total annual distributions⁽³⁾ | – | – | – | – | – |
| Net Assets, end of period⁽⁴⁾ | 9.45 | 7.87 | 8.73 | 7.56 | 7.42 |

* represents initial Net Assets

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

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) | 139,202 | 121,778 | 158,246 | 158,831 | 187,812 |
| Number of units outstanding (000's) | 14,737 | 15,476 | 18,119 | 20,895 | 25,173 |
| Management expense ratio ⁽⁵⁾ | 2.92% | 2.86% | 2.84% | 2.90% | 2.86% |
| Management expense ratio before waivers or absorptions ⁽⁶⁾ | 2.93% | 2.86% | 2.84% | 2.92% | 2.86% |
| Trading expense ratio ⁽⁷⁾ | 0.11% | 0.17% | 0.21% | 0.46% | 0.17% |
| Portfolio turnover rate ⁽⁸⁾ | 22.27% | 20.91% | 27.78% | 87.25% | 23.44% |
| Net Asset Value per unit | 9.45 | 7.87 | 8.73 | 7.60 | 7.46 |

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⁾ | 9.24 | 10.15 | 8.75 | 8.45 | 8.01 |
| Increase (decrease) from operations: | | | | | |
| Total revenue | 0.29 | 0.16 | 0.19 | 0.17 | 0.15 |
| Total expenses | (0.21) | (0.20) | (0.21) | (0.15) | (0.15) |
| Realized gains (losses) | (0.00) | (0.03) | 1.23 | 0.66 | 0.37 |
| Unrealized gains (losses) | 1.80 | (1.08) | 0.06 | (0.49) | 0.05 |
| Total increase (decrease) from operations⁽²⁾ | 1.88 | (1.15) | 1.27 | 0.19 | 0.42 |
| Distributions: | | | | | |
| From income (excluding dividends) | – | – | – | – | – |
| From dividends | – | – | – | – | – |
| From capital gains | – | – | – | – | – |
| Return of capital | – | – | – | – | – |
| Total annual distributions⁽³⁾ | – | – | – | – | – |
| Net Assets, end of period⁽⁴⁾ | 11.21 | 9.24 | 10.15 | 8.70 | 8.45 |

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) | 1,561 | 569 | 859 | 684 | 807 |
| Number of units outstanding (000's) | 139 | 62 | 85 | 78 | 95 |
| Management expense ratio ⁽⁵⁾ | 1.77% | 1.85% | 1.85% | 1.83% | 1.83% |
| Management expense ratio before waivers or absorptions ⁽⁶⁾ | 1.77% | 2.92% | 2.61% | 2.76% | 2.52% |
| Trading expense ratio ⁽⁷⁾ | 0.11% | 0.17% | 0.21% | 0.46% | 0.17% |
| Portfolio turnover rate ⁽⁸⁾ | 22.27% | 20.91% | 27.78% | 87.25% | 23.44% |
| Net Asset Value per unit | 11.21 | 9.24 | 10.15 | 8.75 | 8.49 |

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⁾ | 8.43 | 9.10 | 7.70 | 6.82* | – |
| Increase (decrease) from operations: | | | | | |
| Total revenue | 0.15 | 0.15 | 0.17 | 0.06 | – |
| Total expenses | (0.01) | (0.02) | (0.02) | – | – |
| Realized gains (losses) | (0.16) | 0.22 | 1.17 | 0.33 | – |
| Unrealized gains (losses) | 2.01 | (1.52) | 0.51 | 0.36 | – |
| Total increase (decrease) from operations⁽²⁾ | 1.99 | (1.17) | 1.83 | 0.75 | – |
| Distributions: | | | | | |
| From income (excluding dividends) | – | – | – | – | – |
| From dividends | – | – | – | – | – |
| From capital gains | – | – | – | – | – |
| Return of capital | – | – | – | – | – |
| Total annual distributions⁽³⁾ | – | – | – | – | – |
| Net Assets, end of period⁽⁴⁾ | 10.42 | 8.43 | 9.10 | 7.66 | – |

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) | 37,784 | 33,004 | 41,613 | 58,425 | – |
| Number of units outstanding (000's) | 3,628 | 3,913 | 4,575 | 7,588 | – |
| Management expense ratio ⁽⁵⁾ | 0.00% | – | – | – | – |
| Management expense ratio before waivers or absorptions ⁽⁶⁾ | 1.19% | 1.21% | 1.19% | 1.17% | – |
| Trading expense ratio ⁽⁷⁾ | 0.11% | 0.17% | 0.21% | 0.46% | – |
| Portfolio turnover rate ⁽⁸⁾ | 22.27% | 20.91% | 27.78% | 87.25% | – |
| Net Asset Value per unit | 10.42 | 8.43 | 9.10 | 7.70 | – |

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 | February 1996 |
| Series F Units | April 2000 |
| Series S Units | April 2013 |

c) On May 20, 2016, AGF Canadian Small Cap Discovery Fund merged into the Fund. The financial data of the Fund includes the results of operations of AGF Canadian Small Cap Discovery Fund from the date of merger.

d) In April 2013, the Fund recommenced the offering of Series S Units that are available to institutional investors. Series S Units previously commenced offering in June 2009 and were closed due to full redemption by unitholders in October 2012. The financial data of the Series S 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) 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.

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 | 2.25% | 29.87% | 70.13% |
| Series F Units | 1.25% | – | 100.00% |
| Series S Units | 1.00% | – | 100.00% |

~ annualized

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

Past Performance*

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

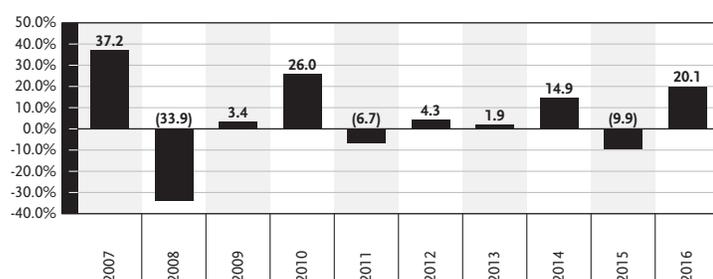
It is AGFI's policy to report rates of return for series in existence greater than one year. The performance start date for each series represents the date of the first purchase of such series, excluding seed money. During the ten year period ended September 30, 2016, certain other funds with similar 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 Canadian Small Cap Discovery Fund with the Fund (see Explanatory Note (1) c)) 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.

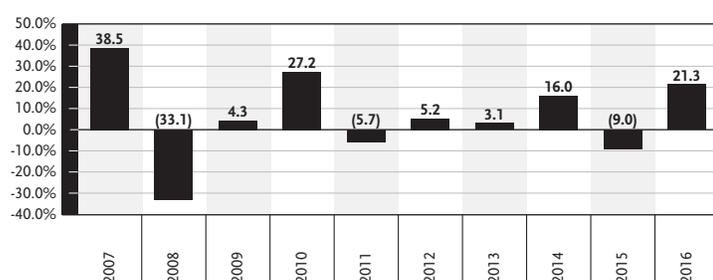
Year-By-Year Returns

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.

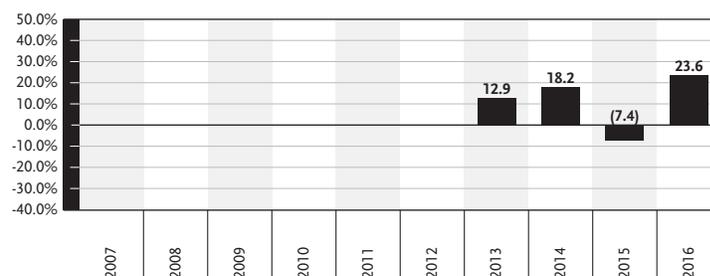
Mutual Fund Units



Series F Units



Series S Units



Performance for 2013 represents returns for the period from April 19, 2013 to September 30, 2013.

Annual Compound Returns

The following table compares the historical annual compound returns for each series with the index, for each of the periods ended September 30, 2016.

| Percentage Return: | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception |
|-------------------------|--------|---------|---------|----------|-----------------|
| Mutual Fund Units | 20.1 | 7.5 | 5.7 | 3.8 | N/A |
| S&P/TSX Small Cap Index | 35.8 | 6.7 | 4.8 | 2.8 | N/A |
| Series F Units | 21.3 | 8.6 | 6.8 | 4.9 | N/A |
| S&P/TSX Small Cap Index | 35.8 | 6.7 | 4.8 | 2.8 | N/A |
| Series S Units | 23.6 | 10.6 | N/A | N/A | 13.1 |
| S&P/TSX Small Cap Index | 35.8 | 6.7 | N/A | N/A | 8.5 |

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

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

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 | 93.9 |
| Cash & Cash Equivalents | 3.4 |
| United States | 3.0 |

* 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.

| Portfolio by Sector | Percentage of Net Asset Value (%) |
|-----------------------------|--|
| Materials | 15.4 |
| Energy | 13.6 |
| Information Technology | 12.9 |
| Real Estate | 12.2 |
| Industrials | 10.6 |
| Financials | 9.1 |
| Consumer Discretionary | 8.1 |
| Utilities | 6.1 |
| Consumer Staples | 5.2 |
| Cash & Cash Equivalents | 3.4 |
| ETFs – United States Equity | 3.0 |
| Health Care | 0.7 |

| Portfolio by Asset Mix | Percentage of Net Asset Value (%) |
|-------------------------------|--|
| Canadian Equity | 93.9 |
| Cash & Cash Equivalents | 3.4 |
| United States Equity | 3.0 |

| Top Holdings | Percentage of Net Asset Value (%) |
|---|--|
| Real Matters Inc. | 4.7 |
| CCL Industries Inc. | 4.2 |
| Clearwater Seafoods Inc. | 3.2 |
| The Descartes Systems Group Inc. | 3.2 |
| Element Financial Corporation | 3.1 |
| Constellation Software Inc. | 3.0 |
| Boyd Group Income Fund | 2.8 |
| Winpak Limited | 2.8 |
| Boralex Inc. | 2.7 |
| Tricon Capital Group Inc. | 2.7 |
| Badger Daylighting Limited | 2.7 |
| Morguard Corporation | 2.4 |
| Linamar Corporation | 2.1 |
| Milestone Apartments Real Estate Investment Trust | 2.1 |
| FirstService Corporation | 2.1 |
| Stella-Jones Inc. | 2.0 |
| Richelieu Hardware Limited | 2.0 |
| Algonquin Power & Utilities Corporation | 2.0 |
| Interfor Corporation | 2.0 |
| Leucrotta Exploration Inc. | 1.9 |
| Parex Resources Inc. | 1.9 |
| Mainstreet Equity Corporation | 1.8 |
| Quebecor Inc. | 1.8 |
| Guardian Capital Group Limited | 1.8 |
| High Liner Foods Inc. | 1.8 |
| Total Net Asset Value (thousands of dollars) | \$ 178,547 |



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