

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

# AGF Monthly High Income Fund

MARCH 31, 2017



## 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.

### Results of Operations

For the six months ended March 31, 2017, the Mutual Fund Units of AGF Monthly High Income Fund (the "Fund") returned 4.9% 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 7.1%, -2.2% and 4.6%, respectively. The Blended Benchmark is composed of 60% S&P/TSX Index/20% Bloomberg Barclays U.S. Corporate High-Yield Bond Index (hedged to CAD)/20% FTSE TMX Universe Bond Index. 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 its inclusion of fixed income in the portfolio, which under-performed equities during the reporting period. Conversely, the Fund out-performed the FTSE TMX Universe Bond Index due to its inclusion of equities in the portfolio. The Fund out-performed the Blended Benchmark due to strong security selection in the equity portion of the portfolio.

Within the equity portion, the Fund benefited from strong security selection in the materials, information technology, consumer discretionary, utilities and real estate sectors, which more than outweighed the detracting factors which included negative security selection in telecommunication services and an average underweight exposure to financials (15.0% versus 34.8% for the S&P/TSX Index).

In terms of individual equity holdings, the top contributors were Canadian Energy Services & Technology Corporation, HUGO BOSS AG and PRADA SpA, while the top detractors were EnscO PLC, Frontier Communications Corporation and Peyto Exploration & Development Corporation.

The Fund entered into foreign exchange forward contracts during the period under review. As of March 31, 2017, the Fund was net long Canadian dollar and net short Japanese Yen and U.S. dollar in order to hedge its currency exposure.

Certain series of the Fund, as applicable, make monthly distributions at a rate determined by AGF Investments Inc. ("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 subscriptions of approximately \$17 million for the current period, as compared to net redemptions of approximately \$101 million in the prior period. Rebalancing by an institutional program resulted in net subscriptions of approximately \$49 million in the Fund. The portfolio manager does not believe that subscription/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 decreased as compared to the previous period due mainly to a decrease in average Net Asset Values and investor activity. In particular, interest expense decreased due to a decrease in overdraft positions throughout the period. On the contrary, registration fees increased due to an increase in subscription activity and audit fees increased due to variance between the accrued amounts versus the actual expenses incurred in the previous period. All other expenses remained fairly consistent throughout the periods.

### Recent Developments

Global equity markets rallied strongly throughout the reporting period. During the last calendar quarter of 2016, global equities made new highs following the U.S. election in November 2016. As was the case with the UK's decision to leave the European Union in June 2016, a wave of populism resulted in an election surprise for investors, with Republican candidate Donald Trump winning the U.S. Presidency. After some initial signs of turmoil during the election night, equity markets rebounded with conviction as markets welcomed new U.S. administration's plans for tax reform and fiscal stimulus. The surprise U.S. election result also triggered substantial shifts in allocations, as bond yields moved higher in quick fashion as investors contemplated the prospect of higher inflation resulting from the expected fiscal stimulus. Financials (which benefit from higher rates), oil and gas and defense stocks were generally among the winners, while renewable energy and interest rate sensitive stocks were among the losers.

During the first calendar quarter of 2017, global equities continued to move higher, continuing the rally that followed the U.S. election results. However, leadership in the market shifted, as the reflation trade that followed the election of the new U.S. President waned, with financials and cyclical leadership giving way to secular growth sectors. As such, portfolios with growth investment styles performed relatively better than in late 2016 when growth severely under-performed value.

From a macroeconomic perspective, economic data remained supportive

This interim management report of fund performance contains financial highlights, but does not contain either the interim or annual financial statements of the investment fund. You can get a copy of the interim or 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.

and in some cases, saw acceleration. In the U.S., non-farm payrolls exceeded market expectations for the first two months of calendar year 2017, averaging 231,000 gains per month which was well above consensus and the pace in 2016. Meanwhile, the purchasing managers' index ("PMI") continued to accelerate well into expansion territory, hitting a high of 57.7 in February 2017 before settling at 57.2 in March 2017. Similarly, the services sector remained robust, with the non-manufacturing PMI at 55.2 in March 2017, signalling strong expansion conditions. The PMI measures the economic health of the manufacturing sector and is compiled based on new orders, inventory levels, production, supplier deliveries and employment environment. An index reading above 50 indicates an overall increase in the sector and below 50 indicates an overall decrease. In response to the strong macroeconomic data, the U.S. Federal Reserve raised the federal funds rate in March 2017, while telegraphing more rate hikes to come in 2017.

In Canada, equity markets continued their move higher as macroeconomic data remained supportive. Data released during the first calendar quarter of 2017 showed that the Canadian economy grew faster than expected in January, up 0.6% on a monthly sequential basis and 2.3% on a year over year basis. In fact, seven out of the past eight months have reported monthly gross domestic product ("GDP") gains of 0.3% or better, which is nearly double the 15-year average of 0.17%. Growth was broad-based, with 15 out of 20 major industries reporting gains, led by manufacturing, resources and wholesale trade. The strong GDP print, in addition to other improving Canadian data, is expected to result in upwardly revised growth forecasts, though the Bank of Canada remains dovish and is widely expected to keep interest rates on hold in the near term.

Since the U.S. election in November 2016, there has been a remarkably rally in global equity markets, reflecting a more business-friendly policy environment as well as stronger global economic growth. Canadian, U.S. and global economic data accelerated throughout the first calendar quarter of 2017. With the exception of a few emerging market economies, global real GDP is expanding year over year and manufacturing activity is also expanding.

With regards to bond yields, the portfolio manager expects that the secular low in bond yields may have already passed, given the recent acceleration in economic growth. U.S. 10-year bond yields have broken their multi-year downward trend line and inflation is expected to continue increasing. In the portfolio manager's view, the yields will slowly drift higher, while low growth and long duration assets continue to be pressured. Consequently, the portfolio manager favours companies that are demonstrating secular earnings growth momentum.

Overall, despite the assortment of global economic risks, the portfolio manager remains relatively optimistic and constructive on equities. In the portfolio manager's view, both Canada and the U.S. have emerged from recession-like conditions last year and have accelerated in the first calendar quarter of 2017. The portfolio manager believes that while the cyclical market upturn may pause, it is likely not over and would view any market corrections as potential buying opportunities.

The Fund continues to be focused on picking high-quality stocks with quality assets, high return on investment, strong balance sheets and

sustainable and growing dividends. In the portfolio manager's opinion, 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. AGFI also acts as the investment (portfolio) manager, managing the investment portfolio of the Fund. Under the management agreement, the Fund (except for Series I, 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 \$5,736,000 were incurred by the Fund during the six month period ended March 31, 2017.

AGF CustomerFirst Inc. ("AGFC") provides transfer agency services to the Fund pursuant to a services agreement with AGFI. Unitholder servicing and administrative fees of approximately \$411,000 were incurred by the Fund during the six month period ended March 31, 2017.

AGFI and AGFC are indirect wholly-owned subsidiaries of AGF Management Limited.

#### **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.

The forward-looking statements are by their nature based on numerous assumptions, which include, amongst other things, that (i) the Fund can attract and maintain investors and has sufficient capital under management to effect its investment strategies, (ii) the investment strategies will produce the results intended by the portfolio manager, and (iii) the markets will react and perform in a manner consistent with the investment strategies. Although the forward-looking statements contained herein are based upon what the portfolio manager believes to be reasonable assumptions, the portfolio manager cannot assure that actual results will be consistent with these forward-looking statements.

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 six months ended March 31, 2017 and 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	Mar 31, 2017 (\$)	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>9.36</b>	<b>8.90</b>	<b>10.99</b>	<b>10.52</b>	<b>10.66</b>	<b>10.32</b>
<b>Increase (decrease) from operations:</b>						
Total revenue	0.20	0.40	0.46	0.48	0.52	0.53
Total expenses	(0.13)	(0.25)	(0.28)	(0.29)	(0.25)	(0.25)
Realized gains (losses)	0.25	(0.52)	(0.25)	0.65	0.59	0.17
Unrealized gains (losses)	0.14	1.24	(1.35)	0.20	(0.29)	0.54
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.46</b>	<b>0.87</b>	<b>(1.42)</b>	<b>1.04</b>	<b>0.57</b>	<b>0.99</b>
<b>Distributions:</b>						
From income (excluding dividends)	–	–	(0.03)	(0.03)	(0.03)	(0.04)
From dividends	(0.08)	(0.38)	(0.21)	(0.18)	(0.22)	(0.27)
From capital gains	–	–	(0.24)	(0.28)	(0.37)	–
Return of capital	(0.16)	(0.09)	(0.13)	(0.18)	(0.12)	(0.43)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.24)</b>	<b>(0.47)</b>	<b>(0.61)</b>	<b>(0.67)</b>	<b>(0.74)</b>	<b>(0.74)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>9.58</b>	<b>9.36</b>	<b>8.90</b>	<b>10.99</b>	<b>10.50</b>	<b>10.66</b>

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

For the periods ended	Mar 31, 2017	Sept 30, 2016	Sept 30, 2015	Sept 30, 2014	Sept 30, 2013	Sept 30, 2012
Total Net Asset Value (\$000's)	446,955	475,321	572,357	902,382	687,808	669,780
Number of units outstanding (000's)	46,667	50,780	64,334	82,098	65,401	62,702
Management expense ratio <sup>(5)</sup>	2.40%~	2.41%	2.40%	2.40%	2.40%	2.39%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	2.41%~	2.46%	2.40%	2.40%	2.42%	2.39%
Trading expense ratio <sup>(7)</sup>	0.24%~	0.27%	0.16%	0.13%	0.20%	0.09%
Portfolio turnover rate <sup>(8)</sup>	44.70%	99.90%	54.52%	79.56%	87.33%	39.94%
Net Asset Value per unit	9.58	9.36	8.90	10.99	10.52	10.68

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

For the periods ended	Mar 31, 2017 (\$)	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>10.41</b>	<b>9.77</b>	<b>11.91</b>	<b>11.26</b>	<b>11.29</b>	<b>10.80</b>
<b>Increase (decrease) from operations:</b>						
Total revenue	0.23	0.46	0.50	0.52	0.56	0.56
Total expenses	(0.08)	(0.15)	(0.16)	(0.17)	(0.14)	(0.14)
Realized gains (losses)	0.28	(0.55)	(0.28)	0.68	0.64	0.18
Unrealized gains (losses)	0.14	1.38	(1.52)	0.23	(0.31)	0.55
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.57</b>	<b>1.14</b>	<b>(1.46)</b>	<b>1.26</b>	<b>0.75</b>	<b>1.15</b>
<b>Distributions:</b>						
From income (excluding dividends)	–	–	(0.06)	(0.05)	(0.05)	(0.05)
From dividends	(0.18)	(0.46)	(0.34)	(0.31)	(0.30)	(0.42)
From capital gains	–	–	(0.26)	(0.28)	(0.34)	–
Return of capital	(0.09)	(0.06)	(0.01)	(0.08)	(0.10)	(0.31)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.27)</b>	<b>(0.52)</b>	<b>(0.67)</b>	<b>(0.72)</b>	<b>(0.79)</b>	<b>(0.78)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>10.72</b>	<b>10.41</b>	<b>9.77</b>	<b>11.91</b>	<b>11.24</b>	<b>11.29</b>

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

For the periods ended	Mar 31, 2017	Sept 30, 2016	Sept 30, 2015	Sept 30, 2014	Sept 30, 2013	Sept 30, 2012
Total Net Asset Value (\$000's)	18,100	15,329	15,509	23,266	16,538	17,356
Number of units outstanding (000's)	1,689	1,473	1,588	1,953	1,469	1,535
Management expense ratio <sup>(5)</sup>	1.13%~	1.12%	1.12%	1.17%	1.25%	1.24%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	1.13%~	1.12%	1.12%	1.17%	1.25%	1.24%
Trading expense ratio <sup>(7)</sup>	0.24%~	0.27%	0.16%	0.13%	0.20%	0.09%
Portfolio turnover rate <sup>(8)</sup>	44.70%	99.90%	54.52%	79.56%	87.33%	39.94%
Net Asset Value per unit	10.72	10.41	9.77	11.91	11.26	11.31

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

For the periods ended	Mar 31, 2017 (\$)	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>Increase (decrease) from operations:</b>						
Total revenue	0.09	–	–	–	–	–
Total expenses	(0.01)	–	–	–	–	–
Realized gains (losses)	0.38	–	–	–	–	–
Unrealized gains (losses)	0.03	–	–	–	–	–
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.49</b>	–	–	–	–	–
<b>Distributions:</b>						
From income (excluding dividends)	–	–	–	–	–	–
From dividends	–	–	–	–	–	–
From capital gains	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>10.50</b>	–	–	–	–	–

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

For the periods ended	Mar 31, 2017	Sept 30, 2016	Sept 30, 2015	Sept 30, 2014	Sept 30, 2013	Sept 30, 2012
Total Net Asset Value (\$000's)	1	–	–	–	–	–
Number of units outstanding (000's)	1	–	–	–	–	–
Management expense ratio <sup>(5)</sup>	–	–	–	–	–	–
Management expense ratio before waivers or absorptions <sup>(6)</sup>	44629.20%~	–	–	–	–	–
Trading expense ratio <sup>(7)</sup>	0.24%~	–	–	–	–	–
Portfolio turnover rate <sup>(8)</sup>	44.70%	–	–	–	–	–
Net Asset Value per unit	10.50	–	–	–	–	–

\* represents initial Net Assets

~ annualized

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

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

For the periods ended	Mar 31, 2017 (\$)	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)	Sept 30, 2012 (\$)
Net Assets, beginning of period <sup>(1)</sup>	9.57	8.88	10.76	10.27	10.00*	–
<b>Increase (decrease) from operations:</b>						
Total revenue	0.22	0.35	0.45	0.48	0.44	–
Total expenses	(0.02)	(0.03)	(0.03)	(0.03)	–	–
Realized gains (losses)	0.27	(0.47)	(0.19)	0.68	0.44	–
Unrealized gains (losses)	0.05	1.23	(1.37)	0.07	(0.24)	–
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.52</b>	<b>1.08</b>	<b>(1.14)</b>	<b>1.20</b>	<b>0.64</b>	–
<b>Distributions:</b>						
From income (excluding dividends)	–	–	(0.06)	(0.07)	(0.04)	–
From dividends	(0.40)	(0.40)	(0.37)	(0.50)	(0.23)	–
From capital gains	–	–	(0.23)	(0.30)	(0.27)	–
Return of capital	–	(0.07)	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.40)</b>	<b>(0.47)</b>	<b>(0.66)</b>	<b>(0.87)</b>	<b>(0.54)</b>	–
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>9.75</b>	<b>9.57</b>	<b>8.88</b>	<b>10.76</b>	<b>10.25</b>	–

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

For the periods ended	Mar 31, 2017	Sept 30, 2016	Sept 30, 2015	Sept 30, 2014	Sept 30, 2013	Sept 30, 2012
Total Net Asset Value (\$000's)	5,344	2,392	3,739	6,961	2,998	–
Number of units outstanding (000's)	548	250	421	647	292	–
Management expense ratio <sup>(5)</sup>	–	–	–	–	–	–
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.18%~	0.05%	0.11%	0.12%	0.26%~	–
Trading expense ratio <sup>(7)</sup>	0.24%~	0.27%	0.16%	0.13%	0.20%	–
Portfolio turnover rate <sup>(8)</sup>	44.70%	99.90%	54.52%	79.56%	87.33%	–
Net Asset Value per unit	9.75	9.57	8.88	10.76	10.27	–

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

For the periods ended	Mar 31, 2017 (\$)	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)	Sept 30, 2012 (\$)
Net Assets, beginning of period <sup>(1)</sup>	10.91	10.13	12.28	11.87	11.76	11.12
<b>Increase (decrease) from operations:</b>						
Total revenue	0.25	0.46	0.51	0.54	0.61	0.58
Total expenses	(0.02)	(0.04)	(0.03)	(0.03)	–	–
Realized gains (losses)	0.26	(0.53)	(0.36)	0.77	0.74	0.19
Unrealized gains (losses)	0.15	1.55	(1.63)	(0.03)	(0.40)	0.74
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.64</b>	<b>1.44</b>	<b>(1.51)</b>	<b>1.25</b>	<b>0.95</b>	<b>1.51</b>
<b>Distributions:</b>						
From income (excluding dividends)	–	–	(0.07)	(0.10)	(0.03)	(0.07)
From dividends	(0.25)	(0.52)	(0.42)	(0.66)	(0.31)	(0.50)
From capital gains	–	–	(0.25)	(0.39)	(0.32)	–
Return of capital	(0.03)	(0.02)	–	–	(0.16)	(0.24)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.28)</b>	<b>(0.54)</b>	<b>(0.74)</b>	<b>(1.15)</b>	<b>(0.82)</b>	<b>(0.81)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>11.29</b>	<b>10.91</b>	<b>10.13</b>	<b>12.28</b>	<b>11.84</b>	<b>11.76</b>

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

For the periods ended	Mar 31, 2017	Sept 30, 2016	Sept 30, 2015	Sept 30, 2014	Sept 30, 2013	Sept 30, 2012
Total Net Asset Value (\$000's)	196,869	138,945	113,569	199,633	54,516	39,558
Number of units outstanding (000's)	17,430	12,737	11,208	16,260	4,594	3,357
Management expense ratio <sup>(5)</sup>	–	–	–	–	–	–
Management expense ratio before waivers or absorptions <sup>(6)</sup>	1.17%~	1.17%	1.16%	1.15%	1.16%	1.15%
Trading expense ratio <sup>(7)</sup>	0.24%~	0.27%	0.16%	0.13%	0.20%	0.09%
Portfolio turnover rate <sup>(8)</sup>	44.70%	99.90%	54.52%	79.56%	87.33%	39.94%
Net Asset Value per unit	11.29	10.91	10.13	12.28	11.87	11.78

\* represents initial Net Assets  
~ annualized

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

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

For the periods ended	Mar 31, 2017 (\$)	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)	Sept 30, 2012 (\$)
Net Assets, beginning of period <sup>(1)</sup>	10.58	10.34	13.07	12.72	13.03	12.76
<b>Increase (decrease) from operations:</b>						
Total revenue	0.23	0.46	0.54	0.57	0.63	0.65
Total expenses	(0.15)	(0.29)	(0.32)	(0.34)	(0.30)	(0.30)
Realized gains (losses)	0.28	(0.60)	(0.29)	0.70	0.73	0.21
Unrealized gains (losses)	0.16	1.43	(1.57)	0.48	(0.37)	0.75
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.52</b>	<b>1.00</b>	<b>(1.64)</b>	<b>1.41</b>	<b>0.69</b>	<b>1.31</b>
<b>Distributions:</b>						
From income (excluding dividends)	–	–	(0.04)	(0.04)	(0.03)	(0.03)
From dividends	(0.09)	(0.27)	(0.24)	(0.23)	(0.28)	(0.29)
From capital gains	–	–	(0.29)	(0.41)	(0.52)	–
Return of capital	(0.32)	(0.57)	(0.42)	(0.36)	(0.20)	(0.75)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.41)</b>	<b>(0.84)</b>	<b>(0.99)</b>	<b>(1.04)</b>	<b>(1.03)</b>	<b>(1.07)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>10.68</b>	<b>10.58</b>	<b>10.34</b>	<b>13.07</b>	<b>12.70</b>	<b>13.03</b>

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

For the periods ended	Mar 31, 2017	Sept 30, 2016	Sept 30, 2015	Sept 30, 2014	Sept 30, 2013	Sept 30, 2012
Total Net Asset Value (\$000's)	29,890	31,561	40,249	67,921	77,219	94,297
Number of units outstanding (000's)	2,799	2,984	3,891	5,196	6,070	7,225
Management expense ratio <sup>(5)</sup>	2.36%~	2.37%	2.34%	2.33%	2.35%	2.32%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	2.36%~	2.37%	2.34%	2.33%	2.35%	2.32%
Trading expense ratio <sup>(7)</sup>	0.24%~	0.27%	0.16%	0.13%	0.20%	0.09%
Portfolio turnover rate <sup>(8)</sup>	44.70%	99.90%	54.52%	79.56%	87.33%	39.94%
Net Asset Value per unit	10.68	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 and unaudited interim 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.

Total Net Asset Value and number of units outstanding presented as at September 30, 2015 may have been adjusted to include certain transactions, if applicable, for the purpose of comparability with subsequent reporting periods. 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 I Units	October 2016
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 exchange traded funds ("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 I, 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%	46.44%	53.56%
Series F Units	0.90%	–	100.00%
Series S Units	1.00%	–	100.00%
Series T Units	2.00%	48.18%	51.82%

## 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. Series I Units commenced operations in October 2016. 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.

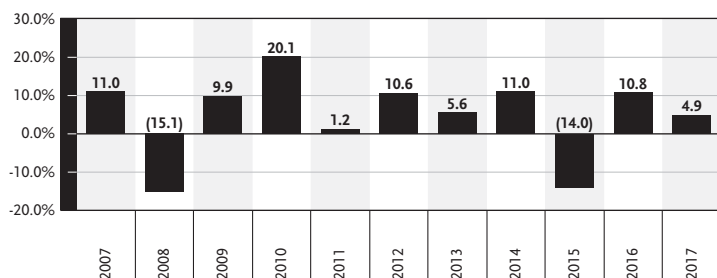
All rates of return are calculated based on the Net Asset Value.

### Year-By-Year Returns

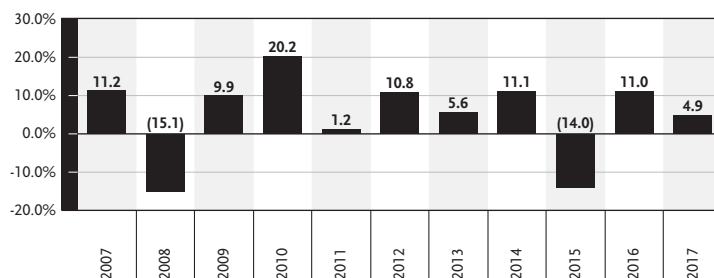
The following bar charts show the Fund's annual performance for each of the past 10 years to September 30, 2016 (interim performance for the six months ended March 31, 2017) as applicable, and illustrate how the Fund's performance has changed from year to year. The charts show, in percentage terms, how 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.

\* The indicated rates of return shown here are the historical 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.

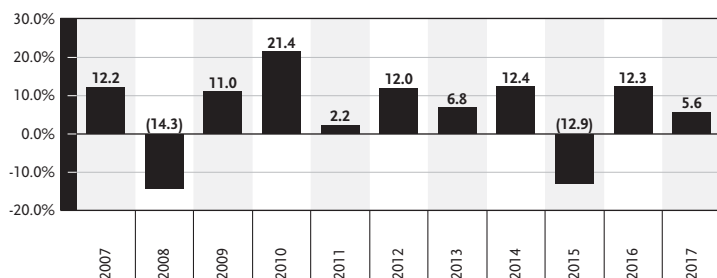
## Mutual Fund Units



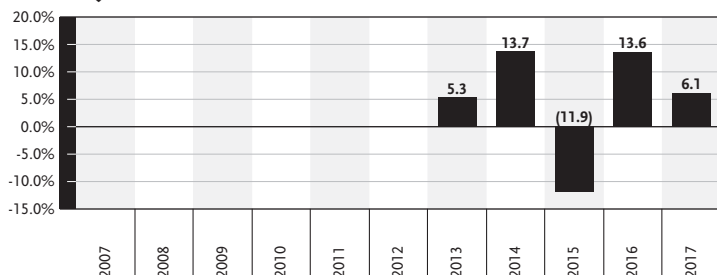
## Series T Units



## Series F Units

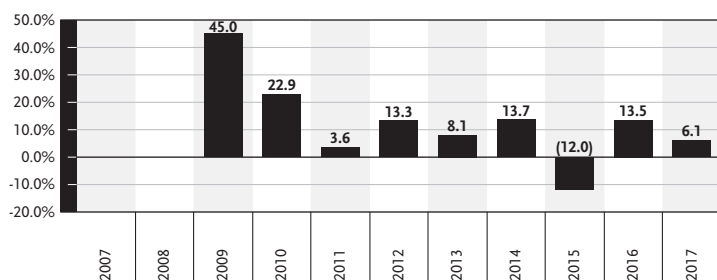


## Series Q Units



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.

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

## Summary of Investment Portfolio

As at March 31, 2017

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 June 30, 2017.

Portfolio by Country	Percentage of Net Asset Value (%)
Canada	56.3
United States	24.7
United Kingdom	4.8
Cash & Cash Equivalents	2.6
Hong Kong	2.4
Italy	1.7
Germany	1.6
South Africa	1.3
Japan	0.9
Mexico	0.5
Luxembourg	0.5
Brazil	0.4
Peru	0.3
Argentina	0.3
Hungary	0.3
Dominican Republic	0.3
Paraguay	0.2
Ireland	0.2
Israel	0.2
Foreign Exchange Forward Contracts	0.2
South Korea	0.2
Romania	0.1
Cayman Islands	0.1
Switzerland	0.1
Turkey	0.1
Belize	0.1
Netherlands	0.0

# AGF Monthly High Income Fund

MARCH 31, 2017

<b>Portfolio by Sector</b>	<b>Percentage of Net Asset Value (%)</b>
Energy	14.9
Corporate Bonds	12.7
Materials	10.3
Consumer Discretionary	9.5
Financials	9.0
Provincial Bonds	5.7
Government Bonds	5.3
High Yield Bonds	4.8
Information Technology	4.3
Health Care	4.1
Utilities	3.7
Consumer Staples	3.6
Telecommunication Services	3.0
Cash & Cash Equivalents	2.6
Emerging Markets Bonds	2.1
Government Guaranteed Investments	2.0
Industrials	1.8
Supranational Bonds	0.8
Foreign Exchange Forward Contracts	0.2

<b>Portfolio by Asset Mix</b>	<b>Percentage of Net Asset Value (%)</b>
Canadian Equity	33.7
Canadian Fixed Income	22.6
United States Equity	17.8
International Equity	12.7
United States Fixed Income	6.9
International Fixed Income	3.9
Cash & Cash Equivalents	2.6
Foreign Exchange Forward Contracts	0.2

<b>Portfolio by Credit Rating<sup>††</sup></b>	<b>Percentage of Net Asset Value (%)</b>
AAA	7.7
AA	2.4
A	8.3
BBB	7.4
BB	4.4
B	4.1
CCC	0.4
CC	0.2
C	0.0
Not Rated	1.7

<b>Top Holdings</b>	<b>Percentage of Net Asset Value (%)</b>
Government of Canada <sup>**</sup>	4.6
Province of Ontario <sup>**</sup>	2.7
Canada Housing Trust <sup>**</sup>	2.0
PRADA SpA	1.7
HUGO BOSS AG	1.6
Corus Entertainment Inc.	1.5
Capital Power Corporation	1.5
LyondellBasell Industries NV	1.4
Brookfield Asset Management Inc.	1.4
Diageo PLC	1.4
Las Vegas Sands Corporation	1.4
Lam Research Corporation	1.4
Bonterra Energy Corporation	1.4
Pfizer Inc.	1.3
Just Energy Group Inc.	1.3
Analog Devices Inc.	1.3
Shaw Communications Inc.	1.3
Gluskin Sheff + Associates Inc.	1.3
Vermilion Energy Inc.	1.3
MTN Group Limited	1.3
GlaxoSmithKline PLC	1.3
CME Group Inc.	1.3
Amgen Inc.	1.3
Manulife Financial Corporation	1.3
Franco-Nevada Corporation	1.3

**Total Net Asset Value (thousands of dollars) \$ 697,159**

<sup>††</sup> 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.

<sup>\*\*</sup> Debt Instruments





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