INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

**AGF** MUTUAL FUNDS

# AGF Global Select Fund

MARCH 31, 2016

AGF

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## Management Discussion of Fund Performance

This management discussion of fund performance represents the portfolio management team's view of the significant factors and developments affecting the fund's performance and outlook.

**Results of Operations**

For the six months ended March 31, 2016, the Mutual Fund Units of AGF Global Select Fund (the "Fund") returned −1.9% (net of expenses) while the MSCI All Country World Index returned 3.1%. 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 MSCI All Country World Index due to negative security selection. Security selection in the consumer discretionary, information technology and telecommunication services sectors detracted from relative performance, partially offset by strong security selection in the health care and consumer staples sectors. Overall sector allocation effect was positive and an offsetting factor, as an average underweight allocation to the financials sector (5.3% versus 20.5%) and an average overweight allocation to the information technology sector (33.5% versus 14.8%) contributed to relative performance.

From a geographic perspective, the Fund's allocation to Taiwan, South Korea, and Canada contributed to relative performance, while exposure to the U.S., Japan and the Netherlands detracted. In terms of individual holdings, the top contributors were Silicon Motion Technology Corporation ADR, M3 Inc. and Allergan PLC, while the top detractors were Ted Baker PLC, Alliance Data Systems Corporation and NXP Semiconductors NV. The Fund sold its holdings in Allergan PLC and realized profits during the reporting period. As at March 31, 2016, the Fund no longer held any positions in Alliance Data Systems Corporation and NXP Semiconductors NV.

The Fund had net redemptions of approximately $1 million for the current period, as compared to net redemptions of approximately $5 million in the prior period. The portfolio manager does not believe that redemption activity had a meaningful impact on the Fund's performance or the ability to implement its investment strategy.

Total expenses before foreign withholding taxes, commissions and other portfolio transaction costs vary period over period mainly as a result of changes in average Net Asset Values (see Explanatory Note (1) a)) and investor activity, such as number of investor accounts and transactions. Expenses have increased as compared to the previous period due mainly to an increase in average Net Asset Values. In particular, custodian fees increased due to the change in third party service provider during the current period. The increase in audit fees and annual and interim reports were due to variances between the accrued amounts versus the actual expenses incurred in the previous period. All other expenses remained fairly consistent throughout the periods.

**Recent Developments**

With U.S. equities experiencing a turbulent start in calendar year 2016, investors began to debate whether or not the U.S. economy was headed towards a recession. The fear in early 2016 was that turmoil in emerging markets and the commodities sector was impacting the U.S. economy, which had been sluggish and showed some signs of slowing in late 2015 and early 2016. There were also fears that policymakers lacked the tools or willingness to take action to reduce the impact of these challenging factors. However, a number of signs pointed to a different story. U.S. economic data released in early 2016 including payroll readings, unemployment claims, housing and core bank loan growth was relatively strong and assuaged recession fears.

Due to relatively strong employment growth in the U.S., there has been some concern that, as the economy approaches full employment, inflation pressures may increase. Nevertheless, inflation remained subdued throughout the reporting period and with global economic risks gathering, the U.S. Federal Reserve (the "Fed") postponed increasing its federal funds rate any further after making an initial rate hike in December 2015.

In the portfolio manager's view, the market's ability to register new highs is predicated on a view with no recession in the near term, which should translate to rising corporate earnings. The view of U.S. resiliency for its economic growth in the face of international weakness is based on the ongoing improvement for consumer spending supported by gains in employment conditions and the favourable impact from lower oil prices; a housing market recovery that continues to be substantially below previous peak conditions and actually closer to trough by some measures; government spending swinging to providing a fiscal boost; and a capital expenditure rebound as excess inventories are drawn down.

The portfolio manager's view on the road ahead for the equity markets is similar to the one held one year ago. The latest twelve months have witnessed a market moving sideways, in part reflecting the earnings, which have also remained flat. The portfolio manager's view from a year ago that market appreciation will not be driven by higher valuation levels seems to have played out, although a lack of progress for corporate earnings was not anticipated.

Looking ahead, the portfolio manager continues to believe that further gains in the stock market will require reaccelerating corporate profits. While the current consensus is for a modest rebound of 4.0%, one should keep in mind that actual earnings have surpassed consensus by 3.0% – 4.0% and thus an upper-single-digit market appreciation may be warranted. In the portfolio manager's opinion, there are a number of caveats to this forecast, including more-aggressive-than-anticipated interest rate hikes by the Fed as employment growth continues, a

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 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.

resumption of U.S. dollar appreciation, further deterioration of global economic growth especially emanating from China and more countries moving to negative interest rates.

The portfolio manager believes that the recent volatility is an opportunity to reset. In cases where guidance has been unfavourable, the Fund positions have been sold off based on the belief that the fundamental growth thesis may have eroded. However, the Fund remains overweight to names that are believed to be well positioned to benefit from secular themes such as cloud, social media/mobile app, IT analytics/security, etc. The portfolio manager believes that over the long-term, companies that are capturing market share and delivering superior growth will outperform and deliver alpha. Alpha is the excess return of the portfolio over the benchmark.

**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 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 $444,000 were incurred by the Fund during the six month period ended March 31, 2016.

Effective February 15, 2016, AGF CustomerFirst Inc., a wholly owned subsidiary of AGF Management Limited, provides transfer agency services to the Fund pursuant to a services agreement with AGFI.

**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 six months ended March 31, 2016 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[1]**

| For the periods ended | Mar 31, 2016 ($) | Sept 30, 2015 ($) | Sept 30, 2014 ($) | Sept 30, 2013 ($) | Sept 30, 2012 ($) | Sept 30, 2011 ($) |
|---|---|---|---|---|---|---|
| **Net Assets, beginning of period[1]** | **12.24** | **10.28** | **9.30** | **7.53** | **6.82** | **6.99** |
| **Increase (decrease) from operations:** | | | | | | |
| Total revenue | 0.04 | 0.09 | 0.06 | 0.07 | 0.07 | 0.05 |
| Total expenses | (0.22) | (0.41) | (0.36) | (0.27) | (0.24) | (0.24) |
| Realized gains (losses) | 0.96 | 2.89 | 1.17 | 1.12 | 0.56 | 1.16 |
| Unrealized gains (losses) | (1.02) | (0.55) | 0.05 | 0.78 | 0.34 | (0.92) |
| **Total increase (decrease) from operations[2]** | **(0.24)** | **2.02** | **0.92** | **1.70** | **0.73** | **0.05** |
| **Distributions:** | | | | | | |
| From income (excluding dividends) | – | – | – | – | – | – |
| From dividends | – | – | – | – | – | – |
| From capital gains | – | – | – | – | – | – |
| Return of capital | – | – | – | – | – | – |
| **Total annual distributions[3]** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Net Assets, end of period[4]** | **12.01** | **12.24** | **10.28** | **9.29** | **7.53** | **6.82** |

**Mutual Fund Units – Ratios/Supplemental Data[1]**

| For the periods ended | Mar 31, 2016 | Sept 30, 2015 | Sept 30, 2014 | Sept 30, 2013 | Sept 30, 2012 | Sept 30, 2011 |
|---|---|---|---|---|---|---|
| Total Net Asset Value ($000's) | 35,162 | 36,902 | 36,718 | 34,138 | 34,739 | 35,968 |
| Number of units outstanding (000's) | 2,928 | 3,015 | 3,573 | 3,671 | 4,612 | 5,268 |
| Management expense ratio[5] | 3.24%~ | 3.26% | 3.28% | 3.31% | 3.29% | 3.26% |
| Management expense ratio before waivers or absorptions[6] | 3.36%~ | 3.26% | 3.34% | 3.54% | 3.47% | 3.39% |
| Trading expense ratio[7] | 0.18%~ | 0.16% | 0.15% | 0.29% | 0.19% | 0.34% |
| Portfolio turnover rate[8] | 48.56% | 86.62% | 76.72% | 145.79% | 126.06% | 143.42% |
| Net Asset Value per unit | 12.01 | 12.24 | 10.28 | 9.30 | 7.53 | 6.83 |

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

### Series F Units – Net Assets per Unit[1]

| For the periods ended | Mar 31, 2016 ($) | Sept 30, 2015 ($) | Sept 30, 2014 ($) | Sept 30, 2013 ($) | Sept 30, 2012 ($) | Sept 30, 2011 ($) |
|---|---|---|---|---|---|---|
| **Net Assets, beginning of period[1]** | **14.23** | **11.70** | **10.47** | **8.39** | **7.52** | **7.63** |
| **Increase (decrease) from operations:** | | | | | | |
| Total revenue | 0.09 | 0.10 | 0.08 | 0.08 | 0.08 | 0.07 |
| Total expenses | (0.15) | (0.25) | (0.26) | (0.21) | (0.19) | (0.18) |
| Realized gains (losses) | 1.05 | 3.37 | 1.10 | 1.28 | 0.57 | 0.69 |
| Unrealized gains (losses) | (1.27) | (1.13) | (1.22) | 0.90 | 0.80 | (1.82) |
| **Total increase (decrease) from operations[2]** | **(0.28)** | **2.09** | **(0.30)** | **2.05** | **1.26** | **(1.24)** |
| **Distributions:** | | | | | | |
| From income (excluding dividends) | – | – | – | – | – | – |
| From dividends | – | – | – | – | – | – |
| From capital gains | – | – | – | – | – | – |
| Return of capital | – | – | – | – | – | – |
| **Total annual distributions[3]** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Net Assets, end of period[4]** | **14.08** | **14.23** | **11.70** | **10.46** | **8.39** | **7.52** |

### Series F Units – Ratios/Supplemental Data[1]

| For the periods ended | Mar 31, 2016 | Sept 30, 2015 | Sept 30, 2014 | Sept 30, 2013 | Sept 30, 2012 | Sept 30, 2011 |
|---|---|---|---|---|---|---|
| Total Net Asset Value ($000's) | 1,346 | 1,235 | 1,160 | 330 | 314 | 668 |
| Number of units outstanding (000's) | 96 | 87 | 99 | 32 | 37 | 89 |
| Management expense ratio[5] | 1.57%~ | 1.58% | 2.03% | 2.28% | 2.28% | 2.24% |
| Management expense ratio before waivers or absorptions[6] | 2.28%~ | 2.19% | 2.57% | 4.68% | 4.54% | 4.00% |
| Trading expense ratio[7] | 0.18%~ | 0.16% | 0.15% | 0.29% | 0.19% | 0.34% |
| Portfolio turnover rate[8] | 48.56% | 86.62% | 76.72% | 145.79% | 126.06% | 143.42% |
| Net Asset Value per unit | 14.08 | 14.23 | 11.70 | 10.47 | 8.39 | 7.53 |

**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.

For the purpose of comparability with the period ended March 31, 2016, total net asset value and number of units outstanding presented for the period ended September 30, 2015 have been adjusted to include certain transactions. 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 |

(2) Net Assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash/reinvested in additional units of the Fund, or both. The computation of the distributions per unit does not take into account the management fee distributions (see note 5 below). The characterization of the distributions is based on management's estimate of the actual income for the year.

(4) This is not a reconciliation of the beginning and ending Net Assets per unit.

(5) The management expense ratio ("MER") of a particular series is calculated in accordance with National Instrument 81-106, based on all the expenses of the Fund (including Harmonized Sales Tax, Goods and Services Tax and interest, but excluding foreign withholding taxes, commissions and other portfolio transaction costs) allocated to that series divided by the average daily Net Asset Value of that series during the period.

AGFI may reduce the effective management fee payable by some unitholders by reducing the management fee it charges to the Fund and directing the Fund to make management fee distributions to these unitholders in amounts equal to the amounts of the management fee reduction. The MER does not take into account the reduction in management fees due to management fee distributions to unitholders.

(6) AGFI waived certain fees or absorbed certain expenses otherwise payable by the Fund. The amount of expenses waived or absorbed is determined annually on a series by series basis at the discretion of AGFI and AGFI can terminate the waiver or absorption at any time.

(7) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average daily Net Asset Value during the period.

(8) The Fund's portfolio turnover rate ("PTR") indicates how actively the Fund's portfolio advisor manages its portfolio investments. A PTR of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's PTR in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

PTR is calculated based on the lesser of the cumulative cost of purchases or cumulative proceeds of sales divided by the average market value of the portfolio, excluding short-term investments.

## Management Fees

The Fund is managed by AGFI. As a result of providing investment and management services, AGFI receives a monthly management fee, based on the Net Asset Value of the respective series, calculated daily and payable monthly. Management fees in respect of Series O, Series Q and Series W Units, if applicable, are arranged directly between the Manager and investors and are not expenses of the Fund. AGFI uses these management fees to pay for sales and trailing commissions to registered dealers on the distribution of the Fund's units, investment advice, as well as for general administrative expenses such as overhead, salaries, rent, legal and accounting fees relating to AGFI's role as manager.

| | | As a percentage of management fees | |
|---|---|---|---|
| | Annual Rates | Dealer compensation | General administration and investment advice |
| Mutual Fund Units | 2.35% | 40.96% | 59.04% |
| Series F 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.

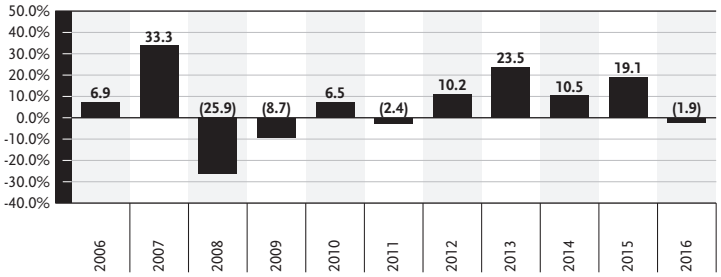
It is AGFI's policy to report rates of return for series in existence greater than one year. The performance start date for each series represents the date of the first purchase of such series, excluding seed money.

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

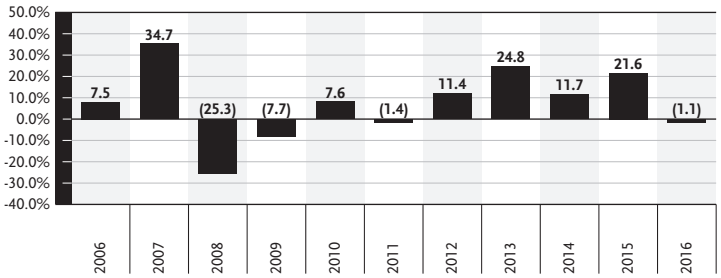
**Year-By-Year Returns**

The following bar charts show the Fund's annual performance for each of the past 10 years to September 30, 2015 (interim performance for the six months ended March 31, 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




## Summary of Investment Portfolio

As at March 31, 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 June 30, 2016.

| Portfolio by Country | Percentage of Net Asset Value (%) |
|---|---|
| United States | 61.2 |
| Japan | 14.3 |
| Canada | 4.3 |
| Cash & Cash Equivalents | 4.3 |
| Denmark | 3.7 |
| South Korea | 3.6 |
| United Kingdom | 3.1 |
| Spain | 2.6 |
| Taiwan | 2.6 |

| Portfolio by Sector | Percentage of Net Asset Value (%) |
|---|---|
| Consumer Discretionary | 32.6 |
| Information Technology | 31.8 |
| Materials | 6.8 |
| Health Care | 6.7 |
| Telecommunication Services | 5.8 |
| Financials | 4.9 |
| Cash & Cash Equivalents | 4.3 |
| Consumer Staples | 3.5 |
| Industrials | 3.3 |

| Portfolio by Asset Mix | Percentage of Net Asset Value (%) |
|---|---|
| United States Equity | 61.2 |
| International Equity | 29.9 |
| Canadian Equity | 4.3 |
| Cash & Cash Equivalents | 4.3 |

* 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.

# AGF Global Select Fund

MARCH 31, 2016

| Top Holdings | Percentage of Net Asset Value (%) |
|---|---|
| Amazon.com Inc. | 4.8 |
| M3 Inc. | 4.4 |
| Sony Corporation | 4.4 |
| Shopify Inc. | 4.3 |
| Facebook Inc. | 4.0 |
| Fleetmatics Group PLC | 4.0 |
| Ultimate Software Group Inc. | 4.0 |
| Chr. Hansen Holding AS | 3.7 |
| Lennar Corporation | 3.7 |
| LG Display Company Limited | 3.6 |
| Sprouts Farmers Market Inc. | 3.5 |
| salesforce.com inc. | 3.5 |
| T-Mobile US Inc. | 3.4 |
| Alphabet Inc. | 3.4 |
| Robert Half International Inc. | 3.3 |
| Skechers U.S.A. Inc. | 3.3 |
| H.I.S. Company Limited | 3.2 |
| Ted Baker PLC | 3.1 |
| The Charles Schwab Corporation | 3.0 |
| Vulcan Materials Company | 3.0 |
| IMAX Corporation | 2.7 |
| Industria de Diseno Textil SA | 2.6 |
| Silicon Motion Technology Corporation | 2.5 |
| Kate Spade & Company | 2.5 |
| Sabre Corporation | 2.5 |
| **Total Net Asset Value (thousands of dollars)** | **$ 36,508** |

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For more information contact your investment advisor or:

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Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

The payment of distributions should not be confused with a fund's performance, rate of return or yield. If distributions paid by the fund are greater than the performance of the fund, your original investment will shrink. Distributions paid as a result of capital gains realized by a fund, and income and dividends earned by a fund are taxable in your hands in the year they are paid. Your adjusted cost base will be reduced by the amount of any returns of capital. If your adjusted cost base falls below zero, you will have to pay capital gains tax on the amount below zero.

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