

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

# AGF Diversified Income Class

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 Shares of AGF Diversified Income Class (the "Fund") returned 1.5% (net of expenses) while the FTSE TMX Canada Universe Bond Index ("FTSE TMX Universe Bond Index") and the Blended Benchmark returned -2.2% and 1.9%, respectively. The Blended Benchmark is composed of 50% FTSE TMX Universe Bond Index/25% Bloomberg Barclays U.S. Corporate High-Yield Bond Index (local\$)/15% MSCI All Country World Index (local\$)/10% S&P/TSX Composite Index. The performance of the other series of the Fund is substantially similar to that of Mutual Fund Shares, save for differences in expense structure. Refer to "Past Performance" section for the performance information of such series.

The Fund holds Series S Units of AGF Diversified Income Fund (the "Underlying Fund"), a fund managed by AGF Investments Inc. ("AGFI"). The discussion below references performance figures of Mutual Fund Units of the Underlying Fund. The performance of Series S Units is substantially similar to that of the Mutual Fund Units, save for differences in expense structure.

The Fund out-performed the FTSE TMX Universe Bond Index due to the Underlying Fund's inclusion of equities, high yield bonds and convertible bonds in its portfolio along with the Underlying Fund's greater exposure to investment grade corporate bonds, as these securities generally out-performed during the reporting period. In addition, the Underlying Fund's slightly shorter duration stance, relative to the FTSE TMX Universe Bond Index, also contributed positively as a result of rising bond yields over the reporting period. Duration exposure is the sensitivity of the portfolio due to changes in interest rates.

The Fund under-performed the Blended Benchmark due to security selection and sector allocation in the Underlying Fund. In particular, the Underlying Fund's security selection in the materials, industrials and consumer staples sectors detracted from performance, although this was partially offset by its security selection in the real estate, information technology and financials sectors. The Underlying Fund's lower exposure to the financials sector and greater exposure to the health care and consumer staples sectors also detracted from performance. This was partially offset by the Underlying Fund's greater exposure to the information technology sector and lower exposure to the real estate and energy sectors, all of which contributed. The Underlying Fund's under-performance relative to the Blended Benchmark was also partially offset by its higher exposure to the U.S., its slightly higher exposure to high

yield bonds and equities, and its inclusion of convertible bonds. From a duration perspective, the Underlying Fund's shorter duration stance also contributed amid higher yields during the reporting period.

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

The Fund had net redemptions of approximately \$4 million for the current period, as compared to net subscriptions of approximately \$2 million in the prior period. 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 (see Explanatory Note (1) a)) and investor activity, such as number of investor accounts and transactions. The decrease in management fees accounted for most of the decrease in expenses during the period when compared to the previous period and this was due primarily to decreases in average Net Asset Values of Mutual Fund and Series F Shares. Shareholder servicing and administrative fees decreased due to non-recurring expenses incurred in the previous period. Annual and interim reports decreased due to a decrease in investor activity and custodian fees decreased due to renegotiated fee terms with third party service provider during the current period. On the contrary, audit fees and registration fees increased 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

In Canada, economic growth continues to rebound from the sluggishness of 2015 and early 2016 as energy prices recover and household consumption remains robust. In addition, should U.S. growth strengthen, exports in Canada could benefit. However, the record level of household debt, coupled with the implementation of several housing policy measures, may pose challenges to consumer spending. The portfolio manager believes the U.S. Federal Reserve is likely to raise policy rates further in the coming months, albeit at a gradual pace. Furthermore, the portfolio manager anticipates that the European Central Bank will announce a reduction in or cessation of asset purchases later in 2017, while the Bank of Canada will remain on hold this year as exports remain subdued and inflation and unemployment trends remain stable.

The major political risks that commenced in calendar year 2016 have been well telegraphed, and may not have as great a capacity to surprise in 2017. Nonetheless, markets were negatively impacted by the Trump administration's failed health care bill. Focus will now be on the current administration's ability to pass through pro-growth policies, such as tax

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.

# AGF Diversified Income Class

## (CLASS OF AGF ALL WORLD TAX ADVANTAGE GROUP LIMITED)

MARCH 31, 2017

reforms. Two major events to watch in 2017 are the elections in France starting in April and in Germany in September.

In the near term, the portfolio manager expects bond yields will likely remain range-bound should economic data remain healthy and geopolitical risk remain stable. However, yields are likely to move higher if global growth and inflation prospects become more favourable later in 2017, but they are unlikely to move substantially higher as the portfolio manager believes that significantly higher rates would likely start crimping economic activity.

The portfolio manager's outlook is currently mildly positive as economic growth momentum continues, partially offset by the somewhat elevated valuations of riskier asset classes. Consequently, the portfolio manager of the Underlying Fund prefers investment grade corporate bonds over government bonds, which may struggle if yields increase. The portfolio manager of the Underlying Fund remains neutral on high yield bonds and believes defaults should not be significant in the absence of a recession as corporate fundamentals have started to improve, though valuations are closer to the high end of their historical range. The portfolio manager believes that equities, and hence convertible bonds, should benefit from monetary and fiscal stimulus in calendar year 2017 as economic activity improves.

Effective January 1, 2017, the conversion of shares between two classes of a mutual fund corporation (including AGF All World Tax Advantage Group Limited) is treated as a disposition of shares at their fair market value as a result of amendments to the Income Tax Act (Canada). Previously, conversions between the Fund and other classes within AGF All World Tax Advantage Group Limited occurred on a tax-deferred basis.

### Related Party Transactions

AGFI is the manager ("Manager") 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 Shares, if applicable) pays management fees, calculated based on the Net Asset Value of the respective series of the Fund. Management fees of approximately \$288,000 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. Shareholder servicing and administrative fees of approximately \$25,000 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 share 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").

# AGF Diversified Income Class

(CLASS OF AGF ALL WORLD TAX ADVANTAGE GROUP LIMITED)

MARCH 31, 2017

## Mutual Fund Shares – Net Assets per Share<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>10.05</b>	<b>9.61</b>	<b>9.44</b>	<b>8.58</b>	<b>8.33</b>	<b>7.66</b>
<b>Increase (decrease) from operations:</b>						
Total revenue	0.24	0.46	0.52	0.43	0.58	0.54
Total expenses	(0.14)	(0.29)	(0.28)	(0.27)	(0.25)	(0.23)
Realized gains (losses)	0.04	0.04	0.09	0.07	0.02	(0.02)
Unrealized gains (losses)	(0.02)	0.21	(0.16)	0.54	(0.11)	0.37
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.12</b>	<b>0.42</b>	<b>0.17</b>	<b>0.77</b>	<b>0.24</b>	<b>0.66</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>10.20</b>	<b>10.05</b>	<b>9.61</b>	<b>9.44</b>	<b>8.58</b>	<b>8.33</b>

## Mutual Fund Shares – 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)	21,526	25,798	29,118	29,590	20,538	18,571
Number of shares outstanding (000's)	2,110	2,566	3,029	3,135	2,394	2,230
Management expense ratio <sup>(5)</sup>	2.84%~	2.93%	2.89%	2.94%	2.95%	2.91%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	2.84%~	2.93%	2.89%	2.98%	3.07%	3.17%
Trading expense ratio <sup>(7)</sup>	0.04%~	0.05%	0.05%	0.08%	0.10%	0.04%
Portfolio turnover rate <sup>(8)</sup>	5.71%	18.94%	16.43%	17.00%	18.54%	23.04%
Net Asset Value per share	10.20	10.05	9.61	9.44	8.58	8.33

## Series F Shares – Net Assets per Share<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>11.18</b>	<b>10.51</b>	<b>10.19</b>	<b>9.16</b>	<b>8.80</b>	<b>8.01</b>
<b>Increase (decrease) from operations:</b>						
Total revenue	0.26	0.51	0.57	0.46	0.62	0.56
Total expenses	(0.08)	(0.14)	(0.17)	(0.19)	(0.17)	(0.16)
Realized gains (losses)	0.04	0.04	0.10	0.08	0.02	(0.02)
Unrealized gains (losses)	0.01	0.15	(0.15)	0.56	(0.10)	0.41
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.23</b>	<b>0.56</b>	<b>0.35</b>	<b>0.91</b>	<b>0.37</b>	<b>0.79</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>11.43</b>	<b>11.18</b>	<b>10.51</b>	<b>10.19</b>	<b>9.16</b>	<b>8.80</b>

## Series F Shares – 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)	2,358	2,728	4,332	4,569	2,381	2,161
Number of shares outstanding (000's)	206	244	412	449	260	246
Management expense ratio <sup>(5)</sup>	1.41%~	1.29%	1.60%	1.89%	1.89%	1.88%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	1.41%~	1.29%	1.60%	1.98%	2.13%	2.35%
Trading expense ratio <sup>(7)</sup>	0.04%~	0.05%	0.05%	0.08%	0.10%	0.04%
Portfolio turnover rate <sup>(8)</sup>	5.71%	18.94%	16.43%	17.00%	18.54%	23.04%
Net Asset Value per share	11.43	11.18	10.51	10.19	9.16	8.80

## Series O Shares – Net Assets per Share<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>10.20</b>	<b>9.64*</b>	–	–	–	–
<b>Increase (decrease) from operations:</b>						
Total revenue	0.25	0.13	–	–	–	–
Total expenses	–	–	–	–	–	–
Realized gains (losses)	0.04	0.02	–	–	–	–
Unrealized gains (losses)	0.01	0.22	–	–	–	–
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.30</b>	<b>0.37</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>	<b>10.20</b>	–	–	–	–

## Series O Shares – 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)	8,923	8,708	–	–	–	–
Number of shares outstanding (000's)	850	854	–	–	–	–
Management expense ratio <sup>(5)</sup>	–	–	–	–	–	–
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.21%~	0.19%~	–	–	–	–
Trading expense ratio <sup>(7)</sup>	0.04%~	0.05%	–	–	–	–
Portfolio turnover rate <sup>(8)</sup>	5.71%	18.94%	–	–	–	–
Net Asset Value per share	10.50	10.20	–	–	–	–

## Series Q Shares – Net Assets per Share<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>13.36</b>	<b>12.41</b>	<b>11.84</b>	<b>10.45</b>	<b>10.00*</b>	–
<b>Increase (decrease) from operations:</b>						
Total revenue	0.32	0.96	0.65	0.53	0.67	–
Total expenses	–	–	–	–	–	–
Realized gains (losses)	0.05	0.10	0.11	0.09	0.01	–
Unrealized gains (losses)	0.02	0.57	(0.34)	0.59	(0.46)	–
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.39</b>	<b>1.63</b>	<b>0.42</b>	<b>1.21</b>	<b>0.22</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>13.75</b>	<b>13.36</b>	<b>12.41</b>	<b>11.84</b>	<b>10.45</b>	–

## Series Q Shares – 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)	22,019	20,592	14,667	9,206	4,159	–
Number of shares outstanding (000's)	1,602	1,541	1,182	778	398	–
Management expense ratio <sup>(5)</sup>	–	–	–	–	–	–
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.19%~	0.25%	0.25%	0.36%	0.62%~	–
Trading expense ratio <sup>(7)</sup>	0.04%~	0.05%	0.05%	0.08%	0.10%	–
Portfolio turnover rate <sup>(8)</sup>	5.71%	18.94%	16.43%	17.00%	18.54%	–
Net Asset Value per share	13.75	13.36	12.41	11.84	10.45	–

\* represents initial Net Assets

~ annualized

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

# AGF Diversified Income Class

## (CLASS OF AGF ALL WORLD TAX ADVANTAGE GROUP LIMITED)

MARCH 31, 2017

### 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 share presented in the financial statements ("Net Assets") was calculated using different valuation techniques for certain investments as required under Canadian GAAP. This had no impact on the Net Assets per share since the series net asset value per unit calculated for fund pricing purposes ("Net Asset Value") of the Underlying Fund held was the most readily and regularly available price as no bid prices were available. This remains unchanged with the adoption of IFRS effective October 1, 2014.

Total Net Asset Value and number of shares 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 share.

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 Shares	August 2007
Series F Shares	August 2007
Series O Shares	April 2016
Series Q Shares	December 2012

c) On October 1, 2011, shareholders of each of the outstanding classes of AGF All World Tax Advantage Group Limited formed by articles of amalgamation dated October 1, 2010 and two outstanding classes (Acuity Diversified Income Class and Acuity High Income Class) of Acuity Corporate Class Ltd. (the "Amalgamating Funds") amalgamated under the Business Corporations Act (Ontario) to form a new amalgamated corporation ("New Tax Advantage Group").

Pursuant to the amalgamation, shareholders of each of the Amalgamating Funds became shareholders of separate classes of New Tax Advantage Group. Shareholders of Acuity Diversified Income Class became shareholders of a new class of New Tax Advantage Group, named AGF Diversified Income Class. The amalgamation was effected by way of merger, with shares of each of the Amalgamating Funds exchanged on a one for one ratio for shares of new classes of New Tax Advantage Group. Each of the new classes of New Tax Advantage Group represents continuation of the predecessor fund.

d) On May 23, 2014, AGF High Income Class of New Tax Advantage Group merged into the Fund. The financial data of the Fund includes the results of operations of AGF High Income Class from the date of the merger.

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

(3) Dividends and distributions were paid in cash/reinvested in additional shares of the Fund, or both.

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

(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, income tax and interest, but excluding foreign withholding taxes, commissions and other portfolio transaction costs) attributable to that series, expressed as an annualized percentage of average daily Net Asset Value of that series during the period.

As a result of the Fund's investment in the Underlying Fund, the MER is calculated based on the expenses of the Fund allocated to that series, including expenses indirectly incurred by the Fund attributable to its investment in the Underlying Fund, divided by the average daily Net Asset Value of the series of the Fund during the period.

The Fund does not pay duplicate management fees on the portion of the assets that it invests in the Underlying Fund. Accordingly, AGFI will waive the management fees payable or paid by the Underlying Fund in order to avoid such duplication.

(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 ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average daily Net Asset Value during the period.

As a result of the Fund's investment in the Underlying Fund, the TER is calculated based on commissions and other portfolio transaction costs of the Fund, including such costs that are indirectly incurred by the Fund attributable to its investment in the Underlying Fund, divided by the average daily Net Asset Value of the Fund 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 Shares, 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 shares, 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 Shares	2.35%	35.96%	64.04%
Series F Shares	0.90%	—	100.00%

## Past Performance\*

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

Performance information for each of the past five periods to September 30, 2011 represents that of Acuity Diversified Income Class.

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 O Shares commenced operations in April 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 Class with the Fund (see Explanatory Note (1) d)) did not constitute a material change to the Fund and accordingly did not impact the ability of the Fund to maintain its historical performance.

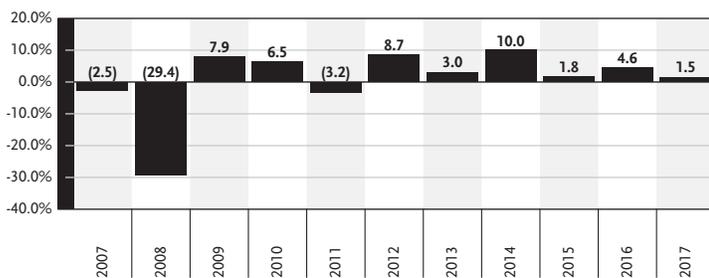
All rates of return are calculated based on the Net Asset Value.

### 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 (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.

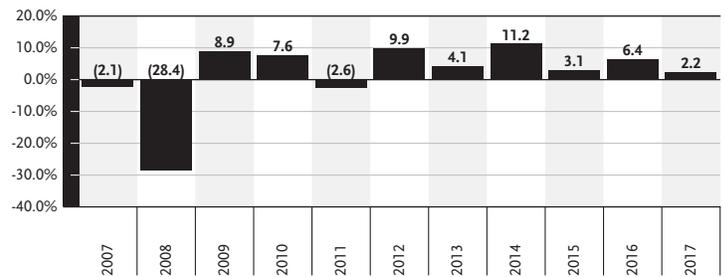
Annual performance prior to 2011 represents returns for the twelve month period ended December 31. Performance for 2011 represents returns for the period from January 1, 2011 to September 30, 2011. Annual performance for 2012 and thereafter represents returns for the twelve month period ended September 30.

### Mutual Fund Shares



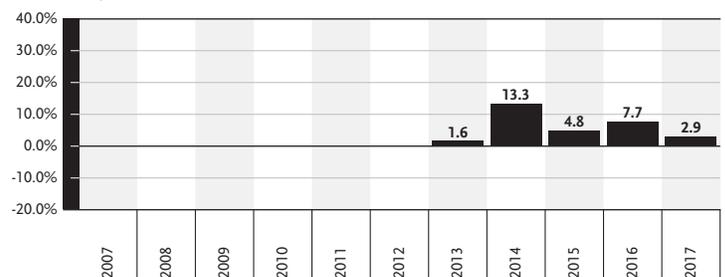
Performance for 2007 represents returns for the period from August 27, 2007 to December 31, 2007.

### Series F Shares



Performance for 2007 represents returns for the period from August 27, 2007 to December 31, 2007.

### Series Q Shares



Performance for 2013 represents returns for the period from January 23, 2013 to September 30, 2013.

## Summary of Investment Portfolio

As at March 31, 2017

The major portfolio categories and top holdings (up to 25) of the Underlying 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 Underlying Fund and the next quarterly update will be in the Quarterly Portfolio Disclosure as at June 30, 2017.

The prospectus and other information about the Underlying Fund are available on the internet at [www.sedar.com](http://www.sedar.com).

\* 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 Diversified Income Class

(CLASS OF AGF ALL WORLD TAX ADVANTAGE GROUP LIMITED)

MARCH 31, 2017

Portfolio by Country	Percentage of Net Asset Value (%)
United States	44.8
Canada	36.1
United Kingdom	2.8
Japan	2.2
South Korea	1.2
Switzerland	1.1
Germany	1.0
Peru	1.0
Ireland	1.0
China	1.0
Mexico	0.9
Israel	0.7
Italy	0.7
Cash & Cash Equivalents	0.6
Cayman Islands	0.6
Hungary	0.6
Hong Kong	0.5
Jersey	0.5
Spain	0.4
Netherlands	0.3
Australia	0.3
Belgium	0.3
Norway	0.3
France	0.3
Singapore	0.2
Foreign Exchange Forward Contracts	0.2

Portfolio by Sector	Percentage of Net Asset Value (%)
Corporate Bonds	32.9
Government Bonds	18.7
High Yield Bonds	8.5
Financials	7.1
Information Technology	6.1
Energy	4.9
Industrials	3.4
Health Care	3.1
Consumer Discretionary	2.7
Emerging Markets Bonds	2.5
Consumer Staples	2.0
Materials	1.9
Utilities	1.6
Telecommunication Services	1.4
Supranational Bonds	1.2
Real Estate	0.8
Cash & Cash Equivalents	0.6
Foreign Exchange Forward Contracts	0.2

Portfolio by Asset Mix	Percentage of Net Asset Value (%)
Canadian Fixed Income	27.5
United States Fixed Income	27.4
United States Equity	17.4
International Equity	9.0
International Fixed Income	8.9
Canadian Equity	8.6
Cash & Cash Equivalents	0.6
Foreign Exchange Forward Contracts	0.2

Portfolio by Credit Rating††	Percentage of Net Asset Value (%)
AAA	19.2
AA	0.8
A	3.1
BBB	17.4
BB	11.1
B	8.4
CCC	1.8
Not Rated	7.9

Top Holdings	Percentage of Net Asset Value (%)
U.S. Treasury**	14.1
Government of Canada**	4.3
TELUS Corporation**	2.2
Morgan Stanley**	1.6
Fairfax Financial Holdings Limited**	1.6
Bell Canada Inc.**	1.2
The Royal Bank of Scotland Group PLC**	1.2
Just Energy Group Inc.**	1.2
Enbridge Inc.	1.1
UBS Group AG**	1.1
Prudential Financial Inc.**	1.1
Ally Financial Inc.**	1.1
Quebecor Media Inc.**	1.0
Citigroup Inc.**	1.0
Great Canadian Gaming Corporation**	1.0
Parkland Fuel Corporation**	1.0
Navistar International Corporation**	1.0
Republic of Peru**	1.0
Allied Irish Banks PLC**	1.0
Brookfield Asset Management Inc.**	1.0
Cascades Inc.**	0.9
Aimia Inc.**	0.9
Newalta Corporation**	0.8
CCO Holdings LLC/Capital Corporation**	0.8
Canadian Oil Sands Limited**	0.8

The total Net Asset Value of the Fund as at March 31, 2017 was approximately \$54,826,000.

†† References made to credit ratings are obtained from Standard & Poor's, Moody's, Dominion Bond Rating Service and/or Fitch Ratings. Where one or more rating is obtained for a security, the lowest rating has been used.

\*\* Debt Instruments



For more information contact your investment advisor or:

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Securities of the funds are offered and sold in the United States only in reliance on exemptions from registration. No securities regulatory authority has expressed an opinion about these securities. It is an offence to claim otherwise.

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