

Annual Management Report of Fund Performance

AGF North American Small-Mid Cap Fund

September 30, 2022



Management Discussion of Fund Performance

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

Investment Objective and Strategies

Pursuant to the Declaration of Trust, the investment objective of AGF North American Small-Mid Cap Fund (the "Fund") is to seek to obtain superior capital growth through exposure to shares of small and medium companies with superior growth potential in North America with a focus on U.S. listed small and medium capitalization companies. To achieve this objective, AGF Investments Inc. ("AGFI"), as portfolio manager, generally allocates the Fund's assets among underlying mutual funds (the "Underlying Funds") managed by third parties or AGFI (or an AGFI affiliate). The Fund's investment in U.S. and Canadian small and medium capitalization funds are rebalanced to the target weighting generally on a quarterly basis or as AGFI deems appropriate. During periods of market downturn or for other reasons, a significant portion of the Fund's assets may be held in cash or cash equivalents.

Risk

The risks of investing in the Fund remain as disclosed in the current prospectus. Any changes to the Fund over the period have not affected the overall level of risk of the Fund.

The Fund continues to be suitable for investors who want the growth potential of equity securities of small to medium sized U.S. companies, investing for the medium to longer term with a medium tolerance for risk. The suitability of the Fund has not changed from what has been disclosed in the prospectus.

Results of Operations

The Fund commenced operations in July 2022.

The Fund holds Series O Units of the Underlying Funds. The Fund's major portfolio categories, as a percentage of Net Asset Value as at September 30, 2022, include approximately 90.0% in foreign equity funds, 6.0% in Canadian equity funds and 5.0% in cash and cash equivalents, net of 1.0% of payable for investments purchased.

Recent Developments

The global economy faced a series of challenges in the year ended September 30, 2022. Russia's invasion of Ukraine and its impact on commodity markets, supply chain, and inflation slowed global growth. Higher than expected inflation, particularly in the U.S. and major European economies, triggered faster policy tightening.

The U.S. economy continued to face challenges from high inflation and supply chain bottlenecks after recovering from the pandemic. Global economic activity was further adversely impacted by the Russia-Ukraine war and the lockdowns in China. U.S. gross domestic product contracted for two consecutive quarters in the first and second calendar quarters of 2022, regarded by some market observers as a recession. Encouragingly, the labour market remained strong with the lowest unemployment in over 50 years with May 2022 marking the 17th straight month of job gains. The U.S. Federal Reserve (the "Fed") hiked its interest rate by 0.75% in June, which was the largest increase since 1994, and indicated it would continue to ratchet up rates this year at a rapid pace.

U.S. equities declined as accelerating inflation and central banks' measures to tame inflation discouraged investors. During the last calendar quarter of 2021, equities continued to rally, peaking in early January 2022, as fears around escalating inflation and a higher interest rate environment weighed on equity markets. Furthermore, Russia invaded Ukraine in early 2022, prompting widespread condemnation and sanctions from the U.S. and its allies. This invasion dealt a further blow to risk sentiment and increased geopolitical risk amidst the uncertain environment. Furthermore, commodity prices rose given Russia is a key producer of several important commodities. The invasion augmented concerns over inflation pressures, particularly food and energy price inflation, exacerbated by supply chain constraints induced by the COVID-19 pandemic. U.S. stocks continued to decline in the second and third calendar quarters of 2022 as investors focused on inflation and the Fed policy reaction throughout much of the time. Nonetheless, Fed raised the federal funds rate by 0.75% to 3.25% in September 2022, which was the third 0.75% hike in a row.

U.S. small and mid-capitalization stocks under-performed during the year owing to restrictive Fed policies, growing fears of recession and surging inflation. Moreover, these riskier stocks under-performed large capitalization stocks, as the country's economic woes had a greater adverse impact on small and mid-capitalization companies relative to large corporates.

The portfolio manager of the Underlying Funds has maintained a cautious posture in an uncertain environment, avoiding high valuation stocks and unprofitable companies, and prioritizing companies with higher earnings visibility. The portfolio manager expects interest rates to remain high over the intermediate term as the Fed struggles to combat inflation. Higher rates have been associated with lower market multiples, and the lagged impact of the rate hikes

This annual management report of fund performance contains financial highlights, but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1 888 226-2024, by writing to us at AGF Investments Inc., CIBC SQUARE, Tower One, 81 Bay Street, Suite 4000, Toronto, Ontario, Canada M5J 0G1, 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.

has amplified the odds of a recession next year. If one were to occur, the portfolio manager believes that it will be shallow and mild given the absence of imbalances in the economy.

While the U.S. small and mid-capitalization space has seen challenging performance this year, the portfolio manager believes over the long haul, small and mid-capitalization stocks may reward patient investors. The relative valuation of small capitalization stocks to large capitalization stocks has been the cheapest in the last 20 years owing to poor market sentiment impacting earlier stage opportunities and a rising-rate environment.

Eventually, when the Fed's hawkish stance peaks, market sentiments are likely to improve and the portfolio manager believes the small-mid capitalization segment should be well-positioned to out-perform. However, the Fed is likely to remain aggressive in order to tame surging inflation in the near term, though the portfolio manager expects progress on this front within the next several months. In the meantime, to mitigate the downside risks, the portfolio manager of the Underlying Funds has positioned the portfolios away from high valuation stocks, preferring companies that are profitable today and have earnings resiliency in a weakening economy.

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 of the Fund, providing analysis and making decisions as to which Underlying Funds the Fund invests in and the target weighting of the Fund's assets. Fees payable to AGFI for such services are payable directly by unitholders and are not expenses of the Fund.

AGFI pays for all of the operating expenses relating to the operation of the Fund, except for certain costs as disclosed in the current prospectus, in exchange for a fixed rate administration fee. The administration fee is calculated based on the Net Asset Value of the Fund at a fixed annual rate of 0.32%. Administration fees of approximately \$2,000 were incurred by the Fund during the period from commencement of operations to September 30, 2022.

AGFI is an indirect wholly-owned subsidiary 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, taxation, changes in government regulations, unexpected judicial or regulatory proceedings, technological changes, cybersecurity, the possible effects of war or terrorist activities, outbreaks of disease or illness that affect local, national or international economies (such as COVID-19), natural disasters and disruptions to public infrastructure, such as transportation, communications, power or water supply or other catastrophic events.

It should be stressed that the above-mentioned list of factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years as applicable.

Net Assets per Unit⁽¹⁾

For the periods ended	Sept 30, 2022 (\$)	Sept 30, 2021 (\$)	Sept 30, 2020 (\$)	Sept 30, 2019 (\$)	Sept 30, 2018 (\$)
Net Assets, beginning of period⁽¹⁾	25.00*	-	-	-	-
Increase (decrease) from operations:					
Total revenue	0.02	-	-	-	-
Total expenses	(0.02)	-	-	-	-
Realized gains (losses)	-	-	-	-	-
Unrealized gains (losses)	(0.72)	-	-	-	-
Total increase (decrease) from operations⁽²⁾	(0.72)	-	-	-	-
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	-	-	-	-	-
Net Assets, end of period⁽⁴⁾	27.03	-	-	-	-

Ratios/Supplemental Data⁽¹⁾

For the periods ended	Sept 30, 2022	Sept 30, 2021	Sept 30, 2020	Sept 30, 2019	Sept 30, 2018
Total Net Asset Value (\$'000's)	3,289	-	-	-	-
Number of units outstanding ('000's)	122	-	-	-	-
Management expense ratio ⁽⁵⁾	0.35%	-	-	-	-
Management expense ratio before waivers or absorptions	0.35%	-	-	-	-
Trading expense ratio ⁽⁶⁾	0.09%	-	-	-	-
Portfolio turnover rate ⁽⁷⁾	0.00%	-	-	-	-
Net Asset Value per unit	27.03	-	-	-	-

Explanatory Notes

- (1) a) This information is derived from the Fund's audited annual financial statements. Under International Financial Reporting Standards ("IFRS"), investments that are traded in an active market are generally valued at closing price, which is determined to be within the bid-ask spread and most representative of fair value. As a result, there is no difference between the net assets per unit presented in the financial statements ("Net Assets") and the net asset value per unit calculated for fund pricing purposes ("Net Asset Value").
- b) The Fund commenced operations in July 2022, which represents the date upon which securities were first made available for purchase by investors.
- (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 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") 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, expressed as an annualized percentage of average daily Net Asset Value during the period.

- (6) 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.
- (7) 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. AGFI is responsible for the day-to-day operations of the Fund, which include providing investment and management services as well as other administrative services required by the Fund. The management fees for such services are payable directly by the unitholders, not by the Fund.

AGFI bears all operating expenses relating to the operation of the Fund, except for certain costs as disclosed in the Fund's prospectus. In exchange, AGFI receives an administration fee at the annual rate of 0.32%, which is subject to applicable taxes, based on the Net Asset Value of the Fund, calculated daily and payable monthly.

Past Performance

It is AGFI's policy to report rates of return for a fund in existence greater than one year. The Fund commenced operations in July 2022.

Summary of Investment Portfolio

As at September 30, 2022

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

* represents initial Net Assets

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

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change due to ongoing portfolio transactions of the Fund and the next quarterly update will be in the Quarterly Portfolio Disclosure as at December 31, 2022.

The prospectus and other information about the underlying investment funds are available on the internet at www.sedar.com.

Portfolio by Sector	Percentage of Net Asset Value (%)
Equity Funds	96.0
Cash & Cash Equivalents	4.8

Top Holdings	Percentage of Net Asset Value (%)
AGF U.S. Small-Mid Cap Fund	90.0
AGF Canadian Small Cap Fund	6.0
Cash & Cash Equivalents	4.8
Total Net Asset Value (thousands of dollars)	\$ 3,289



For more information contact your investment advisor or:

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