

Annual Management Report of Fund Performance

AGF European Equity Fund

September 30, 2018



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 European Equity Fund (the "Fund") is to provide long-term capital growth by investing primarily in shares of companies operating mainly in Europe and that trade on European stock exchanges. AGF Investments Inc. ("AGFI"), as portfolio manager, uses a bottom-up value investment approach to select stocks that appear to be trading at a discount to their estimated fair value. A bottom-up investment approach focuses attention on a specific company rather than on the industry in which that company operates or on the economy as a whole. The portfolio manager evaluates the financial condition and management of a company, its industry and the overall economy, and looks for stocks that are selling at a substantial discount to its estimate of their intrinsic business value. In periods of unusual market conditions, a significant portion of the Fund's assets may be held in cash or fixed income securities.

Risk

The risks of investing in the Fund remain as disclosed in the current prospectus. The Fund continues to be suitable for investors investing for the longer term, seeking the growth potential of equity securities of European companies and who have medium to high tolerance for risk.

Results of Operations

For the year ended September 30, 2018, the Series S Units of the Fund returned -1.5% (net of expenses) while the MSCI Europe Index returned 3.9%.

The Fund under-performed the MSCI Europe Index primarily due to security selection in the financials and industrials sectors, though this was partially offset by strong security selection in the consumer discretionary and consumer staples sectors. Overall sector allocation effect was positive, as the Fund's average overweight allocation to the energy sector (8.8% versus 7.7%) and average underweight allocation to the consumer discretionary sector (7.4% versus 9.3%) contributed.

From a geographic perspective, the Fund's allocations to the UK and Sweden contributed to performance, while its allocations to France, Italy and Spain detracted.

In terms of individual holdings, the top contributors to performance during the reporting period were GKN PLC, Royal Dutch Shell PLC and TOTAL SA, while the top

detractors were Compagnie de Saint-Gobain SA, ING Groep NV and BNP Paribas SA. As of September 30, 2018, the Fund no longer held GKN PLC in its portfolio.

The Fund had net subscriptions of approximately \$46 million for the current period, as compared to net redemptions of approximately \$9 million in the prior period. Rebalancing by an institutional program resulted in net subscriptions of approximately \$26 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. The increase in management fees accounted for most of the increase in expenses during the period as compared to the previous period due to an increase in average Net Asset Values. All other expenses remained fairly consistent throughout the periods.

Recent Developments

The year ended September 30, 2018 saw a bifurcation among global equity markets. U.S. equities continued to rally, reflecting the coordinated global growth environment which remained supportive. The passage of the tax reform bill by the U.S. Congress in December 2017 further propelled equity markets higher in January.

Overall, global equity markets saw substantially more volatility in the first calendar quarter of 2018, as equities fell with investors grappling with ongoing risks, including higher bond yields and the potential for trade tariffs. Yet, after a weak period, equities resumed climbing higher and continued to do so throughout the second and third calendar quarters of 2018.

However, European equities saw more subdued performance than their U.S. counterparts, having mostly traded in a range for the period under review. After a brief period of optimism following the French elections in 2017, European stocks were hurt by a cooling in regional growth plus a resurgence in political concerns. European banks, in particular, were under pressure amid concerns over exposure to weak emerging markets, while there remained uncertainty over whether Italy's 2019 budget proposal will comply with the European Union's fiscal rules.

The portfolio manager believes European fundamentals continue to look decent. Valuations remain attractive at below long-term averages, while earnings are expected to be above long-term averages. Meanwhile, economic growth remains positive and expectations have been brought back to

This annual management report of fund performance contains financial highlights, but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1 800 268-8583, by writing to us at AGF Investments Inc., 55 Standish Court, Suite 1050, Mississauga, Ontario, Canada L5R 0G3 attention: Client Services, or by visiting our website at www.agf.com or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

more reasonable levels, allowing for positive surprises (and demonstrated by the recent increases in the European economic surprise index).

However, there remains substantial political risk, with the Brexit negotiations in a crucial stage, the Italian government continuing tough talk on the budget and immigration, and a political deadlock in Sweden. Further, the potential of substantial trade tariffs is another major risk given the export orientation of the European economy.

Overall, the portfolio manager continues to believe that Europe is attractive on a relative valuation basis. European equities continue to trade at a substantial discount to the U.S., with the current discount below the long-term average. The portfolio manager believes that when value investing begins to be rewarded again, the Fund is well-positioned to benefit accordingly.

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. The Fund was also party to an investment advisory agreement with AGFI and AGF International Advisors Company Limited ("AGF International"). AGF International acts as an investment advisor and provides investment advisory services to the Fund. Under the management and investment advisory agreements, the Fund pays management and advisory fees calculated based on the Net Asset Value of Series S Units of the Fund. Management and advisory fees of approximately \$901,000 were incurred by the Fund during the period ended September 30, 2018.

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 \$8,000 incurred by the Fund were paid to AGFC during the period ended September 30, 2018.

AGFI, AGF International and AGFC are direct or 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 past five years as applicable.

Series S Units - Net Assets per Unit⁽¹⁾

For the periods ended	Sept 30, 2018 (\$)	Sept 30, 2017 (\$)	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)
Net Assets, beginning of period⁽¹⁾	10.36	9.11	10.34	10.00*	-
Increase (decrease) from operations:					
Total revenue	0.41	0.49	0.38	0.25	-
Total expenses	(0.16)	(0.14)	(0.16)	(0.18)	-
Realized gains (losses)	0.21	0.22	(1.14)	1.02	-
Unrealized gains (losses)	(0.67)	1.05	0.37	(0.99)	-
Total increase (decrease) from operations⁽²⁾	(0.21)	1.62	(0.55)	0.10	-
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.27)	(0.25)	(0.15)	-	-
From capital gains	-	-	(0.48)	-	-
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	(0.27)	(0.25)	(0.63)	-	-
Net Assets, end of period⁽⁴⁾	9.94	10.36	9.11	10.34	-

Series S Units - Ratios/Supplemental Data⁽¹⁾

For the periods ended	Sept 30, 2018	Sept 30, 2017	Sept 30, 2016	Sept 30, 2015	Sept 30, 2014
Total Net Asset Value (\$000's)	100,269	58,848	59,360	85,519	-
Number of units outstanding (000's)	10,090	5,679	6,513	8,272	-
Management expense ratio ⁽⁵⁾	0.59%	0.88%	0.89%	0.90%	-
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.25%	1.31%	1.36%	1.30%	-
Trading expense ratio ⁽⁷⁾	0.40%	0.22%	0.47%	0.97%	-
Portfolio turnover rate ⁽⁸⁾	32.76%	30.50%	75.71%	112.59%	-
Net Asset Value per unit	9.94	10.36	9.11	10.34	-

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").

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) Series S Units of the Fund commenced operations in January 2015, 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 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.

* represents initial Net Assets
- annualized

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

(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 advisory and management services, AGFI receives a monthly management and advisory fee, based on the Net Asset Value of Series S Units. AGFI uses these management and advisory 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 and advisory fees		
	Annual rate	Dealer compensation	General administration and investment advice
Series S Units	1.00%	-	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.

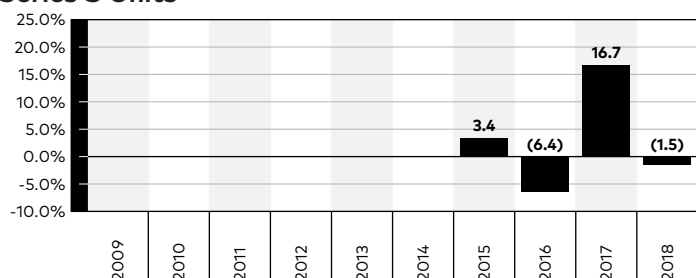
It is AGFI's policy to report rates of return for series in existence greater than one year. The performance start date for each series represents the date of the first purchase of such series, excluding seed money.

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

Year-By-Year Returns

The following bar chart shows the Fund's annual performance for each of the past 10 years to September 30, 2018 as applicable, and illustrates how the Fund's performance has changed from year to year. The chart shows, 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.

Series S Units



Performance for 2015 represents returns for the period from January 15, 2015 to September 30, 2015.

Annual Compound Returns

The following table compares the historical annual compound returns for each series with the index, for each of the periods ended September 30, 2018.

Percentage Return:	1 Year	3 Years	5 Years	10 Years	Since Inception
Series S Units	(1.5)	2.5	N/A	N/A	2.9
MSCI Europe Index	3.9	7.3	N/A	N/A	8.3

The MSCI Europe Index is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of the developed markets in Europe.

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

Summary of Investment Portfolio

As at September 30, 2018

The major portfolio categories and top holdings (up to 25) of the Fund at the end of the period are indicated in the following tables. The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and the next quarterly update will be in the Quarterly Portfolio Disclosure as at December 31, 2018.

Portfolio by Country	Percentage of Net Asset Value (%)
United Kingdom	26.6
France	26.0
Germany	17.8
Switzerland	10.8
Italy	6.2
Spain	4.7
Netherlands	2.7
Cash & Cash Equivalents	2.1
Ireland	1.6
Denmark	0.9
Sweden	0.6

Portfolio by Sector	Percentage of Net Asset Value (%)
Financials	23.3
Health Care	13.9
Industrials	13.5
Materials	10.6
Consumer Staples	9.7
Energy	8.9
Consumer Discretionary	6.2
Information Technology	5.8
Telecommunication Services	3.5
Utilities	2.5
Cash & Cash Equivalents	2.1

Portfolio by Asset Mix	Percentage of Net Asset Value (%)
International Equity	97.9
Cash & Cash Equivalents	2.1

* The indicated rates of return shown here are the historical annual compounded total returns including changes in security value and reinvestment of all distributions and do not take into account sales, redemption, distribution or other optional charges by any securityholder that would have reduced returns or performance. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Top Holdings	Percentage of Net Asset Value (%)
BNP Paribas SA	4.6
Royal Dutch Shell PLC	4.4
Siemens AG	4.1
Roche Holding AG	3.9
Compagnie de Saint-Gobain SA	3.1
Novartis AG	3.1
Lloyds Banking Group PLC	3.0
SAP AG	2.9
TOTAL SA	2.7
Intesa Sanpaolo SpA	2.6
Enel SpA	2.5
BASF SE	2.4
AXA SA	2.3
Societe Generale SA	2.2
BAE Systems PLC	2.2
Smith & Nephew PLC	2.2
GlaxoSmithKline PLC	2.1
Sanofi	2.1
Danone SA	2.0
Orange SA	2.0
Tesco PLC	1.9
Diageo PLC	1.9
Nestle SA	1.9
ING Groep NV	1.8
BP PLC	1.8
Total Net Asset Value (thousands of dollars)	\$ 100,269



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