

Annual Management Report of Fund Performance

# AGF China Focus Class

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

As described in the Simplified Prospectus, the investment objective of AGF China Focus Class (the "Fund") is to provide long-term capital growth through investing primarily in stocks and bonds of companies based in China, or in companies that will benefit from the economic development and growth in the People's Republic of China. AGF Investments Inc. ("AGFI"), as portfolio manager, uses primarily a bottom-up investment style favouring companies that are reasonably priced relative to their growth potential. A bottom-up approach focuses attention on a specific company rather than on the industry in which that company operates or on the economy as a whole. Company visits and interviews form a key part of the research process. Quantitative models are used to screen and generate investment ideas. Securities are selected based on proven management, strong ability to execute and scalable business models. Companies that are over-owned and have persistent negative free cash flow or volatile and unpredictable earnings are generally avoided. 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 Chinese companies and China-sensitive companies and who have high tolerance for risk.

### Results of Operations

For the year ended September 30, 2018, the Mutual Fund Shares of the Fund returned -0.4% (net of expenses) while the MSCI China Free Index ("MSCI China Index") returned 1.4%. The performance of the other series of the Fund was substantially similar to that of the Mutual Fund Shares, save for differences in the expense structure. Refer to the "Past Performance" section for performance information of such series.

The Fund under-performed the MSCI China Index during the period under review. The Fund's overweight position in information technology stocks detracted from performance. Its holdings in the health care sector also detracted, as unexpected regulatory changes announced during the reporting period created significant uncertainty in

forecasting drug sales volume and pricing. In addition, the Fund's holding in an education company was also negatively affected by the government's draft policies to regulate companies involved in compulsory education from grades one to nine. These detracting factors were partially offset by the Fund's overweight position in the energy sector as well as strong results in several holdings, including Kweichow Moutai Company Limited, China's largest liquor company, and China Mengniu Dairy Company Limited, a leading dairy product manufacturer.

The Fund's exposure to the information technology sector increased from 38.7% to 40.5% over the reporting period. The Fund initiated a position in a leading social media platform operator, which has strong potential to grow its user base and benefit from rising advertising demand, especially from small and medium-sized enterprises in China. A leading Chinese video surveillance product and solution provider, Hangzhou Hikvision Digital Technology Company Limited, was also added to the portfolio. The Fund trimmed its weighting in Alibaba Group Holding Limited to realize profits and increased its weighting in Baidu Inc., a leading search engine in China which was trading at cheaper valuations.

The Fund's exposure to the energy sector increased from 3.8% to 7.0% over the reporting period partly due to the strong performance of holdings, which have benefited from strong crude oil prices. The Fund initiated a position in an offshore oilfield service provider, China Oilfield Services Limited, which is set to benefit from the rising capital expenditures of upstream oil majors to explore and develop oil and gas fields with the recovery of oil prices.

The Fund's exposure to the consumer discretionary sector reduced from 11.1% to 7.6% over the reporting period. The Fund booked profits on its holdings in a global leading luggage producer as well as a leading automobile glass manufacturer. It also exited its position in JD.com Inc., the second largest e-commerce company in China. A position was initiated in BAIC Motor Corporation Limited, a leading Chinese automobile manufacturer which operates joint ventures with Mercedes-Benz and Hyundai. The company is expected to deliver a strong set of results, driven by highly anticipated products in its pipeline.

The Fund's exposure to the materials sector was reduced from 3.4% to 1.3% over the reporting period. The Fund realized profits on its holdings in China BlueChemical Limited, one of the largest fertilizer producers in China, and also exited its position in cement manufacturer, West China Cement Limited.

The Fund had net redemptions of approximately \$12 million for the current period, as compared to net redemptions of approximately \$20 million in the prior period. The portfolio

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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](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.

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. The decrease in annual and interim reports was due to a decrease in investor activity. All other expenses remained fairly consistent throughout the periods.

## Recent Developments

Economic growth in China was fairly resilient during the first half of the reporting period, but started to show signs of weakness due to the Chinese government's deleveraging initiatives and measures to curb banks' off-balance sheet lending. Fixed Asset Investment ("FAI") growth was most affected by these measures and decelerated to 5.3% in August 2018, a new low over the past 20 years. The weak FAI was mainly due to a slowdown in local infrastructure spending and a crackdown on over-reporting. Weakness in the economy worsened with the escalating trade conflicts between the U.S. and China. After the first round of tariffs levied on US\$50 billion worth of Chinese products, the U.S. government imposed a 10.0% tariff on an additional US\$200 billion in Chinese goods effective September 24, 2018. The tariff rate will be further increased to 25.0% beginning on January 1, 2019. The economic uncertainty dampened consumption in recent months, especially for big ticket items such as car sales. As a result, retail sales growth came in below 10.0% for five consecutive months beginning in April 2018, the slowest pace since early 2004.

Fortunately, other parts of the economy were resilient and in far better condition as compared to last round of economic slowdown in 2015. The property market appears stable and the excess housing inventory, even in lower tier cities, has largely been depleted over the last two years due to shanty town redevelopment and the rebound in property prices.

Mimicking the economic growth pattern, the Chinese Yuan first appreciated approximately 5.8% against the U.S. dollar in the first half of the reporting period, and subsequently depreciated approximately 8.5% from the peak. Much of the depreciation was owing to a strong U.S. dollar. Despite the Chinese Yuan decline over the last few months, there was no sign of massive capital outflow. The total foreign exchange reserve in China has remained stable at slightly over US\$3 trillion during the period under review.

Looking forward, the Chinese economy will likely continue to face a number of obstacles, especially on the export front. Negative impact will be felt with the new round of tariffs covering a broad range of consumer goods. While the government is likely to continue with its medium to long-term deleveraging policy, it has taken some measures recently to boost the economy to prevent it from falling into a downward spiral. It has allowed the issuance of special local government bonds totaling approximately

US\$200 billion in July and August 2018 to boost infrastructure spending, as well as some modest tax cuts for businesses and individuals. On the monetary policy front, there is further scope for the central bank to cut reserve requirement ratios, if necessary.

Effective October 1, 2018, certain operating expenses relating to registrar and transfer agency services are paid directly by AGFI and in exchange, a fixed rate administration fee was introduced for the Mutual Fund Series, Series D, Series F, Series I, Series J, Series T and Series V Shares, as applicable, of the Fund. The administration fee was approved by the shareholders of the Fund on June 14, 2018. The administration fee for each applicable series is calculated daily and payable monthly, based on the average Net Asset Value of the respective series of the Fund at a fixed annual rate, as disclosed in the current prospectus. The Fund continues to pay for all other operating expenses.

## 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. The Fund was also party to an investment advisory agreement with AGFI and AGF Asset Management Asia Ltd. ("AGF Asia"). AGF Asia acts as an investment advisor and provides investment advisory services to the Fund. Under the management and investment advisory agreements, the Fund (except for Series I, Series O, Series Q and Series W Shares, if applicable) pays management and advisory fees, calculated based on the Net Asset Value of the respective series of the Fund. Management and advisory fees of approximately \$2,470,000 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. Shareholder servicing and administrative fees of approximately \$195,000 incurred by the Fund were paid to AGFC during the period ended September 30, 2018.

AGFI, AGF Asia 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. 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. Previously, financial statements were prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

### Mutual Fund Shares - Net Assets per Share<sup>(1)</sup>

For the periods ended	Sept 30, 2018 (\$)	Sept 30, 2017 (\$)	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>29.27</b>	<b>24.64</b>	<b>22.33</b>	<b>19.50</b>	<b>18.17</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.65	0.55	0.55	0.64	0.55
Total expenses	(1.09)	(0.93)	(0.80)	(0.84)	(0.70)
Realized gains (losses)	3.24	3.73	2.66	2.66	1.75
Unrealized gains (losses)	(2.50)	1.01	(0.02)	1.28	(0.18)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.30</b>	<b>4.36</b>	<b>2.39</b>	<b>3.74</b>	<b>1.42</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>Net Assets, end of period<sup>(4)</sup></b>	<b>29.13</b>	<b>29.27</b>	<b>24.64</b>	<b>22.33</b>	<b>19.50</b>

### Mutual Fund Shares - Ratios/Supplemental Data<sup>(1)</sup>

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)	79,980	92,067	97,887	103,804	115,485
Number of shares outstanding (000's)	2,745	3,145	3,973	4,648	5,923
Management expense ratio <sup>(5)</sup>	3.08%	3.21%	3.14%	3.10%	3.15%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	3.08%	3.21%	3.19%	3.10%	3.16%
Trading expense ratio <sup>(7)</sup>	0.15%	0.25%	0.23%	0.22%	0.27%
Portfolio turnover rate <sup>(8)</sup>	22.60%	30.62%	31.49%	23.24%	29.20%
Net Asset Value per share	29.13	29.27	24.64	22.33	19.50

### Series F Shares - Net Assets per Share<sup>(1)</sup>

For the periods ended	Sept 30, 2018 (\$)	Sept 30, 2017 (\$)	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>34.77</b>	<b>28.99</b>	<b>25.97</b>	<b>22.43</b>	<b>20.67</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.83	0.78	0.61	0.76	0.66
Total expenses	(0.87)	(0.83)	(0.61)	(0.67)	(0.56)
Realized gains (losses)	3.79	4.64	2.50	3.11	2.07
Unrealized gains (losses)	(4.01)	1.90	(0.21)	0.69	(0.52)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(0.26)</b>	<b>6.49</b>	<b>2.29</b>	<b>3.89</b>	<b>1.65</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>Net Assets, end of period<sup>(4)</sup></b>	<b>35.00</b>	<b>34.77</b>	<b>28.99</b>	<b>25.97</b>	<b>22.43</b>

### Series F Shares - Ratios/Supplemental Data<sup>(1)</sup>

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)	5,453	4,759	2,852	12,683	11,714
Number of shares outstanding (000's)	156	137	98	488	522
Management expense ratio <sup>(5)</sup>	1.96%	2.26%	1.97%	2.00%	2.06%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	1.96%	2.32%	1.97%	2.00%	2.06%
Trading expense ratio <sup>(7)</sup>	0.15%	0.25%	0.23%	0.22%	0.27%
Portfolio turnover rate <sup>(8)</sup>	22.60%	30.62%	31.49%	23.24%	29.20%
Net Asset Value per share	35.00	34.77	28.99	25.97	22.43

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

### Explanatory Notes

(1) a) This information is derived from the Fund's audited annual financial statements. Under 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 share presented in the financial statements ("Net Assets") and the net asset value per share calculated for fund pricing purposes ("Net Asset Value").

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	April 1994
Series F Shares	January 2000

(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) 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, attributable to that series, expressed as an annualized percentage of average daily Net Asset Value of that series during the period.

(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 the respective series, calculated daily and payable monthly. Management and advisory fees in respect of Series I, 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 and advisory 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 and advisory fees		
	Annual rates	Dealer compensation	General administration and investment advice
Mutual Fund Shares	2.50%	40.66%	59.34%
Series F Shares	1.50%	-	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 charts show the Fund's annual performance for each of the past 10 years to September 30, 2018 as applicable, and illustrate how the Fund's performance has changed from year to year. The charts

\* 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.

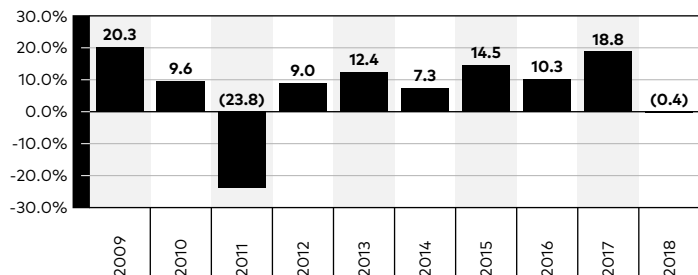
# AGF China Focus Class

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

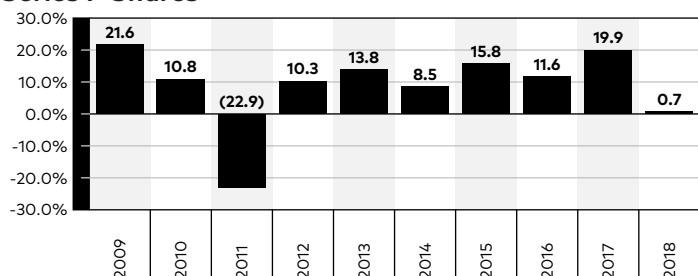
SEPTEMBER 30, 2018

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 Shares



### Series F Shares



### 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:	Since				
	1 Year	3 Years	5 Years	10 Years	Inception
Mutual Fund Shares	(0.4)	9.3	9.9	7.0	N/A
MSCI China Free Index	1.4	12.8	13.1	10.7	N/A
Series F Shares	0.7	10.5	11.1	8.2	N/A
MSCI China Free Index	1.4	12.8	13.1	10.7	N/A

The MSCI China Free Index is a market capitalization-weighted index of companies located in China available to non-domestic investors.

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 (%)
China	94.8
Hong Kong	3.8
Cash & Cash Equivalents	1.6

Portfolio by Sector	Percentage of Net Asset Value (%)
Information Technology	40.5
Financials	23.6
Consumer Discretionary	7.6
Energy	7.0
Telecommunication Services	4.9
Real Estate	4.8
Consumer Staples	4.2
Health Care	2.4
Cash & Cash Equivalents	1.6
Materials	1.3
Utilities	1.3
Industrials	1.0

Portfolio by Asset Mix	Percentage of Net Asset Value (%)
International Equity	98.6
Cash & Cash Equivalents	1.6



# AGF China Focus Class

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

SEPTEMBER 30, 2018

Top Holdings	Percentage of Net Asset Value (%)
Tencent Holdings Limited	18.0
Alibaba Group Holding Limited	12.5
China Construction Bank Corporation	7.4
Baidu Inc.	5.5
Ping An Insurance (Group) Company of China Limited	4.0
China Mobile Limited	3.9
Industrial & Commercial Bank of China Limited	3.9
Bank of China Limited	3.2
China Petroleum & Chemical Corporation	2.8
CNOOC Limited	2.4
NetEase Inc.	2.3
China Life Insurance Company Limited	2.3
China Mengniu Dairy Company Limited	2.1
Kweichow Moutai Company Limited	2.1
Ctrip.com International Limited	2.0
China Resources Land Limited	1.9
China Oilfield Services Limited	1.8
Hong Kong Exchanges and Clearing Limited	1.7
China Overseas Land & Investment Limited	1.7
Yum China Holdings Inc.	1.5
3SBio Inc.	1.4
Anhui Conch Cement Company Limited	1.3
Brilliance China Automotive Holdings Limited	1.3
Hangzhou Hikvision Digital Technology Company Limited	1.3
China Gas Holdings Limited	1.3
<b>Total Net Asset Value (thousands of dollars)</b>	<b>\$ 85,433</b>



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