

Annual Management Report of Fund Performance

AGF Diversified Income Fund

September 30, 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.

Investment Objective and Strategies

Pursuant to the Declaration of Trust, the investment objective of AGF Diversified Income Fund (the "Fund") is to achieve a high level of current income and long-term growth of capital by investing primarily in a diversified portfolio of income, dividend and distribution paying Canadian securities including common shares, income trusts and other types of equity and fixed income securities. The Fund may also invest in foreign securities, up to approximately 49% of the market value of its assets at the time of purchase. AGF Investments Inc. ("AGFI"), as portfolio manager, focuses on securities with a history of steady interest, dividend or distribution payouts, and whether such securities have the ability to sustain payouts for a reasonable period of time and are favourably priced with respect to these payout expectations. 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 income-oriented investors investing for the medium to long-term, who wish to receive a monthly distribution and who have low to medium tolerance for risk.

Results of Operations

For the year ended September 30, 2017, the Mutual Fund Units of the Fund returned 1.9% (net of expenses) while the FTSE TMX Canada Universe Bond Index ("FTSE TMX Universe Bond Index") and the Blended Benchmark returned -3.0% and 4.3%, 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 the Mutual Fund Units, save for differences in expense structure. Refer to "Past Performance" section for performance information of such series.

The Fund out-performed the FTSE TMX Universe Bond Index due to its inclusion of equities, high yield bonds, convertible bonds and higher exposure to investment grade corporate bonds, which all out-performed during the reporting period. In addition, the 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.

The Fund under-performed the Blended Benchmark due to its lower exposure to high yield bonds, which had strong performance during the

period under review. This was partially offset by the Fund's higher exposure to equities, and particularly global equities, which contributed to performance. The Fund's inclusion of convertible bonds also contributed due to their out-performance. The Fund's shorter duration stance relative to the Blended Benchmark also helped returns amid higher yields during the reporting period. Within the equity portion of the portfolio, security selection and sector allocation did not materially impact performance. Although security selection contributed positively, sector allocation detracted. In particular, security selection in the health care and information technology sectors added value, while security selection in the industrials and energy sectors detracted. On the other hand, the Fund's greater exposure to the health care sector and lower exposure to the financials sector detracted, while lower exposure to the energy sector and greater exposure to the information technology sector contributed positively.

The Fund entered into foreign exchange forward contracts during the period under review. As of September 30, 2017, the Fund was long Canadian dollar and short Euro, Japanese Yen, Pound Sterling and U.S. dollar in order to hedge its currency exposure.

Certain series of the Fund, as applicable, make monthly distributions at a rate determined by AGFI from time to time. If the aggregate amount of the monthly distributions made to a series in a year exceeds the portion of the net income and net realized capital gains allocated to such series, the excess will constitute a return of capital. The portfolio manager does not believe that the distributions made by the Fund had a meaningful impact on the Fund's ability to implement its investment strategy or to fulfill its investment objectives.

The Fund had net redemptions of approximately \$35 million for the current period, as compared to net redemptions of approximately \$24 million in the prior period. The portfolio manager does not believe that redemption activity had a meaningful impact on the Fund's performance or the ability to implement its investment strategy.

Total expenses before foreign withholding taxes, commissions and other portfolio transaction costs vary period over period mainly as a result of changes in average Net Asset Values (see Explanatory Note (1) a)) and investor activity, such as number of investor accounts and transactions. Expenses have decreased as compared to the previous period due mainly to a decrease in average Net Asset Values and investor activity. Unitholder servicing and administrative fees decreased due to non-recurring expenses incurred in the previous period and interest expense decreased due to a decrease in overdraft positions throughout the period. All other expenses remained fairly consistent throughout the periods.

Recent Developments

In the portfolio manager's opinion, the strong pace of economic growth exhibited in Canada during the first half of calendar year 2017 will likely slowdown following the unsustainable pace of the first six months. The

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.

portfolio manager believes the Bank of Canada (“BoC”) will raise rates again in the fourth calendar quarter, though they may pause in October 2017. Governor Poloz recently stressed the need for caution while normalizing interest rates as the BoC wants to monitor how the economy, and particularly the highly-leveraged household sector, responds to the two prior rate increases and stronger Canadian dollar.

Global growth continues to accelerate, supported by both developed and emerging economies. However, higher yields and the recent appreciation of the U.S. dollar may tighten financial conditions, which along with slowing money growth could constrain economic growth in the near term. The U.S. Federal Reserve (the “Fed”) remains committed to tightening as financial conditions remain healthy. The portfolio manager expects the Fed to continue on its path of balance sheet reduction and gradual policy rate increases. In the near term, the Trump administration should announce the next Fed chair following Janet Yellen’s term, which ends in February 2018. While there are several candidates in the running, the portfolio manager anticipates that the Trump administration will support a future chair that favours more accommodative monetary policies and less onerous financial regulations. On the fiscal front, the lack of progress on health care and tax reform has contributed to economic and market uncertainty, though increasing expectations over some form of tax relief towards the end of the reporting period provided support for riskier asset classes and the U.S. dollar.

In Europe, the portfolio manager anticipates that the European Central Bank will announce a reduction in asset purchases in October 2017. Encouragingly, Europe remains in the early stage of the business cycle and is experiencing an improvement in credit conditions and economic growth, driven by strong household consumption, fixed investment and exports. The portfolio manager believes structural reform remains important to long-term growth within the region. France has already started to overhaul its rigid labour laws, while the recapitalization of banks in Italy has helped to alleviate systemic risks within the banking system. Still, political uncertainty remains. In the portfolio manager’s opinion, the re-emergence and support of populism remains an ongoing risk, with recent elections in Germany and the Catalanian referendum in Spain serving as notable reminders. The portfolio manager continues to watch political developments in Spain and Italy, which could create instability across the region. Geopolitical risks (such as North Korea) and trade protectionism (such as the North American Free Trade Agreement negotiations) are other potential challenges on the horizon.

The portfolio manager anticipates that bond yields will move higher if global growth continues to improve. Inflation in the developed economies remains below target, and developments on this front will be a key element influencing the path of bond yields and monetary policy.

The portfolio manager’s outlook remains mildly positive as economic growth momentum continues, partially offset by the somewhat elevated valuations of riskier asset classes. Consequently, the portfolio manager prefers investment grade corporate bonds over government bonds, which may struggle if yields rise. The portfolio manager is neutral on high yield bonds. While defaults should not be significant in the absence of a recession and corporate fundamentals have improved recently, the portfolio manager believes valuations are closer to the high end of their

historical range in the late stage of the cycle. The portfolio manager also believes that equities, and hence convertible bonds, should still perform well relative to bonds in the medium term as earnings growth continues to rebound along with economic growth.

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. Under the management agreement, the Fund (except for Series I, Series O, Series Q and Series W Units, if applicable) pays management fees calculated based on the Net Asset Value of the respective series of the Fund. Management fees of approximately \$3,729,000 were incurred by the Fund during the period ended September 30, 2017.

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 \$165,000 incurred by the Fund were paid to AGFC during the period ended September 30, 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 past five years as applicable. The Fund adopted International Financial Reporting Standards ("IFRS") on October 1, 2014. All per unit information presented for the period ended September 30, 2014, including opening net assets, reflects retrospective adjustments in accordance with IFRS. Information for the periods prior to October 1, 2013 is derived from financial statements prepared in accordance with Canadian generally accepted accounting principles as defined in Part V of the CPA Handbook ("Canadian GAAP").

Mutual Fund Units – Net Assets per Unit⁽¹⁾

For the periods ended	Sept 30, 2017 (\$)	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)
Net Assets, beginning of period⁽¹⁾	15.08	15.00	15.31	14.48	15.03
Increase (decrease) from operations:					
Total revenue	0.58	0.61	0.71	0.73	0.84
Total expenses	(0.44)	(0.43)	(0.46)	(0.44)	(0.42)
Realized gains (losses)	0.86	0.41	0.08	1.07	0.16
Unrealized gains (losses)	(0.72)	0.05	0.05	0.23	(0.11)
Total increase (decrease) from operations⁽²⁾	0.28	0.64	0.38	1.59	0.47
Distributions:					
From income (excluding dividends)	(0.10)	(0.35)	(0.19)	(0.21)	(0.38)
From dividends	(0.07)	(0.15)	(0.08)	(0.08)	(0.11)
From capital gains	(0.32)	–	–	–	–
Return of capital	(0.11)	(0.10)	(0.36)	(0.36)	(0.53)
Total annual distributions⁽³⁾	(0.60)	(0.60)	(0.63)	(0.65)	(1.02)
Net Assets, end of period⁽⁴⁾	14.77	15.08	15.00	15.31	14.46

Mutual Fund Units – Ratios/Supplemental Data⁽¹⁾

For the periods ended	Sept 30, 2017	Sept 30, 2016	Sept 30, 2015	Sept 30, 2014	Sept 30, 2013
Total Net Asset Value (\$000's)	115,491	148,814	183,610	215,630	276,013
Number of units outstanding (000's)	7,818	9,868	12,240	14,086	19,059
Management expense ratio ⁽⁵⁾	2.81%	2.81%	2.78%	2.78%	2.78%
Management expense ratio before waivers or absorptions ⁽⁶⁾	2.81%	2.81%	2.78%	2.78%	2.78%
Trading expense ratio ⁽⁷⁾	0.03%	0.06%	0.05%	0.08%	0.10%
Portfolio turnover rate ⁽⁸⁾	42.28%	63.44%	61.99%	87.41%	71.45%
Net Asset Value per unit	14.77	15.08	15.00	15.31	14.48

* represents initial Net Assets
~ annualized

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

Series F Units – Net Assets per Unit⁽¹⁾

For the periods ended	Sept 30, 2017 (\$)	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)
Net Assets, beginning of period⁽¹⁾	16.11	15.76	15.87	14.86	15.25
Increase (decrease) from operations:					
Total revenue	0.62	0.65	0.73	0.75	0.86
Total expenses	(0.21)	(0.20)	(0.25)	(0.29)	(0.26)
Realized gains (losses)	1.03	0.42	0.11	1.09	0.15
Unrealized gains (losses)	(0.88)	0.12	(0.35)	0.17	(0.13)
Total increase (decrease) from operations⁽²⁾	0.56	0.99	0.24	1.72	0.62
Distributions:					
From income (excluding dividends)	(0.17)	(0.44)	(0.44)	(0.40)	(0.53)
From dividends	(0.09)	(0.17)	(0.18)	(0.15)	(0.16)
From capital gains	(0.35)	–	–	–	–
Return of capital	(0.03)	(0.02)	(0.03)	(0.12)	(0.35)
Total annual distributions⁽³⁾	(0.64)	(0.63)	(0.65)	(0.67)	(1.04)
Net Assets, end of period⁽⁴⁾	16.04	16.11	15.76	15.87	14.84

Series F Units – Ratios/Supplemental Data⁽¹⁾

For the periods ended	Sept 30, 2017	Sept 30, 2016	Sept 30, 2015	Sept 30, 2014	Sept 30, 2013
Total Net Asset Value (\$000's)	14,888	13,574	13,641	8,592	8,764
Number of units outstanding (000's)	928	843	865	541	590
Management expense ratio ⁽⁵⁾	1.19%	1.17%	1.39%	1.72%	1.70%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.19%	1.17%	1.39%	1.72%	1.70%
Trading expense ratio ⁽⁷⁾	0.03%	0.06%	0.05%	0.08%	0.10%
Portfolio turnover rate ⁽⁸⁾	42.28%	63.44%	61.99%	87.41%	71.45%
Net Asset Value per unit	16.04	16.11	15.76	15.87	14.86

Series I Units – Net Assets per Unit⁽¹⁾

For the periods ended	Sept 30, 2017 (\$)	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)
Net Assets, beginning of period⁽¹⁾	10.00*	–	–	–	–
Increase (decrease) from operations:					
Total revenue	–	–	–	–	–
Total expenses	(0.00)	–	–	–	–
Realized gains (losses)	0.47	–	–	–	–
Unrealized gains (losses)	(0.34)	–	–	–	–
Total increase (decrease) from operations⁽²⁾	0.13	–	–	–	–
Distributions:					
From income (excluding dividends)	–	–	–	–	–
From dividends	–	–	–	–	–
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
Total annual distributions⁽³⁾	–	–	–	–	–
Net Assets, end of period⁽⁴⁾	10.13	–	–	–	–

Series I Units – Ratios/Supplemental Data⁽¹⁾

For the periods ended	Sept 30, 2017	Sept 30, 2016	Sept 30, 2015	Sept 30, 2014	Sept 30, 2013
Total Net Asset Value (\$000's)	1	–	–	–	–
Number of units outstanding (000's)	1	–	–	–	–
Management expense ratio ⁽⁵⁾	0.00%~	–	–	–	–
Management expense ratio before waivers or absorptions ⁽⁶⁾	43911.90%~	–	–	–	–
Trading expense ratio ⁽⁷⁾	0.03%	–	–	–	–
Portfolio turnover rate ⁽⁸⁾	42.28%	–	–	–	–
Net Asset Value per unit	10.13	–	–	–	–

Series Q Units – Net Assets per Unit⁽¹⁾

For the periods ended	Sept 30, 2017 (\$)	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)
Net Assets, beginning of period⁽¹⁾	10.60	10.33	10.38	9.87	10.00*
Increase (decrease) from operations:					
Total revenue	0.41	0.42	0.48	0.48	0.45
Total expenses	(0.01)	(0.01)	(0.02)	(0.01)	–
Realized gains (losses)	0.63	0.24	0.06	0.74	(0.01)
Unrealized gains (losses)	(0.52)	0.16	(0.09)	(0.12)	(0.23)
Total increase (decrease) from operations⁽²⁾	0.51	0.81	0.43	1.09	0.21
Distributions:					
From income (excluding dividends)	(0.17)	(0.35)	(0.40)	(0.57)	(0.41)
From dividends	(0.08)	(0.14)	(0.15)	(0.20)	(0.13)
From capital gains	(0.23)	–	–	–	–
Return of capital	–	–	–	–	(0.03)
Total annual distributions⁽³⁾	(0.48)	(0.49)	(0.55)	(0.77)	(0.57)
Net Assets, end of period⁽⁴⁾	10.62	10.60	10.33	10.38	9.86

Series Q Units – Ratios/Supplemental Data⁽¹⁾

For the periods ended	Sept 30, 2017	Sept 30, 2016	Sept 30, 2015	Sept 30, 2014	Sept 30, 2013
Total Net Asset Value (\$000's)	15,936	18,201	13,766	11,096	4,506
Number of units outstanding ('000's)	1,501	1,717	1,333	1,069	456
Management expense ratio ⁽⁵⁾	–	–	–	–	–
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.10%	0.09%	0.10%	0.13%	0.31%
Trading expense ratio ⁽⁷⁾	0.03%	0.06%	0.05%	0.08%	0.10%
Portfolio turnover rate ⁽⁸⁾	42.28%	63.44%	61.99%	87.41%	71.45%
Net Asset Value per unit	10.62	10.60	10.33	10.38	9.87

Series S Units – Net Assets per Unit⁽¹⁾

For the periods ended	Sept 30, 2017 (\$)	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)
Net Assets, beginning of period⁽¹⁾	17.09	16.64	16.74	15.48	15.62
Increase (decrease) from operations:					
Total revenue	0.66	0.67	0.77	0.78	0.88
Total expenses	(0.02)	(0.01)	(0.03)	(0.02)	–
Realized gains (losses)	1.03	0.41	0.06	1.10	0.13
Unrealized gains (losses)	(0.87)	0.23	(0.06)	(0.01)	(0.15)
Total increase (decrease) from operations⁽²⁾	0.80	1.30	0.74	1.85	0.86
Distributions:					
From income (excluding dividends)	(0.25)	(0.56)	(0.65)	(0.56)	(0.83)
From dividends	(0.13)	(0.22)	(0.26)	(0.21)	(0.24)
From capital gains	(0.37)	–	–	–	–
Return of capital	–	–	–	–	(0.01)
Total annual distributions⁽³⁾	(0.75)	(0.78)	(0.91)	(0.77)	(1.08)
Net Assets, end of period⁽⁴⁾	17.15	17.09	16.64	16.74	15.46

Series S Units – Ratios/Supplemental Data⁽¹⁾

For the periods ended	Sept 30, 2017	Sept 30, 2016	Sept 30, 2015	Sept 30, 2014	Sept 30, 2013
Total Net Asset Value (\$000's)	54,106	57,841	48,084	43,214	26,878
Number of units outstanding ('000's)	3,155	3,385	2,889	2,581	1,737
Management expense ratio ⁽⁵⁾	–	–	–	–	–
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.19%	1.16%	1.18%	1.18%	1.17%
Trading expense ratio ⁽⁷⁾	0.03%	0.06%	0.05%	0.08%	0.10%
Portfolio turnover rate ⁽⁸⁾	42.28%	63.44%	61.99%	87.41%	71.45%
Net Asset Value per unit	17.15	17.09	16.64	16.74	15.48

* represents initial Net Assets

~ annualized

(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. Prior to October 1, 2014, the net assets per unit presented in the financial statements ("Net Assets") differed from the net asset value per unit calculated for fund pricing purposes ("Net Asset Value"), due to differences in valuation techniques of certain investments as required under Canadian GAAP. The adoption of IFRS, effective October 1, 2014, has generally eliminated the difference between Net Assets per unit and Net Asset Value per unit.

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) The following series of the Fund commenced operations on the following dates, which represents the date upon which securities of a series were first made available for purchase by investors.

Mutual Fund Units	March 2003
Series F Units	May 2003
Series I Units	October 2016
Series Q Units	December 2012
Series S Units	August 2011

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

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

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

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

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

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

(7) The trading expense ratio represents total commissions and other portfolio transaction costs, 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 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 I, Series O, Series Q and Series W Units, if applicable, are arranged directly between the Manager and investors and are not expenses of the Fund. AGFI uses these management fees to pay for sales and trailing commissions to registered dealers on the distribution of the Fund's units, investment advice, as well as for general administrative expenses such as overhead, salaries, rent, legal and accounting fees relating to AGFI's role as manager.

	As a percentage of management fees		
	Annual rates	Dealer compensation	General administration and investment advice
Mutual Fund Units	2.35%	42.30%	57.70%
Series F Units	0.90%	—	100.00%
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. Series I Units commenced operations in October 2016.

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

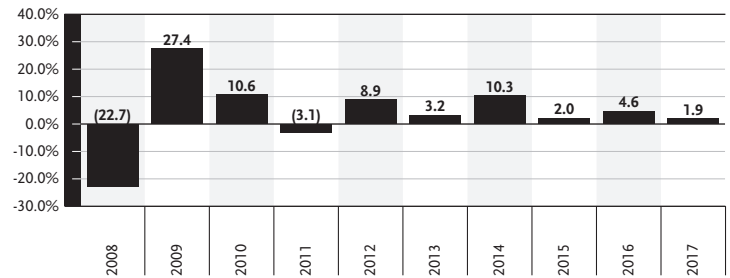
Year-By-Year Returns

The following bar charts show the Fund's annual performance for each of the past 10 years to September 30, 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.

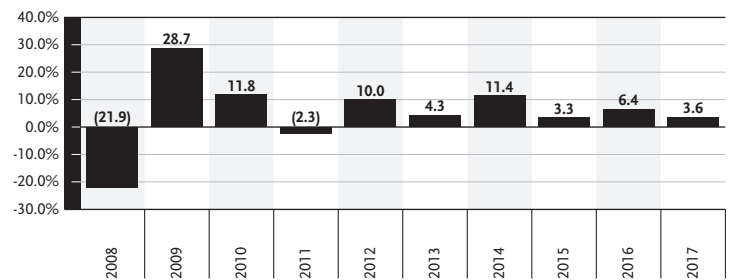
* The indicated rates of return shown here are the historical annual compounded total returns including changes in security value and reinvestment of all distributions and do not take into account sales, redemption, distribution or other optional charges by any securityholder that would have reduced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

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.

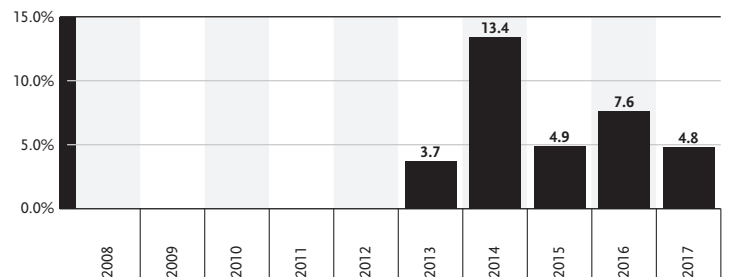
Mutual Fund Units



Series F Units

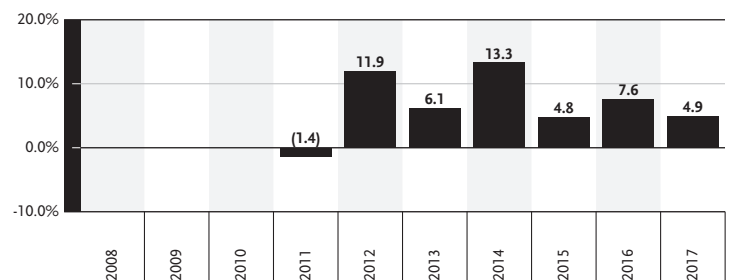


Series Q Units



Performance for 2013 represents returns for the period from December 12, 2012 to September 30, 2013.

Series S Units



Performance for 2011 represents returns for the period from August 8, 2011 to September 30, 2011.

Annual Compound Returns

The following table compares the historical annual compound returns for each series with the indices, for each of the periods ended September 30, 2017.

Percentage Return:	1 Year	3 Years	5 Years	10 Years	Since Inception
Mutual Fund Units	1.9	2.8	4.4	4.1	N/A
FTSE TMX Canada Universe Bond Index	(3.0)	2.8	2.7	4.7	N/A
Blended Benchmark	4.3	4.7	5.5	5.2	N/A
Series F Units	3.6	4.4	5.8	5.3	N/A
FTSE TMX Canada Universe Bond Index	(3.0)	2.8	2.7	4.7	N/A
Blended Benchmark	4.3	4.7	5.5	5.2	N/A
Series Q Units	4.8	5.7	N/A	N/A	7.1
FTSE TMX Canada Universe Bond Index	(3.0)	2.8	N/A	N/A	2.7
Blended Benchmark	4.3	4.7	N/A	N/A	5.4
Series S Units	4.9	5.8	7.3	N/A	7.6
FTSE TMX Canada Universe Bond Index	(3.0)	2.8	2.7	N/A	3.3
Blended Benchmark	4.3	4.7	5.5	N/A	6.1

The FTSE TMX Canada Universe Bond Index is a market capitalization-weighted index designed to be a broad measure of the Canadian investment grade fixed income market.

The Bloomberg Barclays U.S. Corporate High-Yield Bond Index (local\$) measures the U.S. dollar denominated, high yield, fixed-rate corporate bond market. This variation is denominated in U.S. dollars.

The MSCI All Country World Index (local\$) is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets. This variation is denominated in U.S. dollars.

The S&P/TSX Composite Index is a capitalization-weighted index designed to measure market activity of stocks and trusts listed on the Toronto Stock Exchange.

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

Summary of Investment Portfolio

As at September 30, 2017

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, 2017.

Portfolio by Country	Percentage of Net Asset Value (%)
Canada	41.9
United States	40.4
United Kingdom	2.4
Japan	2.1
China	1.7
South Korea	1.5
Cash & Cash Equivalents	1.1
Netherlands	0.9
Germany	0.9
Mexico	0.9
Italy	0.8
Ireland	0.6
Hong Kong	0.5
Switzerland	0.5
Peru	0.5
Spain	0.5
Israel	0.5
Jersey	0.4
Belgium	0.3
France	0.3
Australia	0.3
Norway	0.3
Singapore	0.2
Foreign Exchange Forward Contracts	(0.6)

Portfolio by Sector	Percentage of Net Asset Value (%)
Corporate Bonds	27.2
Government Bonds	23.5
Financials	9.8
High Yield Bonds	6.3
Information Technology	5.2
Energy	5.1
Industrials	4.1
Health Care	3.6
Consumer Discretionary	2.4
Materials	1.9
Emerging Markets Bonds	1.9
Utilities	1.7
Supranational Bonds	1.6
Consumer Staples	1.6
Telecommunication Services	1.3
Real Estate	1.2
Cash & Cash Equivalents	1.1
Foreign Exchange Forward Contracts	(0.6)

Portfolio by Asset Mix	Percentage of Net Asset Value (%)
Canadian Fixed Income	29.2
United States Fixed Income	24.4
United States Equity	16.0
Canadian Equity	12.7
International Equity	9.2
International Fixed Income	6.9
Cash & Cash Equivalents	1.1
Foreign Exchange Forward Contracts	(0.6)

Portfolio by Credit Rating ^{††}	Percentage of Net Asset Value (%)
AAA	24.1
AA	0.9
A	1.9
BBB	15.9
BB	7.9
B	8.0
CCC	1.8
Not Rated	7.4

Top Holdings	Percentage of Net Asset Value (%)
U.S. Treasury**	13.4
Government of Canada**	9.7
Morgan Stanley**	1.5
Bell Canada Inc.**	1.3
TELUS Corporation**	1.3
Just Energy Group Inc.**	1.3
Enbridge Inc.	1.2
Rite Aid Corporation**	1.1
The Export-Import Bank of Korea**	1.1
Quebecor Media Inc.**	1.0
Fairfax Financial Holdings Limited**	1.0
Prudential Financial Inc.**	1.0
Brookfield Asset Management Inc.**	1.0
Navistar International Corporation**	1.0
Parkland Fuel Corporation**	1.0
Royal Bank of Canada	0.8
Newalta Corporation**	0.8
TransCanada Trust**	0.8
Cominar Real Estate Investment Trust**	0.8
Canadian Oil Sands Limited**	0.8
Great Canadian Gaming Corporation**	0.8
Fortis Inc.	0.7
Capital Power Corporation**	0.7
Manulife Financial Corporation	0.7
Northrop Grumman Corporation	0.7
Total Net Asset Value (thousands of dollars)	\$ 200,422

^{††} 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



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