

Annual Management Report of Fund Performance

# AGF Diversified Income Class

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

As described in the Simplified Prospectus, the investment objective of AGF Diversified Income Class (the "Fund") is to achieve a high level of current income and long-term growth of capital. To achieve this objective, AGF Investments Inc. ("AGFI"), as portfolio manager, primarily invests the Fund in units of AGF Diversified Income Fund (the "Underlying Fund"). The Underlying Fund invests 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 portfolio manager of the Underlying Fund looks for 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 and have low to medium tolerance for risk.

### Results of Operations

For the year ended September 30, 2017, the Mutual Fund Shares of the Fund returned 2.0% (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 Mutual Fund Shares, save for differences in expense structure. Refer to "Past Performance" section for the performance information of such series.

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

The Fund out-performed the FTSE TMX Universe Bond Index due to the Underlying Fund's inclusion of equities, high yield bonds, convertible bonds and higher exposure to investment grade corporate bonds, which

all out-performed during the reporting period. In addition, the Underlying Fund's slightly shorter duration stance relative to the FTSE TMX Universe Bond Index also contributed positively as a result of rising bond yields over the reporting period.

The Fund under-performed the Blended Benchmark due to the Underlying Fund's lower exposure to high yield bonds, which had strong performance during the period under review. This was partially offset by the Underlying Fund's higher exposure to equities, and particularly global equities, which contributed to performance. The Underlying Fund's inclusion of convertible bonds also contributed due to their out-performance. The Underlying 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 Underlying Fund's 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 Underlying 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 Underlying Fund entered into foreign exchange forward contracts during the period under review. As of September 30, 2017, the Underlying Fund was long Canadian dollar and short Euro, Japanese Yen, Pound Sterling and U.S. dollar in order to hedge its currency exposure.

The Fund had net redemptions of approximately \$6 million for the current period, as compared to net subscriptions of approximately \$6 million in the prior period. The portfolio manager does not believe that redemption/subscriber activity had a meaningful impact on the Fund's performance or the ability to implement its investment strategy.

Total expenses before foreign withholding taxes, commissions and other portfolio transaction costs vary period over period mainly as a result of changes in average Net Asset Values (see Explanatory Note (1) a)) and investor activity, such as number of investor accounts and transactions. The decrease in management fees accounted for most of the decrease in expenses during the period when compared to the previous period due to a decrease in average Net Asset Values for Mutual Fund and Series F Shares. Shareholder servicing and administrative fees decreased due to non-recurring expenses incurred in the previous period. Custodian fees decreased due to renegotiated fee terms with third party service provider during the current 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

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.

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slowdown following the unsustainable pace of the first six months. The 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 of the Underlying Fund prefers investment grade corporate bonds over government bonds, which may struggle if yields rise. The portfolio manager of the Underlying Fund 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.

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

### Related Party Transactions

AGFI is the manager (“Manager”) of the Fund. Pursuant to the management agreement between the Fund and AGFI, AGFI is responsible for the day-to-day business of the Fund. AGFI also acts as the investment (portfolio) manager, managing the investment portfolio of the Fund. Under the management agreement, the Fund (except for Series O, Series Q and Series W Shares, if applicable) pays management fees, calculated based on the Net Asset Value of the respective series of the Fund. Management fees of approximately \$545,000 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. Shareholder servicing and administrative fees of approximately \$15,000 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.

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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. 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 Shares – Net Assets per Share<sup>(1)</sup>

For the periods ended	Sept 30, 2017 (\$)	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>10.05</b>	<b>9.61</b>	<b>9.44</b>	<b>8.58</b>	<b>8.33</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.44	0.46	0.52	0.43	0.58
Total expenses	(0.29)	(0.29)	(0.28)	(0.27)	(0.25)
Realized gains (losses)	0.07	0.04	0.09	0.07	0.02
Unrealized gains (losses)	(0.04)	0.21	(0.16)	0.54	(0.11)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.18</b>	<b>0.42</b>	<b>0.17</b>	<b>0.77</b>	<b>0.24</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>10.25</b>	<b>10.05</b>	<b>9.61</b>	<b>9.44</b>	<b>8.58</b>

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

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)	19,975	25,798	29,118	29,590	20,538
Number of shares outstanding (000's)	1,950	2,566	3,029	3,135	2,394
Management expense ratio <sup>(5)</sup>	2.86%	2.93%	2.89%	2.94%	2.95%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	2.86%	2.93%	2.89%	2.98%	3.07%
Trading expense ratio <sup>(7)</sup>	0.03%	0.05%	0.05%	0.08%	0.10%
Portfolio turnover rate <sup>(8)</sup>	11.25%	18.94%	16.43%	17.00%	18.54%
Net Asset Value per share	10.25	10.05	9.61	9.44	8.58

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

For the periods ended	Sept 30, 2017 (\$)	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>11.18</b>	<b>10.51</b>	<b>10.19</b>	<b>9.16</b>	<b>8.80</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.50	0.51	0.57	0.46	0.62
Total expenses	(0.15)	(0.14)	(0.17)	(0.19)	(0.17)
Realized gains (losses)	0.07	0.04	0.10	0.08	0.02
Unrealized gains (losses)	(0.06)	0.15	(0.15)	0.56	(0.10)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.36</b>	<b>0.56</b>	<b>0.35</b>	<b>0.91</b>	<b>0.37</b>
<b>Distributions:</b>					
From income (excluding dividends)	–	–	–	–	–
From dividends	–	–	–	–	–
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>11.57</b>	<b>11.18</b>	<b>10.51</b>	<b>10.19</b>	<b>9.16</b>

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

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)	2,741	2,728	4,332	4,569	2,381
Number of shares outstanding (000's)	237	244	412	449	260
Management expense ratio <sup>(5)</sup>	1.35%	1.29%	1.60%	1.89%	1.89%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	1.35%	1.29%	1.60%	1.98%	2.13%
Trading expense ratio <sup>(7)</sup>	0.03%	0.05%	0.05%	0.08%	0.10%
Portfolio turnover rate <sup>(8)</sup>	11.25%	18.94%	16.43%	17.00%	18.54%
Net Asset Value per share	11.57	11.18	10.51	10.19	9.16

### Series O Shares – Net Assets per Share<sup>(1)</sup>

For the periods ended	Sept 30, 2017 (\$)	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>10.20</b>	<b>9.64*</b>	–	–	–
<b>Increase (decrease) from operations:</b>					
Total revenue	0.46	0.13	–	–	–
Total expenses	–	–	–	–	–
Realized gains (losses)	0.07	0.02	–	–	–
Unrealized gains (losses)	(0.03)	0.22	–	–	–
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.50</b>	<b>0.37</b>	–	–	–
<b>Distributions:</b>					
From income (excluding dividends)	–	–	–	–	–
From dividends	–	–	–	–	–
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>10.70</b>	<b>10.20</b>	–	–	–

\* represents initial Net Assets

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

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### Series O Shares – Ratios/Supplemental Data<sup>(1)</sup>

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)	9,055	8,708	–	–	–
Number of shares outstanding (000's)	847	854	–	–	–
Management expense ratio <sup>(5)</sup>	–	–	–	–	–
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.19%	0.19%~	–	–	–
Trading expense ratio <sup>(7)</sup>	0.03%	0.05%	–	–	–
Portfolio turnover rate <sup>(8)</sup>	11.25%	18.94%	–	–	–
Net Asset Value per share	10.70	10.20	–	–	–

### Series Q Shares – Net Assets per Share<sup>(1)</sup>

For the periods ended	Sept 30, 2017 (\$)	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)	Sept 30, 2013 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>13.36</b>	<b>12.41</b>	<b>11.84</b>	<b>10.45</b>	<b>10.00<sup>(2)</sup></b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.60	0.96	0.65	0.53	0.67
Total expenses	–	–	–	–	–
Realized gains (losses)	0.10	0.10	0.11	0.09	0.01
Unrealized gains (losses)	(0.04)	0.57	(0.34)	0.59	(0.46)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.66</b>	<b>1.63</b>	<b>0.42</b>	<b>1.21</b>	<b>0.22</b>
<b>Distributions:</b>					
From income (excluding dividends)	–	–	–	–	–
From dividends	–	–	–	–	–
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>14.01</b>	<b>13.36</b>	<b>12.41</b>	<b>11.84</b>	<b>10.45</b>

### Series Q Shares – Ratios/Supplemental Data<sup>(1)</sup>

For the periods ended	Sept 30, 2017	Sept 30, 2016	Sept 30, 2015	Sept 30, 2014	Sept 30, 2013
Total Net Asset Value (\$000's)	22,358	20,592	14,667	9,206	4,159
Number of shares outstanding (000's)	1,596	1,541	1,182	778	398
Management expense ratio <sup>(5)</sup>	–	–	–	–	–
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.17%	0.25%	0.25%	0.36%	0.62%~
Trading expense ratio <sup>(7)</sup>	0.03%	0.05%	0.05%	0.08%	0.10%
Portfolio turnover rate <sup>(8)</sup>	11.25%	18.94%	16.43%	17.00%	18.54%
Net Asset Value per share	14.01	13.36	12.41	11.84	10.45

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

Total Net Asset Value and number of shares outstanding presented as at September 30, 2015 may have been adjusted to include certain transactions, if applicable, for the purpose of comparability with subsequent reporting periods. These adjustments have no effect on the Net Asset Value per share.

\* represents initial Net Assets  
~ annualized

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

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

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

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

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

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

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

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

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

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

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

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

As a result of the Fund's investment in the Underlying Fund, the TER is calculated based on commissions and other portfolio transaction costs of the Fund, including such costs that are indirectly incurred by the Fund attributable to its investment in the Underlying Fund, divided by the average daily Net Asset Value of the Fund during the period.

(8) The Fund's portfolio turnover rate ("PTR") indicates how actively the Fund's portfolio advisor manages its portfolio investments. A PTR of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's PTR in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

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PTR is calculated based on the lesser of the cumulative cost of purchases or cumulative proceeds of sales divided by the average market value of the portfolio, excluding short-term investments.

### Management Fees

The Fund is managed by AGFI. As a result of providing investment and management services, AGFI receives a monthly management fee, based on the Net Asset Value of the respective series, calculated daily and payable monthly. Management fees in respect of Series O, Series Q and Series W Shares, if applicable, are arranged directly between the Manager and investors and are not expenses of the Fund. AGFI uses these management fees to pay for sales and trailing commissions to registered dealers on the distribution of the Fund's shares, investment advice, as well as for general administrative expenses such as overhead, salaries, rent, legal and accounting fees relating to AGFI's role as manager.

	As a percentage of management fees		
	Annual rates	Dealer compensation	General administration and investment advice
Mutual Fund Shares	2.35%	43.12%	56.88%
Series F Shares	0.90%	—	100.00%

### Past Performance\*

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

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

It is AGFI's policy to report rates of return for series in existence greater than one year. The performance start date for each series represents the date of the first purchase of such series, excluding seed money. During the ten year period ended September 30, 2017, certain other funds with similar investment objectives merged into the Fund. Generally, for fund mergers, the continuing fund is considered a new fund for the purpose of calculating rates of return and therefore, the rates of return have not been provided for the period of the merger and previous periods. However, the merger of AGF High Income Class with the Fund (see Explanatory Note (1) c)) did not constitute a material change to the Fund and accordingly did not impact the ability of the Fund to maintain its historical performance.

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

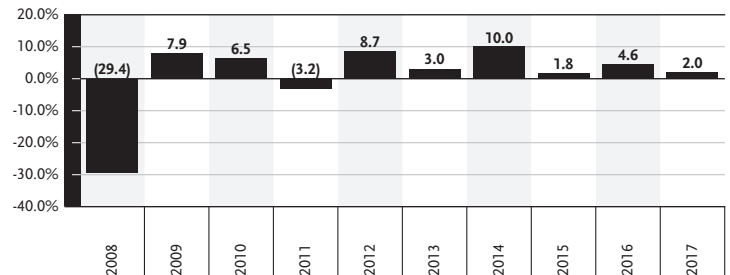
### Year-By-Year Returns

The following bar charts show the Fund's annual performance for each of the past 10 years to September 30, 2017 as applicable, and illustrate how the Fund's performance has changed from year to year. The charts show, in

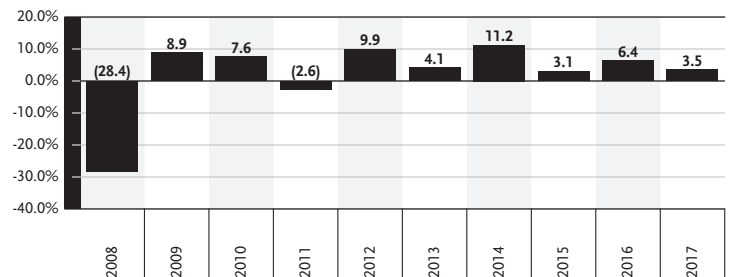
percentage terms, how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.

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

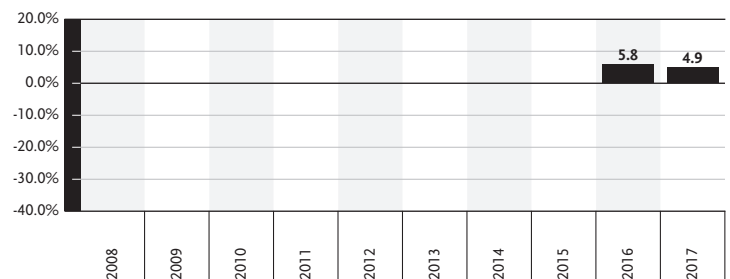
### Mutual Fund Shares



### Series F Shares



### Series O Shares



Performance for 2016 represents returns for the period from April 1, 2016 to September 30, 2016.

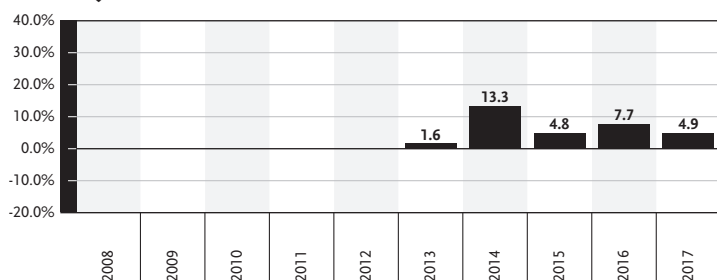
\* The indicated rates of return shown here are the historical annual compounded total returns including changes in security value and reinvestment of all distributions and do not take into account sales, redemption, distribution or other optional charges by any securityholder that would have reduced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

# AGF Diversified Income Class

(CLASS OF AGF ALL WORLD TAX ADVANTAGE GROUP LIMITED)

SEPTEMBER 30, 2017

## Series Q Shares



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

## 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:	Since				
	1 Year	3 Years	5 Years	10 Years	Inception
Mutual Fund Shares	2.0	2.8	4.2	0.1	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 Shares	3.5	4.3	5.6	1.4	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 O Shares	4.9	N/A	N/A	N/A	7.2
FTSE TMX Canada Universe Bond Index	(3.0)	N/A	N/A	N/A	0.5
Blended Benchmark	4.3	N/A	N/A	N/A	7.6
Series Q Shares	4.9	5.8	N/A	N/A	6.8
FTSE TMX Canada Universe Bond Index	(3.0)	2.8	N/A	N/A	2.8
Blended Benchmark	4.3	4.7	N/A	N/A	5.2

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 Underlying Fund's major portfolio categories and top holdings (up to 25), as a percentage of the Underlying Fund's Net Asset Value, at the end of the period are indicated in the following tables. The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Underlying Fund and the next quarterly update will be in the Quarterly Portfolio Disclosure as at December 31, 2017.

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

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)

# AGF Diversified Income Class

(CLASS OF AGF ALL WORLD TAX ADVANTAGE GROUP LIMITED)

SEPTEMBER 30, 2017

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

The total Net Asset Value of the Fund as at September 30, 2017 was approximately \$54,129,000.

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

\*\* Debt Instruments





For more information contact your investment advisor or:

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