

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

# Harmony Money Market Pool

MARCH 31, 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 pool's performance and outlook.

### Results of Operations

For the six months ended March 31, 2018, the Wrap and Embedded Series Units of Harmony Money Market Pool (the "Pool") returned nil (net of expenses) while the FTSE TMX Canada 91 Day T-Bill Index ("FTSE TMX 91 Day Index") returned 0.5%.

On an expense-adjusted basis, the Pool slightly out-performed the FTSE TMX 91 Day Index. The Pool maintained exposure to money market instruments backed by Canadian financial institutions during the reporting period, which yielded more than the FTSE TMX 91 Day Index and thus contributed to the Pool's performance. Over the period under review, the Pool maintained a higher total average yield relative to the benchmark, which also added value.

Relative to the FTSE TMX 91 Day Index, the Pool maintained a shorter maturity profile over the reporting period and this positioning contributed to performance as money market yields climbed during the period.

The Pool had net subscriptions of approximately \$0.1 million for the current period, as compared to net redemptions of approximately \$1 million in the prior period. The portfolio manager does not believe that subscription/redemption activity had a meaningful impact on the Pool'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 remained fairly consistent as compared to the previous period. The increase in annual and interim reports and decrease in audit fees were due to variances between the accrued amounts versus the actual expenses incurred in the previous period. All other expenses remained fairly consistent throughout the periods.

### Recent Developments

Uncertainty surrounding trade escalated during the first calendar quarter of 2018 as the U.S. imposed tariffs on several of its trading partners, most prominently China. While concerns about the North American Free Trade Agreement has softened in recent weeks, it remains to be seen what demands the U.S. administration will place on Canada and Mexico following their temporary exclusion from recent steel and aluminum tariffs. As such, the portfolio manager expects the Bank of Canada ("BoC") will remain cautious in raising interest rates further as it

observes how trade negotiations unfold as well as the moderation in economic activity following a strong calendar year 2017. Canada's strong growth drivers in recent years, which included consumer spending and housing investments, are likely to moderate further as interest rates have risen and tighter mortgage rules have impacted housing demand. Encouragingly, Canada's labour market remains strong and this should help support the economic growth drivers, albeit at a more moderate pace. While any improvement in the economic data, including faster economic growth, rising inflation and/or further improvement in the labour market, may prompt the BoC to hike policy rates sooner than expected, the portfolio manager anticipates the pace of hikes to remain benign and at most matching that of the U.S. Federal Reserve (the "Fed").

The portfolio manager expects the Fed to remain committed to tightening policy given healthy financial conditions, as evidenced by the recent rate hike in March 2018 and the ongoing scheduled reduction in its balance sheet. The recent tax reform and spending bill in the U.S. are expected to continue to boost economic growth. As 2018 progresses, however, the market may be increasingly focused on the flattening of the yield curve if the Fed tightens too quickly. Another event for bond investors to consider in late 2018 and into 2019 is the potential that the European Central Bank and Bank of Japan may start tapering their respective asset purchase (i.e. quantitative easing) programs.

In this environment, the portfolio manager anticipates that bond yields will move higher if global growth and inflation continue to improve. Developments on these fronts will be a key element influencing the path of bond yields and monetary policy.

The portfolio manager expects the Pool to continue to take advantage of out-of-benchmark exposure in bankers' acceptance paper as they provide higher yields than do government-guaranteed and provincial treasury bills of a similar maturity. The portfolio manager will continue to actively manage the maturity profile of the Pool and may extend the profile in anticipation of rising interest rates, should the premium for holding longer term securities becomes more rewarding.

### Related Party Transactions

AGF Investments Inc. ("AGFI") is the manager ("Manager") and trustee of the Pool. Unitholders of the Embedded Series Units and Wrap Series Units do not pay management fees.

AGFI is also the investment (portfolio) manager of the Pool. The Pool pays investment management fees to AGFI to manage the assets of the Pool, based upon the Net Asset Value of the Pool. Investment management fees of approximately \$2,000 were incurred by the Pool during the six month period ended March 31, 2018.

AGF CustomerFirst Inc. ("AGFC") provides transfer agency services to the Pool pursuant to a services agreement with AGFI. Unitholder

This interim management report of fund performance contains financial highlights, but does not contain either the interim or annual financial statements of the investment fund. You can get a copy of the interim or annual financial statements at your request, and at no cost, by calling 1 800 387-2563, by writing to us at AGF Investments Inc. 55 Standish Court, Suite 1050, Mississauga, Ontario, Canada L5R 0G3 attention: Harmony 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.

servicing and administrative fees of approximately \$3,000 incurred by the Pool were paid to AGFC during the six month period ended March 31, 2018.

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 Pool, 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 Pool 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 Pool and economic factors.

The forward-looking statements are by their nature based on numerous assumptions, which include, amongst other things, that (i) the Pool 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 Pool. 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 Pool 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 Pool and are intended to help you understand the Pool's financial performance for the six months ended March 31, 2018 and the past five years as applicable. The Pool 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 (“Canadian GAAP”).

### Wrap Series Units – Net Assets per Unit<sup>(1)</sup>

For the periods ended	Mar 31, 2018 (\$)	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>	10.00	10.00	10.00	10.00	10.00	10.00
<b>Increase (decrease) from operations:</b>						
Total revenue	0.06	0.07	0.06	0.08	0.11	0.12
Total expenses	(0.06)	(0.07)	(0.06)	(0.08)	(0.09)	(0.09)
Realized gains (losses)	–	–	–	–	–	–
Unrealized gains (losses)	–	–	–	–	–	–
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.02</b>	<b>0.03</b>
<b>Distributions:</b>						
From income (excluding dividends)	(0.00)	(0.00)	(0.00)	(0.00)	(0.02)	(0.03)
From dividends	–	–	–	–	–	–
From capital gains	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.02)</b>	<b>(0.03)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>

### Wrap Series Units – Ratios/Supplemental Data<sup>(1)</sup>

For the periods ended	Mar 31, 2018	Sept 30, 2017	Sept 30, 2016	Sept 30, 2015	Sept 30, 2014	Sept 30, 2013
Total Net Asset Value (\$000's)	535	338	518	691	1,313	1,920
Number of units outstanding (000's)	53	34	52	69	131	192
Management expense ratio <sup>(5)</sup>	1.18%~	0.71%	0.63%	0.84%	0.90%	0.86%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	6.35%~	6.61%	6.32%	3.97%	2.52%	2.19%
Trading expense ratio <sup>(7)</sup>	–	–	–	–	–	–
Portfolio turnover rate <sup>(8)</sup>	N/A	N/A	N/A	N/A	N/A	N/A
Net Asset Value per unit	10.00	10.00	10.00	10.00	10.00	10.00

### Embedded Series Units – Net Assets per Unit<sup>(1)</sup>

For the periods ended	Mar 31, 2018 (\$)	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>	10.00	10.00	10.00	10.00	10.00	10.00
<b>Increase (decrease) from operations:</b>						
Total revenue	0.06	0.07	0.06	0.08	0.11	0.12
Total expenses	(0.05)	(0.07)	(0.06)	(0.08)	(0.09)	(0.09)
Realized gains (losses)	–	–	–	–	–	–
Unrealized gains (losses)	–	–	–	–	–	–
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.01</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.02</b>	<b>0.03</b>
<b>Distributions:</b>						
From income (excluding dividends)	(0.01)	(0.00)	(0.00)	(0.00)	(0.02)	(0.03)
From dividends	–	–	–	–	–	–
From capital gains	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.01)</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.02)</b>	<b>(0.03)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>

~ annualized

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

## Embedded Series Units – Ratios/Supplemental Data<sup>(1)</sup>

For the periods ended	Mar 31, 2018	Sept 30, 2017	Sept 30, 2016	Sept 30, 2015	Sept 30, 2014	Sept 30, 2013
Total Net Asset Value (\$000's)	1,836	1,917	2,147	2,493	3,411	5,159
Number of units outstanding (000's)	184	192	215	249	341	516
Management expense ratio <sup>(6)</sup>	1.11%~	0.71%	0.64%	0.81%	0.88%	0.87%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	4.90%~	5.18%	4.55%	3.23%	2.13%	1.90%
Trading expense ratio <sup>(7)</sup>	-	-	-	-	-	-
Portfolio turnover rate <sup>(8)</sup>	N/A	N/A	N/A	N/A	N/A	N/A
Net Asset Value per unit	10.00	10.00	10.00	10.00	10.00	10.00

## Explanatory Notes

(1) a) This information is derived from the Pool's audited annual financial statements and unaudited interim 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 Pool commenced operations on the following dates, which represents the date upon which securities of a series were first made available for purchase by investors.

Wrap Series Units	January 2000
Embedded Series Units	December 2002

- (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 Pool, or both.
- (4) This is not a reconciliation of the beginning and ending Net Assets per unit.
- (5) The management expense ratio of a particular series is calculated in accordance with National Instrument 81-106, based on all the expenses of the Pool (including Harmonized Sales Tax, Goods and Services Tax and interest, but excluding foreign withholding taxes, commissions and other portfolio transaction costs) allocated 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 Pool. 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 expressed as an annualized percentage of average daily Net Asset Value during the period.

~ annualized

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

\* The indicated rates of return shown here are the historical 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.

(8) The Pool's portfolio turnover rate ("PTR") indicates how actively the Pool's portfolio advisor manages its portfolio investments. A PTR of 100% is equivalent to the Pool 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

Wrap Series Units and Embedded Series Units of the Pool do not pay management fees.

## Past Performance\*

The performance information shown assumes that all distributions made by the Pool in the periods shown were reinvested in additional securities of the Pool. 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 Pool has performed in the past does not necessarily indicate how it will perform in the future.

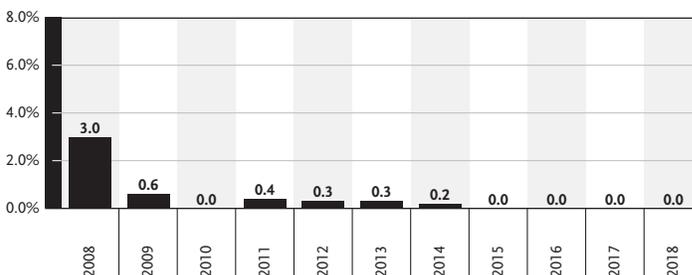
It is AGFI's policy to report rates of return for series in existence greater than one year. The performance start date for each series represents the date of the first purchase of such series, excluding seed money.

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

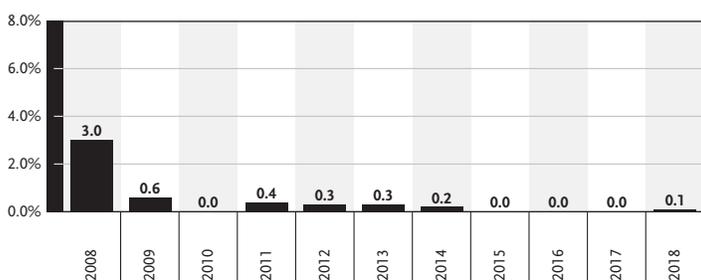
## Year-By-Year Returns

The following bar charts show the Pool's annual performance for each of the past 10 years to September 30, 2017 (interim performance for the six months ended March 31, 2018) as applicable, and illustrate how the Pool'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.

## Wrap Series Units



## Embedded Series Units



## Summary of Investment Portfolio

As at March 31, 2018

The major portfolio categories and top holdings (up to 25) of the Pool 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 Pool and the next quarterly update will be in the Quarterly Portfolio Disclosure as at June 30, 2018.

Portfolio by Sector	Percentage of Net Asset Value (%)
Bankers' Acceptances	46.1
Treasury Bills	37.1
Promissory Notes	11.8
Short-Term Deposits	5.3
Corporate Bonds	1.0

Portfolio by Asset Mix	Percentage of Net Asset Value (%)
Short-Term Investments	100.3
Canadian Fixed Income	1.0

Portfolio by Credit Rating††	Percentage of Net Asset Value (%)
AAA	13.0
AA	12.6
A	75.7

## Top Holdings

	Percentage of Net Asset Value (%)
Government of Canada**	13.0
Province of Alberta**	11.8
Canadian Imperial Bank of Commerce**	8.6
Province of Newfoundland and Labrador**	8.4
HSBC Bank Canada**	7.2
The Bank of Nova Scotia**	7.1
Province of New Brunswick**	7.0
Bank of Montreal**	6.3
National Bank of Canada**	5.9
Royal Bank of Canada**	5.7
The Toronto-Dominion Bank**	5.4
CIBC Mellon Trust Company**	5.3
Province of Ontario**	4.4
Province of Quebec**	4.2
Honda Canada Finance Inc.**	1.0
<b>Total Net Asset Value (thousands of dollars)</b>	<b>\$ 2,371</b>

†† 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:

**Harmony Investment Program**

55 Standish Court, Suite 1050

Mississauga, Ontario L5R 0G3

Toll Free: (800) 387-2563

Web: [AGF.com](http://AGF.com)

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