INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

Harmony Balanced Portfolio

MARCH 31, 2018

HARMONY®
Private Investment Program

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 portfolio's performance and outlook.

Results of Operations

For the six months ended March 31, 2018, the Wrap Series Units of Harmony Balanced Portfolio (the "Portfolio") returned 4.2% (net of expenses) while the MSCI World Index, the FTSE TMX Canada Universe Bond Index ("FTSE TMX Universe Bond Index") and the Blended Benchmark returned 7.8%, 2.1% and 4.0%, respectively. The Blended Benchmark is composed of 45% FTSE TMX Universe Bond Index/35% MSCI World Index/15% S&P/TSX Composite Index/5% Bloomberg Barclays Global Aggregate Index. The performance of the other series of the Portfolio is substantially similar to that of the Wrap Series Units, save for differences in expense structure. Refer to "Past Performance" section for performance information of such series.

The Portfolio currently invests in units of Harmony pools (the "Underlying Pools").

The Portfolio under-performed the MSCI World Index as all the Underlying Pools under-performed the index with the exception of Harmony U.S. Equity Pool, which returned 11.4%. The Portfolio out-performed the FTSE TMX Universe Bond Index and the Blended Benchmark due to out-performance of approximately 35.0% of the Underlying Pools.

During the period under review, the Portfolio decreased its holdings in Harmony Canadian Fixed Income Pool, and correspondingly increased its holdings in Harmony Overseas Equity Pool and Harmony U.S. Equity Pool. Exposure amongst the remaining Underlying Pools remained relatively the same.

The following illustrates significant factors and developments affecting the Underlying Pools' performance and outlook.

As the Portfolio holds Wrap Series Units of the Underlying Pools, reference to performance figures below are for Wrap Series Units only.

During the period under review, Harmony Canadian Fixed Income Pool performed in-line with the FTSE TMX Universe Bond Index. Within the pool, Baker Gilmore & Associates Inc. out-performed relative to the index. Conversely, AGF Investments Inc. ("AGFI") under-performed the index. The pool's underweight modest duration stance was a mild detractor as long-dated bonds drove much of the benchmark return. Duration exposure is the sensitivity of the portfolio due to changes in interest rates. The pool's overweight exposure to investment grade corporate bonds and out-of-benchmark exposure to high yield bonds contributed positively due to tightening spreads and an improved economic climate. The pool's modest exposure to U.S. fixed income detracted due to appreciation of the Canadian dollar as well as rising U.S. interest rates. The exchange traded fund ("ETF") portion of the pool, managed by AGFI, detracted returning 1.7%. The pool remained unchanged in its exposure to domestic and U.S. fixed income ETFs during the reporting period.

During the period under review, Harmony Overseas Equity Pool out-performed the MSCI EAFE Index by 1.1% due to strong stock selection in the financials sector. This was partially offset by the stock selection in the consumer staples and materials sectors, which detracted during the reporting period. Barrow, Hanley, Mewhinney & Strauss, LLC under-performed the MSCI EAFE Index due to poor stock selection in the consumer staples, health care and materials sectors while strong stock selection in the energy and financials sectors boosted performance. Conversely, the portion of the pool managed by AGFI contributed to performance due to stock selection in the consumer discretionary sector. The pool's tactical positioning, via its ETF holdings, added value during the period, returning 8.4%. The pool remained unchanged in its exposure to international equity ETFs during the reporting period.

During the period under review, Harmony U.S. Equity Pool out-performed the S&P 500 Index by 2.1% due to strong stock selection in the consumer discretionary and consumer staples sectors. This was partially offset by the stock selection in the industrials sector, which detracted during the reporting period. C.S. McKee, L.P. under-performed due to stock selection in the consumer discretionary sector which detracted during the reporting period. This was partially offset by strong stock selection in the health care and utilities sectors, as well as an overweight allocation to the information technology sector. The portion of the pool managed by AGFI boosted performance due to strong stock selection in the consumer discretionary and consumer staples sectors, while stock selection in the industrials and materials sectors dragged performance. Eagle Boston Investment Management, Inc. under-performed due to poor stock selection in the financials and information technology sectors. On the other hand, strong stock selection in the consumer discretionary and consumer staples sectors boosted performance. The pool's tactical positioning, via its ETF holdings, was positive on an absolute basis returning 9.6%. The pool remained unchanged in its exposure to U.S. equity ETFs during the reporting period.

During the period under review, Harmony Canadian Equity Pool out-performed the S&P/TSX Composite Index by 1.0% due to strong stock selection in the consumer discretionary and materials sectors. An underweight allocation to the energy sector and an overweight allocation to the information technology sector contributed to performance. Connor, Clark & Lunn Investment Management Ltd. out-performed the index during the reporting period due to strong stock selection in the consumer discretionary and financials sectors along with an underweight

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 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.

allocation to the energy sector. This was partially offset by stock selection in the consumer staples sector, which detracted. Highstreet Asset Management Inc. (“Highstreet”) out-performed the index due to strong stock selection in the consumer discretionary and materials sectors. Stock selection in the financials and industrials sectors detracted from performance. The ETF portion of the pool, managed by AGFI, slightly detracted. The pool remained unchanged in its exposure to domestic equity ETFs during the reporting period.

During the period under review, Harmony Diversified Income Pool out-performed the S&P/TSX 60 Index by 0.8%. The traditional income portion of the pool, managed by AGFI, as well as the portion of the pool managed by Highstreet, added value on an absolute basis during the reporting period returning 0.4% and 0.8%, respectively. The ETF portion of the pool, also managed by AGFI, contributed to performance returning 1.4%. The pool remained unchanged in its exposure to domestic fixed income ETFs during the reporting period.

During the period under review, Harmony Global Fixed Income Pool under-performed the Bloomberg Barclays Global Aggregate Index by 1.1%. The pool’s underweight exposure to developed markets, non-U.S. fixed income detracted from performance. The pool was primarily invested in ETFs during the reporting period. Exposure remained unchanged during the reporting period.

The Portfolio had net redemptions of approximately $13 million for the current period, as compared to net redemptions of approximately $21 million in the prior period. The portfolio manager does not believe that redemption activity had a meaningful impact on the ability of AGFI as investment (portfolio) manager, to implement its investment strategy.

Total expenses 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. The increase in annual and interim reports and decrease in audit fees and registration 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

AGFI, as portfolio manager, and the third party investment consultant hired to provide advice and recommendations to AGFI, monitor and review the Portfolio, and the strategic asset allocation on a quarterly basis, as needed. Rebalancing of the allocations to the Underlying Pools within the Portfolio occurs in the event that actual allocations deviate from the most recently determined strategic targets by a predetermined percentage.

In the portfolio management team’s opinion, moving into the first calendar quarter of 2018, equities have continued to move higher on the heels of strong positive sentiment despite rich valuations. In this environment, the portfolio management team believes that maintaining a neutral stance regarding equity risk is prudent. Within the U.S., the portfolio management team has shifted to an underweight stance as it relates to growth stocks relative to their value counterparts. The portfolio management team is maintaining a large overweight position in foreign equities relative to U.S. equities based on the belief that valuations in non-U.S. equities are more attractive than U.S. equities. In addition, the portfolio management team is maintaining an underweight exposure in non-U.S. versus U.S. fixed income, due to the relatively more attractive fixed income yields available within the U.S. when compared to the Eurozone and Japan.

The Canadian equity market, as measured by the S&P/TSX Composite Index, returned −4.5% in the first calendar quarter of 2018. Canada’s gross domestic product (“GDP”) increased 1.7% year-over-year in the fourth calendar quarter of 2017. The Canadian dollar depreciated 2.5% relative to the U.S. dollar during the first calendar quarter of 2018.

The U.S. equity market was positive in the first calendar quarter of 2018, with the S&P 500 Index returning 2.1%. Real GDP rose during the first calendar quarter of 2018, expanding 2.9% on an annualized basis. The 10-year U.S. Treasury yield increased, starting the first calendar quarter at 2.4% and ending March 2018 at 2.7%.

Developed foreign markets posted positive performance for the first calendar quarter of 2018, with the MSCI EAFE Index rising 1.3% and the MSCI Emerging Markets Index returning 4.4%.

Fixed income returns were positive in the first calendar quarter of 2018, with the FTSE TMX Universe Bond Index returning 0.1% and the Citi World Government Bond Index returning 5.5%.

There have been no material changes in regards to the strategic position of the Portfolio. Additionally, there were no known material trends, commitments, events or uncertainties, to the portfolio management team’s knowledge, that might reasonably be expected to affect the Portfolio.

Related Party Transactions

AGFI is the manager (“Manager”) and trustee of the Portfolio. The Portfolio is designed to offer strategic asset allocation and diversification through direct investments in units of Underlying Pools. Unitholders of the Embedded Series Units agree to pay management fees, calculated based on the Net Asset Value of such series of the Portfolio. Unitholders of the Wrap Series Units pay service fees directly to their dealers and do not pay management fees. A portion of such service fee is retained by AGFI.

AGFI also acts as the investment (portfolio) manager of the Portfolio and certain of the Underlying Pools which the Portfolio invests in. As portfolio manager of the Portfolio, AGFI does not charge any direct investment management fees to the Portfolio in order to avoid duplication of investment management fees. Management fees of approximately $949,000 were incurred by the Portfolio during the six month period ended March 31, 2018.

AGF CustomerFirst Inc. (“AGFC”) provides transfer agency services to the Portfolio pursuant to a services agreement with AGFI. Unitholder servicing and administrative fees of approximately $44,000 incurred by the Portfolio 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 Portfolio, 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 Portfolio 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 Portfolio and economic factors.

The forward-looking statements are by their nature based on numerous assumptions, which include, amongst other things, that (i) the Portfolio 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 Portfolio. 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 Portfolio 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 Portfolio and are intended to help you understand the Portfolio’s financial performance for the six months ended March 31, 2018 and the past five years as applicable. The Portfolio 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(1)

For the periods ended	Mar 31, 2018 ($)	Sept 30, 2017 ($)	Sept 30, 2016 ($)	Sept 30, 2015 ($)	Sept 30, 2014 ($)	Sept 30, 2013 ($)
Net Assets, beginning of period(1)	**15.18**	**14.90**	**13.80**	**13.35**	**12.10**	**11.56**
Increase (decrease) from operations:						
Total revenue	0.33	0.54	0.49	0.49	0.37	0.42
Total expenses	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Realized gains (losses)	0.38	0.74	0.53	0.51	0.34	0.01
Unrealized gains (losses)	(0.05)	(0.69)	0.02	(0.34)	0.91	0.42
Total increase (decrease) from operations(2)	**0.66**	**0.59**	**1.04**	**0.66**	**1.62**	**0.85**
Distributions:						
From income (excluding dividends)	–	–	–	–	(0.03)	(0.01)
From dividends	(0.16)	(0.30)	–	(0.13)	(0.30)	(0.29)
From capital gains	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–
Total annual distributions(3)	**(0.16)**	**(0.30)**	**–**	**(0.13)**	**(0.33)**	**(0.30)**
Net Assets, end of period(4)	**15.66**	**15.18**	**14.90**	**13.80**	**13.35**	**12.10**

Wrap Series Units – Ratios/Supplemental Data(1)

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)	18,737	20,886	28,849	32,952	37,181	39,633
Number of units outstanding (000’s)	1,196	1,376	1,936	2,387	2,786	3,275
Management expense ratio(5)	0.45%~	0.45%	0.45%	0.43%	0.43%	0.44%
Management expense ratio before waivers or absorptions(6)	0.67%~	0.60%	0.60%	0.52%	0.51%	0.50%
Trading expense ratio(7)	0.05%~	0.07%	0.08%	0.08%	0.06%	0.08%
Portfolio turnover rate(8)	5.80%	11.69%	14.70%	1.04%	0.84%	1.18%
Net Asset Value per unit	15.66	15.18	14.90	13.80	13.35	12.10

~ annualized

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

Embedded Series Units – Net Assets per Unit(1)

For the periods ended	Mar 31, 2018 ($)	Sept 30, 2017 ($)	Sept 30, 2016 ($)	Sept 30, 2015 ($)	Sept 30, 2014 ($)	Sept 30, 2013 ($)
Net Assets, beginning of period(1)	**14.01**	**13.79**	**13.08**	**12.81**	**11.60**	**11.06**
Increase (decrease) from operations:						
Total revenue	0.30	0.50	0.45	0.48	0.37	0.42
Total expenses	(0.17)	(0.33)	(0.31)	(0.31)	(0.29)	(0.27)
Realized gains (losses)	0.35	0.68	0.50	0.49	0.33	0.01
Unrealized gains (losses)	(0.04)	(0.62)	0.04	(0.30)	0.89	0.40
Total increase (decrease) from operations(2)	**0.44**	**0.23**	**0.68**	**0.36**	**1.30**	**0.56**
Distributions:						
From income (excluding dividends)	–	–	–	–	(0.00)	(0.00)
From dividends	–	–	–	–	(0.02)	(0.01)
From capital gains	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–
Total annual distributions(3)	**–**	**–**	**–**	**–**	**(0.02)**	**(0.01)**
Net Assets, end of period(4)	**14.44**	**14.01**	**13.79**	**13.08**	**12.81**	**11.60**

Embedded Series Units – Ratios/Supplemental Data(1)

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)	87,631	94,783	119,497	142,897	177,510	201,912
Number of units outstanding (000's)	6,069	6,764	8,664	10,926	13,855	17,411
Management expense ratio(5)	2.79%~	2.79%	2.78%	2.77%	2.77%	2.77%
Management expense ratio before waivers or absorptions(6)	2.97%~	2.90%	2.89%	2.82%	2.81%	2.81%
Trading expense ratio(7)	0.05%~	0.07%	0.08%	0.08%	0.06%	0.08%
Portfolio turnover rate(8)	5.80%	11.69%	14.70%	1.04%	0.84%	1.18%
Net Asset Value per unit	14.44	14.01	13.79	13.08	12.81	11.60

Explanatory Notes

(1) a) This information is derived from the Portfolio'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") was calculated using different valuation techniques for certain investments as required under Canadian GAAP. This had no impact on the Net Assets per unit since the series net asset value per unit calculated for fund pricing purposes ("Net Asset Value") of the Underlying Pools 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 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 Portfolio 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 2004
Embedded Series Units	January 2004

(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 Portfolio, or both. 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 Portfolio (including Harmonized Sales Tax, Goods and Services Tax and interest, but excluding commissions and other portfolio transaction costs) allocated to that series, expressed as an annualized percentage of the average daily Net Asset Value of that series during the period.

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

(6) AGFI waived certain fees or absorbed certain expenses otherwise payable by the Portfolio. 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 Portfolio's investment in the Underlying Pools, the TER is calculated based on commissions and other portfolio transaction costs of the Portfolio, including such costs that are indirectly incurred by the Portfolio attributable to its investment in each of the Underlying Pools, divided by the average daily Net Asset Value of the Portfolio during the period.

(8) The Portfolio's portfolio turnover rate ("PTR") indicates how actively the Portfolio's portfolio advisor manages its portfolio investments. A PTR of 100% is equivalent to the Portfolio 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 Portfolio is managed by AGFI. As a result of providing management services, AGFI receives a monthly management fee, based on the Net Asset Value of the Embedded Series Units, calculated daily and payable monthly. Unitholders of Wrap Series Units pay service fees directly to their dealers and do not pay management fees. These service fees are not expenses of the Portfolio. Since the Underlying Pools held by the Portfolio invest in ETFs, the Portfolio will bear indirectly the management fees (which includes investment management fees) of the ETFs indirectly borne by the Underlying Pools, after giving effect to any rebates and waivers, as applicable. AGFI uses these management fees to pay for sales and trailing commissions to registered dealers on the distribution of the

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

Portfolio'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
Embedded Series Units	2.06%[a]	66.92%	33.08%

(a) 2.05% for the period prior to October 23, 2017.

Past Performance*

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

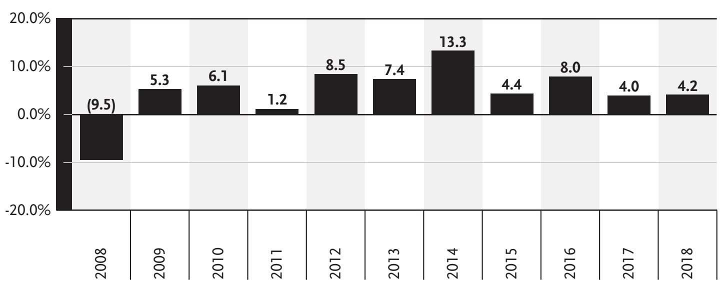
It is AGFI's policy to report rates of return for series in existence greater than one year. The performance start date for each series represents the date of the first purchase of such series, excluding seed money.

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

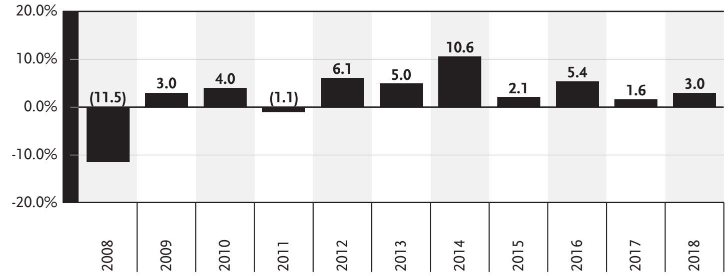
Year-By-Year Returns

The following bar charts show the Portfolio'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 Portfolio'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 Portfolio 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 Portfolio and the next quarterly update will be in the Quarterly Portfolio Disclosure as at June 30, 2018.

The prospectus and other information about the Underlying Pools are available on the internet at www.sedar.com.

Portfolio by Sector	Percentage of Net Asset Value (%)
Equity Funds	51.3
Fixed Income Funds	48.1
Cash & Cash Equivalents	0.7

Top Holdings	Percentage of Net Asset Value (%)
Harmony Canadian Fixed Income Pool	44.1
Harmony Overseas Equity Pool	15.8
Harmony U.S. Equity Pool	15.6
Harmony Canadian Equity Pool	13.9
Harmony Diversified Income Pool	6.0
Harmony Global Fixed Income Pool	4.0
Total Net Asset Value (thousands of dollars)	**$ 106,368**

* 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.

HARMONY®
Private Investment Program

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