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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the years ended November 30, 2000 and 1999 (in dollars, except as otherwise stated)

### 1. Financial statements presentation

#### (a) Description of business

AGF Management Limited ("AGF") is incorporated under the Business Corporations Act (Ontario). AGF is an integrated, globally focused wealth management corporation whose principal subsidiaries provide mutual fund management and distribution, private investment management for high-net-worth clients, trust products and services (including mortgage and investment lending and deposit-taking activities), investment advisory services and third-party fund administration services for individual and institutional clients. AGF conducts the management and distribution of mutual funds in Canada under the brand names AGF, Global Strategy and Harmony (collectively, the "AGF Funds").

#### (b) The financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The significant accounting policies are as follows:

##### Consolidation

The consolidated financial statements include the accounts of AGF and all of its directly and indirectly owned subsidiaries and partnership (collectively referred to as the "Corporation"). The principal entities of AGF are:

AGF Funds Inc.  
AGF International Advisors Company Limited  
AGF Asset Management Asia Ltd.  
AGF Magna Vista Private Investment Management Limited ("AGF Magna Vista")  
AGF Trust Company ("Trust Company")  
AGF Securities (Canada) Limited  
AGF Securities, Inc.  
AGF Limited Partnership 1998  
AdminSource Inc.  
AdminSource (UK) Limited  
AdminSource Holdings (UK) Limited  
AGF International Company Limited  
20/20 Financial Corporation ("20/20 Financial")  
Global Strategy Holdings Inc. ("Global Strategy")  
Global Strategy Financial Inc.  
Global Strategy Securities Inc.  
moneyworld Media Inc.

##### Revenue recognition

Management and advisory fees are based on the net asset value of funds under management and are recognized on an accrual basis. These fees are shown net of management fee rebates and distribution fee payments to third-party selling commission financing parties.

Administration fees and other revenue are recognized on an accrual basis when the services are performed.

Deferred sales charge ("DSC") revenue is received from investors when mutual fund securities sold on a DSC basis are redeemed. DSC revenue is recognized on the trade date of redemption of the applicable mutual fund securities.

#### Foreign currency translation

Assets and liabilities of foreign subsidiaries are translated into Canadian dollars at the rates of exchange in effect at year-end. Revenue and expenses of foreign subsidiaries are translated into Canadian dollars at average rates of exchange during the year.

Investments in foreign associated companies and any related debt and foreign exchange forward contracts are translated into Canadian dollars at the rates of exchange in effect at year-end. Unrealized translation gains and losses are reported in a separate component of shareholder's equity as a foreign currency translation adjustment.

#### Investments

Short-term investments are carried at the lower of cost and market value. Long-term investments are carried at cost and are only written down on indication of permanent impairment in the carrying value.

#### Management contracts and goodwill

The purchase price of acquisitions accounted for under the purchase method and the purchase price of investments accounted for under the equity method are allocated based on the fair values of the net identifiable assets acquired, including management contracts. The excess of the purchase price over the values of such assets is recorded as goodwill.

The value assigned to management contracts is amortized on a straight-line basis over 15 years. Goodwill relating to Wealth Management operations is amortized on a straight-line basis over 15 years and goodwill relating to Trust Company operations is amortized on a straight-line basis over 5 years. The carrying values of management contracts and goodwill are regularly assessed by management reviewing the discounted expected cash flows of the assets acquired as well as the related risks.

#### Deferred selling commissions

Selling commissions paid on mutual fund securities sold on a DSC basis are recorded at cost and are amortized on a straight-line basis over a period that corresponds with the applicable DSC schedule (which ranges from six to eight years). Unamortized deferred selling commissions are written down to the extent that the carrying value exceeds the expected future revenue.

#### Capital assets

Capital assets, which are comprised of office furnishings, computer equipment, computer software, leasehold improvements, television production and program rights are stated at cost, net of accumulated amortization.

Amortization is computed on the following methods based on the estimated useful lives of the assets:

Office furnishings	20% declining balance
Computer equipment	30% declining balance
Computer software	straight-line over three years
Leasehold improvements	straight-line over term of related lease
Television production	straight-line over two years
Program rights	straight-line over five years

#### Mortgages and consumer loans

Mortgage loans are carried at amortized cost less principal repayments less any holdbacks, net of an allowance for mortgage losses. Interest income from mortgages is recorded on an accrual basis. Accrued but uncollected interest on uninsured mortgages is reversed when loans are placed on a non-accrual basis. Loans are classified as non-accrual when, in the opinion of management, there is reasonable doubt as to the collectibility, either in whole or in part, of interest or principal or when principal or interest is past due 90 days, except where the loan is both well-secured and in the process of collection. In any event a loan that is insured by the Federal Government or an agency thereof is classified as non-accrual when principal or interest is past due 365 days, or in the case of other mortgage loans, when they are contractually in arrears for 180 days. Thereafter, interest income is recognized on a cash basis only after specific provision for losses has been recovered and provided there is no further doubt as to the collectibility of the principal.

Consumer loans are carried at amortized cost less principal repayments, net of allowance for consumer loan losses. Interest income from consumer loans is recorded on an accrual basis.

#### Stock option plans

Stock option plans are described in note 4(d). No compensation expense is recognized when stock options are granted or exercised. Consideration paid by employees on exercise of stock options is credited to capital stock.

#### Use of estimates

In preparing these financial statements, management must make certain estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses and the related disclosures. Actual results may be different from those estimates.

## 2. Acquisition of Global Strategy Holdings Inc.

On November 20, 2000, AGF acquired all of the outstanding common shares of Global Strategy Holdings Inc. for consideration of \$442.2 million, including acquisition costs. Global Strategy is a Canadian investment management company with \$5.6 billion in assets under management in 27 mutual funds as of the date of acquisition. The acquisition is being accounted for by the purchase method of accounting with the results of Global Strategy included in the consolidated financial statements from the date of purchase. The value attributed to management contracts as a result of the acquisition is being amortized on a straight-line basis over 15 years.

The fair value of the net assets acquired and consideration paid are summarized as follows:

	(000's)
<b>Net assets acquired</b>	
Cash and short-term investments	\$ 40,751
Management contracts	444,934
Other assets	11,971
Liabilities	(55,435)
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	\$ 442,221
<b>Consideration paid</b>	
Cash	\$ 312,846
Notes payable (see note 10(b))	19,875
4,222,908 Class B shares issued	109,500
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	\$ 442,221
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During 2000 and 2001, the Corporation will integrate and rationalize the management, distribution and administration of the AGF and Global Strategy funds. This process will result in estimated one-time charges, including severance, transfer agency integration and fund reorganization costs, aggregating to \$22.0 million before taxes. These costs have been expensed in the financial statements for the year ended November 30, 2000.

### 3. Acquisition of AGF Magna Vista

On August 29, 2000, AGF acquired all of the outstanding shares of Magna Vista Capital Management Inc. (subsequently renamed AGF Magna Vista Private Investment Management Limited) for consideration of \$34.7 million, including acquisition costs. AGF Magna Vista, which is based in Montreal, provides private investment management for high-net-worth clients. The acquisition is being accounted for by the purchase method of accounting with the results of AGF Magna Vista included in the consolidated financial statements from the date of purchase. The value attributed to management contracts as a result of the acquisition is being amortized on a straight-line basis over 15 years.

The fair value of the net assets acquired and consideration paid are summarized as follows:

	(000's)
<b>Net assets acquired</b>	
Cash and term deposits	\$ 3,135
Management contracts	34,018
Other assets	1,215
Liabilities	(3,693)
	<hr/>
	\$ 34,675
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<b>Consideration paid</b>	
Cash	\$ 10,799
Instalments payable (see note 10(d))	17,054
305,412 Class B shares issued	6,822
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	\$ 34,675
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#### 4. Capital stock

##### (a) Authorized capital

The authorized capital of AGF consists of an unlimited number of Class B Non-Voting Shares ("Class B shares") and an unlimited number of Class A Voting Common Shares ("Class A shares"). The Class B shares are listed for trading on The Toronto Stock Exchange. The issued and outstanding Class B and Class A shares were subdivided on a two-for-one basis on August 29, 2000. All number of shares and per share amounts have been restated to give effect to the share subdivision.

##### (b) Movement during the year

The movement in capital stock during 1999 and 2000 is summarized as follows:

	Number of shares issued	Amount (000's)
<b>Class B shares</b>		
Balance, November 30, 1998	77,013,270	\$ 95,498
Issued through dividend reinvestment plan	23,276	269
Stock options exercised	1,244,040	4,080
Purchased for cancellation	(293,600)	(370)
Balance, November 30, 1999	77,986,986	99,477
Issued on acquisition of subsidiaries	4,528,320	116,322
Issued through dividend reinvestment plan	1,718	28
Stock options exercised	1,190,230	6,127
Purchased for cancellation	(660,800)	(847)
Balance, November 30, 2000	83,046,454	221,107
<b>Class A shares</b>		
Balance, November 30, 2000, 1999 and 1998	57,600	—
<b>Total stated capital</b>		<b>\$ 221,107</b>

##### (c) Class B shares purchased for cancellation

AGF has obtained applicable regulatory approval to purchase for cancellation, from time to time, certain of its Class B shares through the facilities of The Toronto Stock Exchange. Present approval for such purchases extends through to February 2001. It is the Corporation's intention to file for a one-year extension of the regulatory approval to purchase Class B shares for cancellation.

##### (d) Stock option plans

AGF has established stock option plans for senior employees under which stock options to purchase an aggregate maximum of 4,952,946 Class B shares could have been granted as at November 30, 2000. Stock options are vested to the extent of 25% to 33% of the individual's entitlement per annum.

The movement in stock options during 2000 is summarized as follows:

Expiry Date	Exercise Price	Options outstanding Dec. 1, 1999	Options granted during the year	Options exercised during the year	Options cancelled during the year	Options outstanding Nov. 30, 2000
Jun. 14, 2000	0.83	60,000	—	60,000	—	—
Dec. 20, 2001	1.23	277,500	—	67,500	—	210,000
Jul. 20, 2003	2.23	476,750	—	44,000	—	432,750
Nov. 22, 2004	2.44	45,000	—	—	—	45,000
Jan. 5, 2005	2.77	90,000	—	—	—	90,000
Jan. 18, 2005	2.73	150,000	—	—	—	150,000
Dec. 7, 2002	2.80	290,000	—	137,000	—	153,000
May 3, 2003	3.18	1,281,000	—	262,000	—	1,019,000
Sep. 26, 2003	4.29	100,000	—	38,500	—	61,500
Nov. 21, 2003	5.07	412,000	—	125,000	—	287,000
Jun. 4, 2004	6.73	347,000	—	126,000	8,000	213,000
Jun. 25, 2004	7.43	60,000	—	18,000	—	42,000
Jul. 15, 2004	7.88	24,000	—	8,000	—	16,000
Jan. 29, 2005	8.03	180,000	—	180,000	—	—
Jun. 25, 2005	10.71	270,292	—	—	—	270,292
Jun. 25, 2005	10.71	139,586	—	20,909	10,388	108,289
Jul. 2, 2005	11.81	50,000	—	—	—	50,000
Jul. 2, 2005	11.81	8,480	—	—	—	8,480
Sep. 4, 2005	8.15	60,000	—	30,000	—	30,000
Sep. 24, 2005	8.31	6,000	—	1,000	—	5,000
Dec. 14, 2005	11.36	8,062	—	—	—	8,062
Dec. 17, 2005	11.16	20,000	—	—	—	20,000
Jan. 28, 2006	13.02	74,000	—	40,000	20,000	14,000
Jun. 24, 2006	11.27	337,500	—	6,666	—	330,834
Jun. 24, 2006	11.27	234,500	—	5,655	36,012	192,833
Dec. 7, 2006	11.54	—	66,000	—	—	66,000
Jan. 27, 2007	11.94	—	60,000	20,000	40,000	—
Jun. 22, 2007	17.87	—	298,300	—	—	298,300
Aug. 29, 2007	23.53	—	110,000	—	—	110,000
Sep. 29, 2007	24.25	—	10,000	—	—	10,000
		5,001,670	544,300	1,190,230	114,400	4,241,340

During 1999, options were granted to purchase 679,062 Class B shares at per share prices ranging from \$11.16 to \$13.02, with expiry dates ranging from December 14, 2005, to June 24, 2006. Options to purchase 1,278,764 Class B shares at per share prices ranging from \$0.83 to \$11.27 were exercised or cancelled.

(e) Per share amounts

Basic and fully diluted earnings per share and cash flow from operations per share (as restated per note 4(a)) have been computed using the weighted average number of Class A and Class B shares outstanding during the year. Fully diluted earnings per share and cash flow from operations per share have been computed on the basis that all of the stock options had been exercised at the beginning of the year.

5. Agreements with mutual funds

The Corporation acts as manager for the AGF Funds and receives management and advisory fees from the AGF Funds in accordance with the respective agreements between the funds and the Corporation. In return, the Corporation is responsible for management and investment advisory services and all costs connected with the distribution of securities of the funds. Substantially all the management and advisory fees the Corporation earned in 2000 and 1999 were from the AGF Funds. As at November 30, 2000, the Corporation had \$31,597,000 (1999 – \$15,982,000) receivable from the AGF Funds. The Corporation also acts as trustee for the AGF Funds that are mutual fund trusts.

The Corporation directly provides unitholder services to the funds and is compensated for such services. These services are provided in the normal course of operations and are recorded at the amount of consideration agreed to by the parties. The aggregate unitholder services costs absorbed, and management and advisory fees waived by the Corporation during the year were approximately \$2,511,000 (1999 – \$2,476,000).

6. Income taxes

The Corporation's effective income tax rate is comprised as follows:

Years ended November 30	2000	1999
Canadian corporate tax rate	44.0%	44.6%
Tax-exempt investment income	(0.4)	(0.5)
Rate differential on earnings of foreign subsidiaries	(6.5)	(6.6)
Amortization of management contracts and goodwill	2.0	2.3
Other	1.5	0.3
Effective income tax rate	40.6%	40.1%

As at November 30, 2000, certain subsidiaries of the Corporation have accumulated aggregate income tax losses of approximately \$5.1 million (1999 – \$4.2 million) that may be used to reduce taxable income in the future. These tax loss carry-forwards expire as follows:

\$0.8 million	between 2001 and 2006
\$4.3 million	no expiry date

The potential tax benefits of these losses have not been recognized in the consolidated financial statements.

The Corporation will adopt the Canadian Institute of Chartered Accountants handbook section 3465, Income Taxes, on December 1, 2000 on a retroactive basis.

## 7. Commitments

The Corporation is committed under operating leases for office premises (excluding amounts provided for in the financial statements) that require approximate minimum rental payments as follows:

	(000's)
2001	\$ 4,427
2002	4,192
2003	3,088
2004	1,952
2005	352
Thereafter	63

## 8. Limited partnership financings

Selling commissions paid on certain sales of mutual fund securities of the AGF Funds made on the DSC basis ("DSC securities") have been financed by limited partnerships held by third party investors. Up to November 30, 2000, such limited partnerships have financed selling commissions of approximately \$440 million in respect of such DSC securities. The Corporation is obligated to pay the relevant limited partnership an annual fee of 0.47% to 0.90% of the net asset value of DSC securities. The limited partnerships also receive any contingent deferred sales charges resulting from the redemption of such securities. These obligations continue as long as such DSC securities remain outstanding except for certain of the limited partnerships, in which case the obligation terminates at various dates from December 31, 2006, to December 31, 2020. For certain limited partnerships the obligation is secured by the Corporation's mutual fund management contracts to the extent of the particular obligation.

During 1998, 1999 and 2000, 11 of the AGF and 20/20 limited partnerships amalgamated to form AGF Master Limited Partnership. The amalgamations did not change the Corporation's obligations in respect of the relevant DSC securities in any material respect.

As at November 30, 2000, the net asset value of DSC securities financed by the limited partnerships was \$5.1 billion (1999 - \$3.9 billion).

The Corporation is responsible for the management and administration of the limited partnerships. These services are provided in the normal course of operations and are recorded at the amount of consideration agreed to by the parties. The amount of fees received in 2000 was \$620,000 (1999 - \$677,000).

## 9. Other deferred selling commission financing

During 1998 Global Strategy Financial Inc. entered into an agreement with Putnam, Lovell, de Guardiola & Thornton Inc. ("PLGT") where PLGT would finance sales commissions paid on the sale of Global Strategy mutual funds sold on a back-end-load basis from July 1, 1998, to December 31, 1999. The agreement was amended on March 28, 2000, extending the funding period to March 31, 2001. PLGT financed sales commissions of approximately \$54.1 million in respect of such distributed mutual funds for the period from July 1, 1998, to November 30, 2000. PLGT receives a direct annual share of the management fee revenue on distributed mutual funds that remain outstanding and whose sales were originally financed by them. Such payments are accounted for as distribution fees in accordance with note 1(b) - Revenue recognition. PLGT is also entitled to deferred sales charge revenue payable by the unitholder on the redemption of those distributed mutual funds. In addition, PLGT receives from the Corporation a share of the management fee revenue equal to the deferred sales charge revenue that would otherwise be payable by the unitholder on free redemptions of those distributed mutual funds, also accounted for as distribution fee payments.

10. Long-term debt

November 30	2000	1999
	(000's)	
<b>Bank loans</b>		
Fully amortizing term loan	\$ 177,000	\$ —
Bridge loan	100,000	—
Revolving term loan	76,600	71,000
Notes payable due November 22, 2004	19,875	—
Notes payable due April 30, 2013	35,675	—
Instalment payable due August 29, 2002	17,054	—
Loan notes due September 30, 2004	743	1,048
	\$ 426,947	\$ 72,048
<b>Less: amount included in current liabilities (see note 15)</b>	148,896	—
	\$ 278,051	\$ 72,048

(a) Bank loans

Fully amortizing term loan

Fully amortizing 5-year term loan with a Canadian chartered bank, repayable in equal quarterly instalments over the period of 20 quarters following advance plus interest payable. The facility can be funded by direct advances and/or bankers' acceptances ("BA's"). At November 30, 2000, the Corporation has drawn the facility in the form of 14-day to 71-day BA's at an effective interest rate of 6.26% per annum.

Bridge loan

364-day bridge loan with a Canadian chartered bank fully due and payable on November 19, 2001. Interest payable monthly in arrears. At November 30, 2000, the Corporation has drawn the facility in the form of 14-day BA's at an effective interest rate of 6.25% per annum.

Revolving term loan

The Corporation has arranged a 10-year prime rate based revolving term loan to a maximum of \$150.0 million with a Canadian chartered bank. Under the loan agreement, the Corporation is permitted to avail the revolving term loan by direct advances and/or bankers' acceptances. The revolving term loan is available at any time for a period of 364 days from commencement of the loan (the "Commitment Period"). The expiration of the current Commitment Period is June 30, 2001. However, the Corporation may request by April 15, 2001, and prior to April 15 in any calendar year thereafter, for a recommencement of the 10-year term at the expiry of the then current Commitment Period. No repayment of the principal amount outstanding pursuant to the revolving term loan is required during the first three years of the then applicable term. Thereafter, the loan balance shall be repaid in minimum monthly instalments of at least one-eighty-fourth of the amount of principal outstanding.

As at November 30, 2000, the Corporation has drawn \$76.6 million against the available loan amount in the form of 7-day to 70-day bankers' acceptances at an effective interest rate of 6.23% per annum.

Security for the bank loans includes a specific claim over the management fees owing from the mutual funds (subject to the existing claims of related limited partnerships) for which the Corporation acts as manager and, depending upon the amount of the loan outstanding, an assignment of AGF's investments in 20/20 Financial and AGF International Company Limited.

(b) Notes payable due November 22, 2004

Amortizing 4-year notes payable relating to the acquisition of Global Strategy, repayable in equal annual instalments of \$5.0 million. Interest is payable monthly based on the 30-day BA rate plus 0.40% per annum. Secured by irrevocable letters of credit from a Canadian chartered bank.

(c) Notes payable due April 30, 2013

Proceeds from notes payable issued to Multi-Fund Income Trust ("Multi-Fund") were used to pay sales commissions incurred on the sale of units of the Global Strategy funds purchased on a contingent deferred sales charge basis from July 30, 1997 to June 30, 1998.

The notes payable bear interest at 5% per annum accrued daily and payable monthly. Monthly repayments of interest and principal are required until the full principal amount of the notes is repaid or until April 30, 2013, whichever comes first. Monthly repayments are determined based on a specified percentage (up to 0.47% per annum) of the net asset value of mutual fund assets financed by Multi-Fund ("distributed securities"). Monthly repayments will also include all contingent deferred sales charges received by the Corporation related to distributed securities.

Multi-Fund has no recourse to any other assets of the Corporation to satisfy any amount payable in respect of the notes.

(d) Instalment payable due August 29, 2002

Instalment payable relates to the acquisition of AGF Magna Vista Private Investment Management Limited. It is non-interest bearing and unsecured.

(e) Loan notes due September 30, 2004

Loan notes are payable in British pounds. Interest is payable semi-annually at an interest rate that is reset semi-annually based on LIBOR.

11. Participation units

Proceeds from participation units issued to Multi-Fund were used to pay sales commissions incurred on the sale of units of the Global Strategy funds purchased on a contingent deferred sales charge basis from July 30, 1997, to June 30, 1998.

After the notes payable referred to in note 10(c) are repaid in full and prior to April 30, 2013, Multi-Fund will be entitled to up to 0.52% per annum of the net asset value of then outstanding distributed securities (together with all contingent deferred sales charges relating to the distributed securities, if any) under the terms of the participation fee agreement.

The participation units have been accounted for as a deferred credit. If the notes payable are repaid in full prior to April 30, 2013, the deferred credit will be amortized over the remaining period to that date. Otherwise, the entire amount will be recognized as revenue on April 30, 2013.

12. Interest rate swap and foreign exchange hedge transactions

The Corporation has entered into, for hedging purposes, three interest rate swap transactions (the "Swap Transactions") with a Canadian chartered bank. The Swap Transactions expire between October 28, 2007, and January 27, 2008. They involve the exchange of three-month bankers' acceptance floating interest rates for fixed interest rates of 5.47% to 5.56% per annum. As at November 30, 2000, the aggregate notional amount of the Swap Transactions was \$68.8 million. The aggregate fair value of the Swap Transactions, which represents the amount that would be paid (received) by the Corporation if the transactions were terminated at November 30, 2000, was \$(530,000).

To hedge its currency exposure in connection with its investment in U.K.-based NCL (Securities) Limited, an associated company, the Corporation has entered into a foreign exchange forward contract to sell U.K. £7,600,000 on April 17, 2001, at an exchange rate of 2.3225 for CDN \$17,651,000. The fair value of the forward contract at November 30, 2000, has been included in the foreign currency translation adjustment.

13. Fair value of financial instruments

(a) Wealth Management Operations

(000's)	November 30, 2000		November 30, 1999	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Short-term investments	\$ 45,454	\$ 45,190	\$ 24,427	\$ 24,741
Other investments	766	1,451	1,779	4,628
	\$ 46,220	\$ 46,641	\$ 26,206	\$ 29,369

The estimated fair value of securities with an available trading market is based on their quoted market value. Investments that have no trading market are valued based on management estimates using common valuation techniques.

Short-term investments include \$40,293,000 (1999 – \$23,100,000) in investments in various AGF Funds.

(b) Trust Company Operations

(000's)	November 30, 2000		November 30, 1999	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Investments	\$ 6,088	\$ 5,962	\$ 6,378	\$ 6,018
Mortgages and consumer loans	157,150	156,977	131,753	129,569
	\$ 163,238	\$ 162,939	\$ 138,131	\$ 135,587
Deposits	\$ 156,988	\$ 156,933	\$ 136,777	\$ 135,415

The estimated fair value of securities with an available trading market is based on their quoted market value. The estimated fair value of loans and deposits is determined by discounting the future cash flow at prevailing interest rates for loans and deposits with similar terms and applicable credit risks.

As at November 30, 2000, the Corporation's mortgage and consumer loan portfolio was comprised substantially of fixed rate residential mortgages, of which \$91.8 million is insured, with a weighted average term to maturity of 2.2 years and a weighted average yield of 7.85%. The carrying value of mortgages is net of an allowance for mortgage losses of \$540,000 (1999 – \$390,000). The carrying value of the consumer loans is net of an allowance for loan losses of \$29,100 (1999 – \$500).

As at November 30, 2000, deposits were comprised substantially of guaranteed investment certificates with a weighted average term to maturity of 2.0 years and a weighted average interest rate of 5.68%.

(c) Other financial assets and financial liabilities of the Wealth Management Operations and Trust Company Operations are recorded at cost, which approximates fair value.

#### 14. Supplemental disclosure of cash flow information

Interest payments in 2000 were \$11,343,000 (1999 – \$10,628,000).

Income tax payments in 2000 were \$14,730,000 (1999 – \$8,439,000).

#### 15. Subsequent event

On December 6, 2000, AGF issued 5,500,000 Class B shares at \$25.00 per share. The net cash proceeds amounting to \$131.7 million (gross proceeds of \$137.5 million less share issue costs of \$5.8 million) were used to fully repay the bridge loan and partially repay the revolving term loan (see note 10(a)).