

AGF Management Limited
CONSOLIDATED FINANCIAL STATEMENTS

For the year ended November 30, 2009



What are you doing after work?

Management's Responsibility for Financial Reporting

Toronto, January 27, 2010

The accompanying consolidated financial statements of AGF Management Limited (the Company) were prepared by management, which is responsible for the integrity and fairness of the information presented, including the amounts based on estimates and judgments. These consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles. Financial information appearing throughout this Annual Report is consistent with these consolidated financial statements.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements and for the accounting systems from which they are derived, management maintains internal controls designed to ensure that transactions are authorized, assets are safeguarded and proper records are maintained. The system of internal controls is supported by a compliance function, which ensures that the Company and its employees comply with securities legislation and conflict of interest rules, and by an internal audit staff, which conducts periodic audits of all aspects of the Company's operations.

The Board of Directors oversees management's responsibilities for financial reporting through an Audit Committee, which is comprised entirely of independent directors. This Committee reviews the consolidated financial statements of the Company and recommends them to the Board for approval.

PricewaterhouseCoopers LLP, independent auditors appointed by the shareholders of the Company upon the recommendation of the Audit Committee, has performed an independent audit of the consolidated financial statements, and its report follows. The shareholders' auditors have full and unrestricted access to the Audit Committee to discuss their audit and related findings.



Blake C. Goldring, M.S.M., CFA
Chairman & Chief Executive Officer



Gregory J. Henderson, CA
Senior Vice-President & Chief Financial Officer

Auditors' Report

January 27, 2010

To the Shareholders of AGF Management Limited:

We have audited the consolidated balance sheet of **AGF Management Limited** as at November 30, 2009 and 2008 and the consolidated statements of income, changes in shareholders' equity, comprehensive income and cash flow for each of the years in the two-year period ended November 30, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2009 and 2008 and the results of its operations and its cash flows for each of the years in the two-year period then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants
Toronto, Canada

AGF Management Limited
Consolidated Balance Sheet

(\$ thousands) November 30	2009	2008
Assets		
Current Assets		
Cash and cash equivalents	\$ 274,870	\$ 584,168
Investments available for sale (note 2(a))	550,480	188,435
Accounts receivable, prepaid expenses and other assets	98,745	91,148
Current portion of retained interest from securitization (note 3)	3,550	5,487
Real estate secured and investment loans due within one year (note 6)	537,683	606,844
	1,465,328	1,476,082
Retained interest from securitization (note 3)	36,898	39,460
Real estate secured and investment loans (note 6)	3,057,072	3,824,006
Investment in associated company (note 2(b))	90,447	98,338
Management contracts	504,269	504,269
Customer contracts, net of accumulated amortization (note 7)	14,221	18,783
Goodwill (note 7)	173,708	172,985
Trademarks	1,935	1,935
Deferred selling commissions, net of accumulated amortization	273,959	304,406
Property, equipment and computer software, net of accumulated amortization (note 8)	14,127	19,423
Other assets (note 9)	43,958	74,272
Total assets	\$ 5,675,922	\$ 6,533,959

AGF Management Limited
Consolidated Balance Sheet

(\$ thousands) November 30	2009	2008
Liabilities and shareholders' equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 284,043	\$ 302,401
Future income taxes (note 13)	22,190	26,240
Long-term debt due within one year (note 10)	13,083	21,171
Deposits due within one year (note 6(f))	1,884,235	2,486,635
	2,203,551	2,836,447
Deposits (note 6(f))	2,034,328	2,275,426
Long-term debt (note 10)	143,648	123,740
Future income taxes (note 13)	146,909	171,293
Other long-term liabilities (note 11)	16,675	19,428
Total liabilities	4,545,111	5,426,334
Non-controlling interest	408	203
Shareholders' equity		
Capital stock (note 14)	438,612	431,897
Contributed surplus	19,964	17,127
Retained earnings	685,063	676,190
Accumulated other comprehensive income (loss)	(13,236)	(17,792)
Total shareholders' equity	1,130,403	1,107,422
Total liabilities and shareholders' equity	\$ 5,675,922	\$ 6,533,959

Commitments (note 24)

Guarantees (note 25)

Contingent Liabilities (note 26)

(The accompanying notes are an integral part of these Consolidated Financial Statements.)

Approved by the Board:



Blake C. Goldring, M.S.M., CFA
Director



Douglas L. Derry, FCA
Director

AGF Management Limited
Consolidated Statement of Income

(\$ thousands) Years ended November 30	2009	2008
Revenue		
Management and advisory fees (note 17)	\$ 447,821	\$ 576,761
Deferred sales charges	21,647	25,591
RSP loan securitization income (loss), net of impairment (note 3)	(585)	(279)
Investment income and other revenue	20,982	26,624
	489,865	628,697
AGF Trust interest income (note 20)	226,204	302,981
AGF Trust interest expense (note 20)	(129,955)	(206,108)
AGF Trust net interest income	96,249	96,873
Total revenue	586,114	725,570
Expenses		
Selling, general and administrative	193,653	209,326
Trailing commissions	125,257	157,161
Investment advisory fees	10,104	15,034
Amortization of deferred selling commissions	84,719	98,064
Amortization of customer contracts	4,562	7,791
Amortization of property, equipment and computer software	7,421	8,142
Interest expense	5,983	9,252
Provision for AGF Trust loan losses (note 6(e))	37,562	30,374
Impairment of asset available for sale (note 2(a))	-	2,286
Impairment of goodwill and customer contracts (note 7)	-	46,305
	469,261	583,735
Income before income taxes and non-controlling interest	116,853	141,835
Income tax expense (recovery) (note 13)		
Current	49,473	63,504
Future	(30,896)	(50,818)
	18,577	12,686
Non-controlling interest (note 5)	582	557
Net income for the year	\$ 97,694	\$ 128,592
Earnings per share (note 16)		
Basic	\$ 1.10	\$ 1.44
Diluted	\$ 1.09	\$ 1.41

(The accompanying notes are an integral part of these Consolidated Financial Statements.)

AGF Management Limited
Consolidated Statement of Changes in Shareholders' Equity

(\$ thousands)		
Years ended November 30	2009	2008
Common shares		
Balance, beginning of year	\$ 431,897	\$ 421,923
Issued through dividend reinvestment plan	2,627	4,618
Stock options exercised	2,552	5,121
Issued on acquisition of Highstreet Partners Limited (note 5)	1,536	5,116
Purchased for cancellation	-	(4,881)
Balance, end of year	438,612	431,897
Contributed surplus		
Balance, beginning of year	17,127	14,948
Stock options	2,837	2,179
Balance, end of year	19,964	17,127
Retained earnings		
Balance, beginning of year	676,190	635,369
Net income for the year	97,694	128,592
Dividends on AGF Class A voting common shares and AGF Class B non-voting shares	(88,821)	(84,860)
Excess paid over book value of AGF Class B non-voting shares purchased for cancellation (note 14(c))	-	(2,911)
Balance, end of year	685,063	676,190
Accumulated other comprehensive income (loss)		
Balance, beginning of year	(17,792)	(3,238)
Other comprehensive income (loss)	4,556	(14,554)
Balance, end of year	(13,236)	(17,792)
Total shareholders' equity	\$ 1,130,403	\$ 1,107,422

(The accompanying notes are an integral part of these Consolidated Financial Statements.)

AGF Management Limited
Consolidated Statement of Comprehensive Income

(\$ thousands) Years ended November 30	2009	2008
Net income for the year	\$ 97,694	\$ 128,592
Other comprehensive income (losses), net of tax		
Foreign currency translation adjustments related to net investments in self-sustaining foreign operations ¹	(7,360)	(7,188)
	(7,360)	(7,188)
Net unrealized gains (losses) on available for sale securities		
Unrealized gains (losses) ²	10,610	(9,428)
Reclassification of realized loss or other than temporary impairment to earnings	1,088	2,077
	11,698	(7,351)
Net unrealized gains (losses) on cash flow hedges		
Unrealized gains (losses) ³	–	(945)
Reclassification of realized loss on cash flow hedges	218	930
	218	(15)
Total other comprehensive income (loss), net of tax	\$ 4,556	\$ (14,554)
Comprehensive income	\$ 102,250	\$ 114,038

¹ Net of income tax recovery of \$1.2 million for the year ended November 30, 2009. Net of income tax recovery of \$1.2 million for the year ended November 30, 2008.

² Net of income tax expense of \$3.4 million for the year ended November 30, 2009. Net of income tax recovery of \$2.1 million for the year ended November 30, 2008.

³ Net of income tax recovery of \$0.5 million for the year ended November 30, 2008.

(The accompanying notes are an integral part of these Consolidated Financial Statements.)

AGF Management Limited
Consolidated Statement of Cash Flow

(\$ thousands) Years ended November 30	2009	2008
Operating Activities		
Net income for the year	\$ 97,694	\$ 128,592
Items not affecting cash		
Amortization	96,702	113,997
Future income taxes	(30,896)	(50,818)
RSP loan securitization income (loss), net of impairment	585	279
Provision for AGF Trust loan losses	37,562	30,374
Impairment of asset available for sale	-	2,286
Impairment of goodwill and customer contracts	-	46,305
Stock-based compensation	4,810	5,548
Equity investment in S&WHL	(6,399)	(10,256)
Dividends from S&WHL	5,786	6,387
Other	285	5,990
Net change in non-cash balances related to operations (note 19)	206,129	278,684
Net cash provided by operating activities	189,514	351,403
Financing Activities		
Purchase of Class B non-voting shares for cancellation	-	(7,792)
Issue of Class B non-voting shares	2,531	2,483
Dividends paid	(86,194)	(80,242)
Increase (decrease) in revolving term loan	32,991	(36,152)
Net increase (decrease) in AGF Trust deposits	(818,145)	601,574
Net cash provided by (used in) financing activities	(868,817)	479,871
Investing Activities		
Deferred selling commissions paid	(54,495)	(86,791)
Proceeds from sale of discontinued operations	702	-
Acquisition of subsidiaries, net of cash acquired	(19,924)	(25,224)
Purchase of property, equipment and computer software	(2,125)	(6,753)
Net purchase of investments available for sale	(345,514)	(174,838)
Net decrease (increase) in AGF Trust real estate secured and investment loans	791,361	(781,374)
Net cash provided by (used in) investing activities	370,005	(1,074,980)
Decrease in cash and cash equivalents	(309,298)	(243,706)
Balance of cash and cash equivalents, beginning of year	584,168	827,874
Balance of cash and cash equivalents, end of year	\$ 274,870	\$ 584,168
Represented by:		
Cash and cash equivalents	\$ 32,569	\$ 23,927
AGF Trust cash and cash equivalents	242,301	560,241
	\$ 274,870	\$ 584,168

Refer to Note 19 for supplemental cash flow information.

(The accompanying notes are an integral part of these Consolidated Financial Statements.)

Notes to Consolidated Financial Statements

Years ended November 30, 2009 and 2008

Description of Business

AGF Management Limited (AGF or the Company) is incorporated under the Business Corporations Act (Ontario). The Company is an integrated, global wealth management corporation whose principal subsidiaries provide investment management for mutual funds, institutions and corporations, as well as high-net-worth clients; and trust products and services (including real estate secured loans and investment loans and Guaranteed Investment Certificates (GICs)). The Company conducts the management and distribution of mutual funds in Canada under the brand names AGF, Elements and Harmony (collectively, AGF Funds). The Company conducts its trust business under the name AGF Trust Company (AGF Trust).

Note 1: Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The Consolidated Financial Statements include the accounts of the Company and its directly and indirectly owned subsidiaries. Intercompany transactions and balances are eliminated on consolidation. For subsidiaries where the Company does not own all of the equity, the minority shareholders' interest is disclosed in the Consolidated Balance Sheet as non-controlling interest and the related income is disclosed as a separate line in the Consolidated Statement of Income. Investments over which the Company is able to exercise significant influence are accounted for by the equity method. Certain comparative amounts in these financial statements have been reclassified to conform with the current year's presentation.

The principal subsidiaries of AGF are:

- AGF Investments Inc.
- AGF Investments America Inc.
- AGF International Advisors Company Limited
- AGFIA Limited
- AGF Asset Management (Asia) Limited
- AGF Investments Asia Limited
- Doherty & Associates Limited
- Magna Vista Investment Management Limited
- Cypress Capital Management Limited
- Highstreet Asset Management Inc.
- AGF Trust Company
- AGF Securities (Canada) Limited
- AGF Securities Inc.
- 20/20 Financial Corporation

In addition, the Company holds a 30.7% interest in Smith & Williamson Holdings Limited (S&WHL), an independent U.K.-based company providing private client investment management, financial advisory and tax and accounting services. This investment is accounted for using the equity method.

Significant Accounting Changes

Goodwill, Intangible Assets and Financial Statement Concepts

Effective December 1, 2008, the CICA's new accounting standard "Handbook Section 3064, Goodwill and Intangible Assets" (Section 3064) was adopted. The standard clarifies that costs can be deferred only when they relate to an item that meets the definition of an asset, and as a result, start-up costs must be expensed as incurred. "Handbook Section 1000, Financial Statements Concepts" was also amended to provide consistency with Section 3064. These standards did not have any impact on the financial position or earnings of the Company.

Credit Risk and Fair Value

Effective December 1, 2008, EIC-173 “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities” was adopted. EIC-173 requires the Company’s own credit risk and the credit risk of the counterparty to be taken into account in determining the fair value of financial assets and financial liabilities, including derivatives. The new guidance did not have a material effect on the financial position or earnings of the Company.

Effective Interest Method

In June 2009, CICA “Handbook Section 3855, Financial Instruments – Recognition and Measurement” (Section 3855) was amended. The amendment clarified the calculation of the effective interest method which is a method of calculating the amortized cost of financial assets and financial liabilities and of allocating the interest income or interest expense over the relevant period. The impact of the clarification had no material effect on the financial position or earnings of the Company.

Classification and Impairment of Financial Assets

In August 2009, Section 3855 was amended. The amendment changed the definition of loans and receivables. The new definition allows debt securities not quoted in an active market to be classified as loans and receivables and carried at amortized cost, or permits the Company to designate these instruments as available-for-sale, measured at fair value with unrealized gains and losses recorded through other comprehensive income. The amendment also requires that credit-related impairment charges be recognized in the Consolidated Statement of Income for instruments carried at amortized cost as well as the reversal of impairment charges for debt instruments classified as available for sale. Impairment charges for debt securities classified as loans are recorded through the provision for credit losses. The amendment did not have any impact on the financial position or earnings of the Company.

Financial Instruments Disclosure

During 2009, CICA “Handbook Section 3862, Financial Instruments – Disclosures” was amended to include enhanced disclosures about inputs to fair value measurement, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3	Inputs that are not based on observable market data.

If different levels of inputs are used to measure a financial instrument’s fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

The amendment only impacted our disclosures in the financial statements. Refer to Note 22.

Financial Instruments

In accordance with Section 3855, financial assets and financial liabilities are initially recognized at fair value. Measurement in subsequent periods is dependent upon the classification of each instrument. The standard requires that all financial assets be classified as either available for sale (AFS), held for trading (HFT), held to maturity (HTM) or loans and receivables. Financial liabilities are classified as trading or other.

AFS assets are initially recorded at fair value on the settlement date in the balance sheet and are remeasured at fair value with unrealized gains and losses, including changes in foreign exchange rates, recognized in other comprehensive income (OCI) until the financial asset is disposed of or becomes permanently impaired. Transaction costs related to AFS are capitalized.

HFT assets are initially recorded at fair value on the settlement date in the balance sheet and are remeasured at fair value, with the changes in fair value reported in earnings. Transaction costs related to HFT securities are expensed as incurred.

The Company has not classified any financial assets as HTM.

Loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method. Transaction costs related to loans and receivables, deposits and other financial liabilities are generally capitalized and are then amortized using the effective interest method.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual amounts could differ from these estimates.

Key areas of estimation, where management has made difficult, complex or subjective judgments – often about matters that are inherently uncertain – are loan loss provisions, goodwill and intangible assets using estimates of future cash flows, as well as the provision for useful lives of depreciable assets, commitments and contingencies, fund absorption costs, income tax provisions, valuation of retained interest from securitization, stock-based compensation, Elements Advantage commitment, performance share unit plan expense and the recoverability of property, equipment and computer software. The Company has made investments in companies or businesses, some of which have experienced operating losses. Significant changes in the assumptions, including those about future business plans and cash flows, could change the recorded amounts by a material amount. Any further operating losses of these investees could result in impairment of these investments.

Assets Under Management

The Company manages and provides advisory services in respect of mutual fund and other investment assets owned by clients and third parties that are not reflected on the consolidated balance sheet.

Consolidation of Variable Interest Entities

CICA AcG 15, "Consolidation of Variable Interest Entities" (VIE) provides guidance for applying consolidation principles to certain entities that are subject to control on a basis other than ownership of voting interests. An entity is a VIE when, by design, one or both of the following conditions exist: (a) total equity investment at risk is insufficient to permit the entity to finance its activities without additional subordinated support from others; (b) as a group, the holders of the equity investment at risk lack certain essential characteristics of a controlling financial interest.

The Company has reviewed its relationships, including mutual funds managed, and determined that there are no entities whose financial results would be required to be included or disclosed in the consolidated results for the years ended November 30, 2009 and 2008.

Cash and Cash Equivalents

Cash represents highly liquid temporary deposits with short-term maturities of less than three months at inception. Cash equivalents are comprised of commercial paper, bank sponsored asset-backed commercial paper (ABCP), bank deposit notes, bankers' acceptances (BAs) and floating-rate notes (FRNs) with short-term maturities of less than three months at inception.

Accounting for Securitizations

The Company has securitized certain registered Retirement Savings Plan (RSP) loans through the sale of these loans to a securitization trust. For a securitization to be treated as a sale, the Company must surrender control over those loans included in the securitization. To surrender control, the securitized assets must be isolated from the Company and its creditors, even in the case of bankruptcy or receivership, and the Company must receive consideration other than the beneficial interest in the transferred assets.

Under terms that transfer control to third parties, the transaction is recognized as a sale and the related loan assets are removed from the Consolidated Balance Sheet. As part of the securitization, certain financial assets are retained. The retained interests, classified as AFS, are carried at fair value, determined using the present value of future expected cash flows. A gain or loss on the sale of loan receivables is recognized immediately in income. In determining the gain or loss on sale, management estimates future cash flows by relying on estimates of the amount of interest that will be collected on the securitized assets, the yield paid to investors, the portion of the securitized assets that will be prepaid before their scheduled maturity, expected credit losses, the cost of servicing the assets and the rate at which to discount these expected future cash flows. Actual cash flows may differ significantly from those estimated by management. If actual cash flows differ from the Company's estimate of future cash flows, the gains on the retained interest are recorded in OCI. Any losses are first recognized in OCI to the extent there is an offsetting gain and any excess is recognized in the Consolidated Statement of Income under RSP loan securitization income (loss), net of impairment.

Servicing fee revenues related to the securitization loan are reported within 'RSP loan securitization income (loss), net of impairment' in the Consolidated Statement of Income. Where a servicing liability is recognized, the amount is recorded in Other Liabilities in the Consolidated Balance Sheet.

Retained interests are tested regularly for other-than-temporary impairment and, if required, the retained interest's carrying value is reduced to fair value by a charge in the Consolidated Statement of Income.

Refer to Note 3 for additional disclosure regarding the securitizations and related balance sheet and income statement impacts.

Real Estate Secured Loans and Investment Loans

Real estate secured loans and investment loans are classified as loans and receivables and are recorded at amortized cost using the effective interest rate method and net of an allowance for loan losses. Interest income from loans is recorded on an accrual basis. Accrued but uncollected interest on uninsured real estate secured loans and investment loans is reversed when a loan is identified as impaired. Principal payments on the real estate secured loans and investment loans that are contractually due to the Company in the 12-month period from the balance sheet date are classified as current assets.

Fees that relate to the origination of loans are considered to be adjustments to loan yield and are deferred and amortized to interest income over the expected term of the loans.

Allowance for Loan Losses

The allowance for loan losses consists of both general allowances and specific allowances. General allowances are based on management's assessment of inherent, unidentified losses in the portfolio at the reporting date that have not been captured in the determination of specific allowances. The assessment takes into account portfolio-specific credit factors, general economic factors, geographic exposure, historical loss experience, as well as probability of default (PD) and loss given default (LGD) pairs.

Specific allowances consist of provision for losses on identifiable assets for which the estimated amounts recoverable are less than their carrying value and are designed to provide against the likelihood of losses for loans that are deemed to be impaired.

Specific allowances also include estimated provisions for losses on identifiable assets that are currently 1-90 days in arrears and are likely to become impaired based on a combination of historical average roll rates and LGD for a given loan portfolio.

Impaired Loans

Loans are classified as impaired when, in the opinion of management, there is reasonable doubt as to the collectability, either in whole or in part, of principal or interest, or when principal or interest is 90 days or greater past due, except where the loan is both well-secured and in the process of collection. Loans that are insured by the federal government, an agency thereof, or a third-party insurer are classified as impaired when interest or principal is past due 365 days.

When a loan is identified as impaired, the carrying amount of the loan is reduced to its estimated realizable value. In subsequent periods, recoveries of amounts previously written off and any increase in the carrying value of the loan are credited to the provision for loan losses in the Consolidated Statement of Income. Where a portion of the loan is written off and the remaining balance is restructured, the new loan is carried on an accrual basis when there is no longer any reasonable doubt about the collectability of principal or interest. Interest income is recognized on impaired loans on a cash basis only after the specific allowance for losses has been reversed and provided there is no further doubt as to the collectability of the principal. Full or partial write-offs of loans are recorded when management believes there is no realistic prospect of full recovery.

Goodwill, Management Contracts and Trademarks

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 and other identifiable intangible assets. The excess of the purchase price over the values of such assets is recorded as goodwill. Management contracts and trademarks have been determined to have an indefinite life.

Goodwill, management contracts and trademarks are not amortized but are subject to impairment tests on an annual basis or more frequently if events or changes in circumstances indicate that the asset may be impaired. Goodwill is allocated to the reporting units and any impairment is identified by comparing the carrying value of a reporting unit with its fair value. If any impairment is indicated, then it is quantified by comparing the carrying value of goodwill to its fair value, based on the fair value of the assets and liabilities of the reporting unit. Management contracts and trademarks are tested for impairment by comparing their fair value to their carrying amounts. An impairment loss is realized when the carrying amount of the asset exceeds its fair value.

Customer Contracts

Customer contracts are stated at cost, net of accumulated amortization and impairment, if any. Amortization is computed on a straight-line basis over seven to 15 years based on the estimated useful lives of these assets.

Deferred Selling Commissions

Selling commissions paid to brokers on mutual fund securities sold on a deferred sales charge (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 three to seven years). Unamortized deferred selling commissions are written down to the extent that the carrying value exceeds the related expected future cash flows on an undiscounted basis. As at November 30, 2009 and 2008, no impairment losses were required.

Property, Equipment and Computer Software

Property, equipment and computer software, which is comprised of furniture and equipment, computer hardware, computer software and leasehold improvements is stated at cost, net of accumulated amortization and impairment, if any. Amortization is calculated using the following methods based on the estimated useful lives of these assets:

Furniture and equipment	20% declining balance
Computer hardware	30% declining balance
Leasehold improvements	straight-line over term of lease
Computer software	straight-line over 3 years

Impairment of Long-lived Assets

Impairment of long-lived assets, which includes property, equipment and computer software and intangible assets with finite useful lives, is recognized when an event or change in circumstance causes the assets' carrying value to exceed the total undiscounted cash flows expected from their use and eventual disposition. The measurement of impairment loss is based on the amount that the carrying value exceeds the fair value.

Derivatives

Derivative instruments are used to manage the Company's exposure to interest rate risks and to increases in compensation costs arising from certain share-based compensation. The Company does not enter into derivative financial instruments for trading or speculative purposes. When derivative instruments are used, the Company determines whether hedge accounting can be applied. Where hedge accounting is applied, a hedge relationship is designated as a fair value hedge or a cash flow hedge. The hedge is documented at inception, detailing the particular risk management objective and the strategy for undertaking the hedge transaction. The documentation identifies the specific asset or liability being hedged, the risk that is being hedged, the type of derivative used and how effectiveness will be assessed. The derivative instrument must be highly effective in accomplishing the objective of offsetting either changes in the fair value or forecasted cash flows attributable to the risk being hedged both at inception and over the life of the hedge. In accordance with Section 3865, the accumulated ineffectiveness of hedging relationships must be measured, and the ineffective portion of changes in fair value must be recognized in the Consolidated Statement of Income. Where hedge accounting is not applied, changes in fair value are recognized in the Consolidated Statement of income.

Fair Value Hedges

Fair value hedge transactions predominantly use interest rate swaps to hedge the changes in the fair value of an asset, liability or firm commitment. Derivative financial instruments, held for fair value hedging purposes, are recognized at fair value and the changes in the fair value are recognized in the Consolidated Statement of Income under investment income and other. Changes in the fair value of the hedged items attributable to the hedged risk are also recognized in the Consolidated Statement of Income under Investment Income and Other, with a corresponding adjustment to the carrying amount of the hedged items in the Consolidated Balance Sheet. When the derivative instrument no longer qualifies as an effective hedge or the hedging instrument is sold or terminated prior to maturity, hedge accounting is discontinued prospectively. The cumulative adjustment of the carrying amount of the hedged item related to a hedging relationship that ceases to be effective is recognized in income over the remaining period to maturity on an effective yield basis. Furthermore, if the hedged item is sold or terminated prior to maturity, hedge accounting is discontinued and the cumulative adjustment of the carrying amount of the hedged item is then immediately recognized in investment income and other.

Cash Flow Hedges

Cash flow hedges are used to hedge the changes in fair value related to certain cash flows related to compensation costs. The effective portion of the change in fair value of the derivative instruments, net of taxes, is recognized in OCI, while the ineffective portion is recognized in net income.

Effective September 1, 2008, the Company discontinued hedge accounting on its swaps related to share-based compensation.

AGF Elements

In November 2005, the Company launched AGF Elements, which consists of five diversified fund-of-fund portfolios. Until June 22, 2009, four of these portfolios included the Elements Advantage Commitment, which is a commitment to investors that if their portfolio does not match or outperform its customized benchmark over a three-year period, AGF will provide each individual investor up to 90 basis points in additional units. This is calculated based on the value of such investment at the end of its related three-year period. As of June 22, 2009, the Company discontinued the Elements Advantage feature on its Elements products. Eligible units purchased prior to June 22, 2009 have been grandfathered and will retain the Elements Advantage feature.

The Company records in liabilities up to 30 basis points per year of each investor's AUM, adjusted for redemptions, until the end of the three-year measurement period of each investment made by such investor. At that time, if an individual investor's returns match or exceed the corresponding benchmark, the Company will recognize the entire amount as management fee revenue. If an individual investor's actual returns are below the customized benchmark, a corresponding amount will be distributed to the investor in the form of additional units. As of November 30, 2009, the Company has recorded a liability of \$8.8 million (2008 – \$7.8 million).

Deposits

Deposits are primarily comprised of GICs that require the Company to pay a fixed interest rate until the maturity date of the certificate. Deposits are classified as current liabilities and other liabilities, depending on the time to maturity, and are carried at amortized cost using the effective interest method.

GICs that mature in the 12-month period following the balance sheet date are classified as current liabilities.

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 fees payable to third-parties and selling-commission financing entities.

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.

Net interest income on real estate secured and investment loans, dividends and other investment income earned are recognized on an accrual basis in the period earned.

Stock-based Compensation and Other Stock-based Payments

The Company has stock-based compensation plans as described in Note 14. The Company utilizes the fair-value-based method of accounting for stock-based compensation. The fair value of stock-based compensation, determined using an option pricing model, is recorded over the vesting period as a charge to net earnings with a corresponding credit to contributed surplus.

The Company also has a share purchase plan under which employees can have a percentage of their annual earnings withheld subject to a maximum of 6% to purchase AGF's Class B Non-Voting shares. The Company matches up to 60% of the amounts contributed by the employee. The Company's contribution vests immediately and is recorded as a charge to net income in the period in which the cash contribution is made. All contributions are used by the plan trustee to purchase Class B Non-Voting shares on the open market.

The Company has Restricted Share Unit (RSU) plans for senior employees under which certain employees are granted RSUs of Class B Non-Voting shares. These units vest three years from the grant date. AGF will redeem all of the participants' share units in cash equal to the value of one Class B share for each RSU. Compensation expense and the related liability are recorded equally over the three-year vesting period, taking into account fluctuations in the market price of Class B Non-Voting shares, dividends paid and forfeitures.

The Company has a Performance Share Unit (PSU) plan for senior employees under which certain employees are granted PSUs of Class B Non-Voting shares. Compensation expense and the related liability are recorded equally over the vesting period, taking into account the likelihood of the performance criteria being met, fluctuations in the market price of Class B Non-Voting shares, dividends paid and forfeitures. These units vest three years from the grant date provided employees meet certain performance criteria. AGF will redeem all of the participants' share units in cash equal to the value of one Class B share for each PSU.

The Company has a Deferred Share Unit (DSU) plan for non-employee Directors. The plan enables Directors of the Company to elect to receive their remuneration in DSUs. These units vest immediately and compensation expense and the related liability are charged to net income in the period the DSUs are granted. On termination, AGF will redeem all of the participants' DSUs in cash or shares equal to the value of one Class B share at the termination date for each DSU.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing at the balance sheet date and non-monetary assets and liabilities are translated at historical exchange rates. Foreign currency income and expenses are translated at average exchange rates prevailing throughout the year. Unrealized translation gains and losses and all realized gains and losses are included in other non-operating expenses, except for available for sale securities where unrealized translation gains and losses are recorded in other comprehensive income until the asset is sold or becomes impaired.

Financial statements of integrated foreign subsidiaries are translated using the temporal method. Under this method, monetary assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Non-monetary assets are translated at historical exchange rates. Revenue and expenses are translated at average exchange rates for the period, except for amortization which is translated on the same basis as the related asset. Translation gains and losses are included in net income.

Investments in foreign associated companies are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Unrealized translation gains and losses are reported in other comprehensive income.

Income Taxes

The Company follows the liability method in accounting for income taxes whereby future income tax assets and liabilities reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Future income tax assets and liabilities are measured based on the enacted or substantively enacted tax rates which are expected to be in effect when the future income tax assets or liabilities are expected to be realized or settled. The effect on future income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the substantive enactment date. Future income tax assets are recognized to the extent that realization is considered more likely than not.

Earnings Per Share

Basic earnings per share are calculated by dividing net income applicable to common shares by the daily weighted average number of shares outstanding. Diluted earnings per share are calculated using the daily weighted average number of shares that would have been outstanding during the year had all potential common shares been issued at the beginning of the year, or when other potentially dilutive instruments were granted or issued, if later.

The treasury stock method is employed to determine the incremental number of shares that would have been outstanding had the Company used proceeds from the exercise of options to acquire shares.

Future Accounting Changes

Transition to International Financial Reporting Standards

The CICA Accounting Standards Board requires all Canadian publicly accountable enterprises to adopt International Financial Reporting Standards (IFRS) for years beginning on or after January 1, 2011. The Company will adopt IFRS for the fiscal year 2012 starting December 1, 2011. The fiscal 2012 Consolidated Financial Statements will include comparative 2011 financial results under IFRS. The Company will report its financial results for the quarter ended February 29, 2012 on an IFRS basis, including comparative IFRS financial results and an opening balance sheet as at December 1, 2010.

The Company's transition to IFRS is on track. However, due to the anticipated changes in IFRS, the Company is in the process of determining the impact of adopting IFRS on its financial statements at this time.

Note 2: Investments Available for Sale and Investment in S&WHL

(a) The following table presents a breakdown of available for sale investments, excluding retained interest from securitization:

(\$ thousands)			
November 30		2009	2008
Trust:			
Canadian government debt ¹			
Federal		\$ 10,179	\$ 10,233
Provincial		350,664	45,767
Deposits with regulated institutions		86,487	83,498
Other securities		83,426	28,992
		530,756	168,490
Investment Management:			
Canadian government debt			
Federal		297	294
AGF mutual funds and other		12,909	15,013
Equity securities		6,518	4,638
		19,724	19,945
		\$ 550,480	\$ 188,435

¹ Includes investments issued and/or guaranteed by the Canadian government

The following table presents a breakdown of AGF Trust available for sale investments by maturity, excluding retained interest from securitization:

(\$ thousands)						
November 30, 2009	Credit rating	1 Year or Less	1 to 5 years	Greater than 5 years	Total	
Trust:						
Canadian government debt						
Federal	AAA	\$ 10,179	\$ –	\$ –	\$ 10,179	
Provincial	A to AAA	45,842	264,572	40,250	350,664	
Deposits with regulated institutions	AA	–	86,487	–	86,487	
Other securities	AA High to AAA	83,426	–	–	83,426	
		\$ 139,447	\$ 351,059	\$ 40,250	\$ 530,756	
(\$ thousands)						
November 30, 2008	Credit rating	1 Year or Less	1 to 5 years	Greater than 5 years	Total	
Trust:						
Canadian government debt						
Federal	AAA	\$ –	\$ 10,233	\$ –	\$ 10,233	
Provincial	A High to AA Low	–	45,767	–	45,767	
Deposits with regulated institutions	AA	–	83,498	–	83,498	
Other securities	AA High	76	28,916	–	28,992	
		\$ 76	\$ 168,414	\$ –	\$ 168,490	

AGF Trust's available for sale investments include Government of Canada and provincial guaranteed bonds, commercial paper, bank-sponsored ABCP, bank-sponsored asset backed securities (ABSs), bank deposit notes, BAs and FRNs with terms to maturity greater than three months. As at November 30, 2009, \$114.7 million (2008 – \$111.6 million) of AGF Trust's available for sale investments were floating-rate securities subject to repricing and \$416.1 million (2008 – \$56.9 million) were fixed-rate securities. Other securities include FRN investments of \$29.7 million (2008 – \$29.0 million), ABS investments of \$28.7 million (2008 – nil), and ABCP investments of \$25.0 million (2008 – nil).

Investment Management's available for sale investment in Canadian government debt is a fixed-rate treasury bond with a maturity date within one year and a credit rating of AAA.

As at November 30, 2009, no impairment charges were required. During the year ended November 30, 2008, the Company determined that a decline in the fair value of an investment in a publicly held company was other than temporary. As a result, the Company recognized an impairment charge of \$2.3 million before tax (\$2.0 million after tax).

- (b) The Company holds a 30.7% investment in S&WHL accounted for using the equity method. At November 30, 2009, the carrying value was \$90.4 million (2008 – \$98.3 million). During the twelve months ended November 30, 2009, the Company recognized \$6.4 million (2008 – \$10.3 million) in earnings and received \$5.8 million in dividends (2008 – \$6.4 million) from S&WHL. The decrease in the carrying value of the investment in S&WHL is mainly due to the strength of the Canadian dollar relative to the UK pound.

Note 3: Securitization of AGF Trust Loans

On March 30, 2007, AGF Trust securitized \$263.6 million of RSP loans. Cash flows of \$252.9 million were received on the securitization and a gain of \$8.0 million was recorded, net of transaction fees of \$0.1 million. As at November 30, 2009, \$108.3 million (2008 – \$166.6 million) of securitized loans were outstanding.

When RSP loan receivables are sold in securitization to a securitization trust under terms that transfer control to third parties, the transaction is recognized as a sale and the related loan assets are removed from the Consolidated Balance Sheet. As part of the securitization, certain financial assets are retained. The retained interests are carried at fair value and are determined using the present value of future expected cash flows. A gain or loss on the sale of loan receivables is recognized immediately in income. The amount of the gain or loss is determined by estimating the fair value of future expected cash flows using management's best estimates of key assumptions: excess spread, discount rate on the interest-only strip, expected credit losses, prepayment rates and the expected weighted average life of RSP loans that are commensurate with the risks involved. The current fair value of retained interests is determined using the present value of future expected cash flows as discussed above. During the year ended November 30, 2009, a \$4.1 million writedown was booked as an other-than-temporary impairment (2008 – \$4.7 million).

The Company has recorded retained interests of \$40.4 million (2008 – \$44.9 million) made up of i) the rights to future excess interest on these RSP loans after investors in the securitization trust have received the return for which they contracted, valued at \$6.0 million (2008 – \$12.4 million), ii) cash collateral of \$12.8 million (2008 – \$12.0 million) and iii) over-collateralization of \$21.6 million (2008 – \$20.5 million).

As at November 30, 2009, the impaired loans included in the securitized balances were equal to \$0.2 million (2008 – \$0.2 million), and during the year ended November 30, 2009, \$2.6 million of securitized RSP loans were written off (2008 – \$2.8 million).

The Company's claim on the retained interests is subordinate to investors' interests. Recourse available to investors and the securitization trust are limited to the retained interests. For the twelve months ended November 30, 2009, cash flows of \$5.8 million (2008 – \$7.8 million) related to the interest-only strip were received on the securitized loans. The total loss recognized from securitization, net of securitization writedown, during the twelve months ended November 30, 2009, was \$0.6 million (2008 – \$0.3 million loss).

The significant assumptions used to value the retained interests were as follows:

November 30	2009	2008
Excess spread	4.7% - 4.9%	3.7% - 3.9%
Discount rate on interest-only strip	7.5%	7.5%
Expected credit losses	1.7% - 2.0%	1.0% - 1.2%
Prepayment rate	16.3% - 18.3%	16.3% - 18.3%
Expected weighted average life of RSP loans	1.8 years	2 years

AGF Trust retained servicing responsibilities for the securitized loans. A servicing liability of \$0.6 million was recorded as at November 30, 2009 (2008 – \$1.1 million). This amount represents the estimated future cost of servicing the securitized loans. The amount amortized related to the servicing liability during the twelve months ended November 30, 2009 was \$0.5 million (2008 – \$0.7 million)

The following table presents key economic assumptions and the sensitivity of the current fair value of retained interests to two adverse changes in each key assumption as at November 30. Since the sensitivity is hypothetical, it should be used with caution. The effect of changes in the fair value of retained interests was calculated using a discounted cash flow analysis.

November 30	Impact on fair value of retained interests	
	2009	2008
(\$ thousands)		
Discount rate		
+10%	\$ (37)	\$ (109)
+20%	(73)	(216)
Prepayment rate		
+10%	\$ (54)	\$ (208)
+20%	(110)	(404)
Expected credit losses		
+10%	\$ (331)	\$ (328)
+20%	(663)	(657)
Excess spread		
-10%	\$ (650)	\$ (997)
-20%	(1,297)	(1,966)

Note 4: Discontinued Operations

On April 30, 2007, AGF sold 100% of Investmaster for \$6.8 million recognizing a gain on the sale of \$4.7 million. The purchase consideration included \$5.0 million in cash and two notes receivable totalling £0.8 million or \$1.8 million at the time of sale from the buyer. On April 30, 2009, AGF received a payment of £0.4 million or \$0.7 million related to the first note receivable. The second note receivable for £0.4 million is included in accounts receivable and is due on April 30, 2010. Additional contingent consideration will be payable to AGF in 2010 if certain working capital and revenue targets are reached by Investmaster. No contingent consideration was payable to AGF in 2009.

Note 5: Acquisition of Highstreet Partners Ltd.

On December 1, 2006, AGF acquired 79.9% of Highstreet Partners Limited (Highstreet). The purchase consideration was payable in a combination of cash and the issue of Class B Non-Voting shares. On March 2, 2009, a final payment, excluding contingent consideration, of \$21.5 million was paid, consisting of \$20.0 million in cash and the issuance of 188,444 Class B Non-Voting shares valued at \$1.5 million. The total consideration paid, including acquisition costs and imputed interest, was \$65.4 million in cash and the issuance of 629,443 Class B Non-Voting shares valued at \$12.3 million. Contingent consideration, based on certain financial profitability targets being achieved by Highstreet, of \$0.7 million was recorded as an increase in goodwill. This amount will be paid at the end of February 2010.

Note 6: AGF Trust

AGF Trust's principal business activities are originating real estate secured loans and investment loans and deposit taking. Details relating to these activities are as follows:

(\$ thousands)	Term to contractual repricing			2009	2008
	Variable rate	1 year or less	1 to 5 years		
November 30					
Mortgage loans	\$ 1,182	\$ 428,431	\$ 637,669	\$ 1,067,282	\$ 1,394,499
Home equity lines of credit (HELOC)	384,774	–	–	384,774	651,893
Total real estate secured loans	385,956	428,431	637,669	1,452,056	2,046,392
Investment loans	2,172,302	2,758	2,376	2,177,436	2,411,968
Total loans	2,558,258	431,189	640,045	3,629,492	4,458,360
Less: allowance for loan losses				(39,818)	(37,130)
Add: net deferred sales commissions and commitment fees				5,081	9,620
				3,594,755	4,430,850
Less: current portion				(537,683)	(606,844)
				\$ 3,057,072	\$ 3,824,006

(a) Real Estate Secured and Investment Loans

The table represents the period of contractual repricing of interest rates on outstanding amounts. Principal repayments due on real estate and investment loans due within one year as at November 30, 2009 were \$537.7 million (2008 – \$606.8 million).

As at November 30, 2009, AGF Trust's mortgage portfolio comprises a combination of fixed rate and variable rate residential mortgages with a weighted average term to repricing of 1.8 years (2008 – 2.0 years) and a weighted average yield of 6.6% (2008 – 7.1%). Insured mortgage loans, excluding loan loss allowance, deferred commissions and pending representment, were \$501.3 million as at November 30, 2009 (2008 – \$616.6 million). HELOCs, which totalled \$384.8 million as at November 30, 2009, had an average interest rate of 4.2% (2008 – 4.5%). Investment loans, excluding RSP loans, totalled \$1.7 billion as at November 30, 2009, and had an average interest rate (based on the prime interest rate) of 4.0% (2008 – 5.5%). RSP loans totalled \$430.8 million as at November 30, 2009, and had an average interest rate of 5.3% (2008 – 6.6%). The average interest rate on all investment loans as at November 30, 2009, was 4.3% (2008 – 5.8%). Mortgage and HELOC loans are secured primarily by residential real estate. Secured investment loans of \$1.7 billion (2008 – \$1.8 billion) are secured primarily by the investment made using the initial loan proceeds. The market value of this investment loan collateral is approximately \$1.4 billion (2008 – \$1.2 billion).

(b) Loans by Province and by Type

The following tables are a breakdown of the total value and total number of loans by province and by type:

(\$ millions)	Insured Mortgage Loans	Conventional Mortgage Loans	Secured Investment Loans	RSP Loans	HELOC Receivables	Finance Loans	Total
November 30, 2009							
British Columbia	\$ 9.9	\$ 33.8	\$ 326.9	\$ 40.2	\$ 37.5	\$ 0.2	\$ 448.5
Alberta	59.5	147.9	208.3	43.7	280.6	1.4	741.4
Ontario	299.7	246.9	848.0	143.3	28.4	0.8	1,567.1
Quebec	132.2	137.4	127.6	166.6	0.2	1.2	565.2
Other	–	–	230.7	37.0	38.1	1.5	307.3
Total value of loans	\$ 501.3	\$ 566.0	\$ 1,741.5	\$ 430.8	\$ 384.8	\$ 5.1	\$ 3,629.5

Notes to Consolidated Financial Statements

November 30, 2009	Insured Mortgage Loans	Conventional Mortgage Loans	Secured Investment Loans	RSP Loans	HELOC Receivables	Finance Loans	Total
British Columbia	58	141	4,830	4,637	170	148	9,984
Alberta	269	709	3,613	3,867	1,213	649	10,320
Ontario	1,964	1,505	13,551	16,946	168	336	34,470
Quebec	750	935	2,354	16,374	4	552	20,969
Other	–	–	3,350	3,419	265	837	7,871
Total number of loans	3,041	3,290	27,698	45,243	1,820	2,522	83,614

(\$ millions)

November 30, 2008	Insured Mortgage Loans	Conventional Mortgage Loans	Secured Investment Loans	RSP Loans	HELOC Receivables	Finance Loans	Total
British Columbia	\$ 12.8	\$ 48.2	\$ 340.2	\$ 57.8	\$ 84.7	\$ 0.6	\$ 544.3
Alberta	68.1	214.6	217.9	59.8	446.0	3.0	1,009.4
Ontario	388.3	335.9	879.9	216.1	60.9	2.0	1,883.1
Quebec	147.4	179.2	132.5	208.1	0.3	2.6	670.1
Other	–	–	240.1	48.5	60.0	2.9	351.5
Total value of loans	\$ 616.6	\$ 777.9	\$ 1,810.6	\$ 590.3	\$ 651.9	\$ 11.1	\$ 4,458.4

November 30, 2008	Insured Mortgage Loans	Conventional Mortgage Loans	Secured Investment Loans	RSP Loans	HELOC Receivables	Finance Loans	Total
British Columbia	66	201	4,944	6,985	354	244	12,794
Alberta	327	997	3,735	5,551	1,990	1,020	13,620
Ontario	2,518	2,000	13,930	25,198	327	543	44,516
Quebec	834	1,221	2,411	19,939	5	857	25,267
Other	–	–	3,452	4,488	407	1,193	9,540
Total number of loans	3,745	4,419	28,472	62,161	3,083	3,857	105,737

(c) Impaired Loans

Loans are considered to be past due where repayment of principal or interest is contractually in arrears. Loans are classified as impaired when, in the opinion of management, there is reasonable doubt as to the collectability, either in whole or in part, of principal or interest, or when principal or interest is 90 days past due, except where the loan is both well-secured and in the process of collection. Loans that are insured by the federal government, an agency thereof, or a third-party insurer are classified as impaired when interest or principal is past due 365 days. As at November 30, 2009, impaired loans were \$48.9 million (2008 – \$45.4 million) and \$33.8 million (2008 – \$31.3 million) net of the specific allowance for loan losses.

(\$ thousands)

November 30	2009	2008
Impaired Loans:		
Insured mortgage loans	\$ 7,002	\$ 5,483
Conventional mortgage loans	35,523	33,628
Secured investment loans	1,619	988
RSP loans	3,840	4,846
HELOC receivables	931	478
	\$ 48,915	\$ 45,423

The following table provides an aging of loans:

(\$ thousands)							
November 30, 2009	Current	1 to 29 days	30 to 60 days	61 to 90 days	Over 90 days	Total	
Insured mortgage loans	\$ 436,177	\$ 28,504	\$ 6,521	\$ 3,204	\$ 26,853	\$	501,259
Conventional mortgage loans	479,042	33,173	12,112	6,151	35,545		566,023
Secured investment loans	1,722,616	12,713	3,550	1,011	1,619		1,741,509
RSP loans	420,096	6,023	1,785	1,329	1,560		430,793
HELOC receivables	377,865	5,398	147	403	961		384,774
Finance loans	5,134	—	—	—	—		5,134
	\$ 3,440,930	\$ 85,811	\$ 24,115	\$ 12,098	\$ 66,538	\$	3,629,492

(\$ thousands)							
November 30, 2008	Current	1 to 29 days	30 to 60 days	61 to 90 days	Over 90 days	Total	
Insured mortgage loans	\$ 551,772	\$ 29,567	\$ 6,085	\$ 3,313	\$ 25,878	\$	616,615
Conventional mortgage loans	670,763	53,741	12,176	7,537	33,668		777,885
Secured investment loans	1,790,788	15,284	2,220	1,510	790		1,810,592
RSP loans	574,049	9,958	4,435	1,120	752		590,314
HELOC receivables	646,891	3,847	658	—	497		651,893
Finance loans	11,061	—	—	—	—		11,061
	\$ 4,245,324	\$ 112,397	\$ 25,574	\$ 13,480	\$ 61,585	\$	4,458,360

(d) Mortgages in Legal Action

The following table provides a summary of conventional mortgages in legal action which includes demand for payment, power of sale and foreclosures. The table details opening mortgages in legal action for the period and related changes to the pool, being additions, discharged mortgages other than sold, proceeds on foreclosed mortgages discharged and related losses, to arrive at the ending balance of mortgages in legal action.

(\$ thousands)		
Years ended November 30	2009	2008
Balance outstanding, beginning of the year	\$ 44,987	\$ 35,070
Additions	59,404	46,140
Discharged mortgages other than sold	(27,126)	(27,336)
Proceeds on foreclosed mortgages discharged	(23,117)	(7,352)
Loss on foreclosed mortgages discharged	(3,635)	(1,535)
	\$ 50,513	\$ 44,987

In addition, there are \$33.8 million (2008 – \$30.8 million) of insured mortgages in legal action.

(e) Allowance for Credit Losses

During 2008, as a result of economic and market indicators, the Company refined its loan provision methodology for specific allowances to include loans in arrears of one to 90 days in addition to impaired loans. Refer to Note 1, Allowance for Loan Losses, for further disclosure and for the definition of specific and general allowances.

The continuity in the allowance for loan losses is as follows:

(\$ thousands)		Specific allowances	General allowances	Total allowances
Years ended November 30				
Balance, beginning of the year	\$	14,163	\$ 22,967	\$ 37,130
Amounts written off		(36,452)	–	(36,452)
Recoveries		1,578	–	1,578
Provision for loan losses		35,775	1,787	37,562
	\$	15,064	\$ 24,754	\$ 39,818
Breakdown by category:				
Insured mortgage loans	\$	–	\$ 4,000	\$ 4,000
Conventional mortgage loans		4,694	5,383	10,077
Secured investment loans		3,832	4,354	8,186
RSP loans		6,463	10,102	16,565
HELOCs receivables		75	915	990
	\$	15,064	\$ 24,754	\$ 39,818

(\$ thousands)		Specific allowances	General allowances	Total allowances
Years ended November 30				
Balance, beginning of the year	\$	1,860	\$ 15,277	\$ 17,137
Amounts written off		(11,258)	–	(11,258)
Recoveries		877	–	877
Provision for loan losses		22,684	7,690	30,374
	\$	14,163	\$ 22,967	\$ 37,130
Breakdown by category:				
Conventional mortgage loans	\$	5,404	\$ 7,640	\$ 13,044
Secured investment loans		1,310	4,527	5,837
RSP loans		7,449	9,171	16,620
HELOC receivables		–	1,629	1,629
	\$	14,163	\$ 22,967	\$ 37,130

(f) AGF Trust Deposits

(\$ thousands)	Term to maturity				
	Demand	1 year or less	1 to 5 years	2009	2008
November 30					
Deposits	\$ 4,665	\$ 1,879,571	\$ 2,045,624	\$ 3,929,860	\$ 4,776,511
Less: deferred selling commissions				(11,297)	(14,450)
Less: current portion				(1,884,235)	(2,486,635)
Long-term deposits				\$ 2,034,328	\$ 2,275,426

As at November 30, 2009, deposits were substantially comprised of GICs with a weighted average term to maturity of 1.4 years (2008 – 1.4 years) and a weighted average interest rate of 3.60% (2008 – 4.22%). Approximately 15.3% (2008 – 11.7%) of deposits mature within 90 days.

(g) Interest Rate Swaps

To hedge its exposure to fluctuating interest rates, AGF Trust has entered into interest rate swap transactions with four Canadian chartered banks, as noted below. The swap transactions expire between December 2009 and October 2014. They involve the exchange of either the one-month bankers' acceptance (BA) rate or the three-month BA rate to receive fixed interest rates. The swap contracts designated as fair value hedging instruments for deposits are used by AGF Trust for balance sheet matching purposes and to mitigate net interest revenue volatility. As at November 30, 2009, the aggregate notional amount of the swap transactions was \$2.3 billion (2008 – \$3.2 billion). The aggregate fair value of the swap transactions, which represents the amount that would be received by AGF Trust if the transactions were terminated at November 30, 2009, was \$55.7 million (2008 – \$85.0 million). During the 12 months ended November 30, 2009, the ineffective portion of accumulated changes in fair value of hedging relationships recognized in the Consolidated Statement of Income amounted to a loss of \$0.9 million (2008 – \$3.1 million gain), as it relates to fair value hedging relationships.

Notional amount of swap	Fair value	Maturity date	Fixed interest rate received
(\$ thousands)	(\$ thousands)		
230,000	\$ 209	2009	0.70% - 4.22%
985,000	17,545	2010	0.71% - 5.05%
695,000	24,952	2011	0.85% - 5.08%
305,000	11,687	2012	1.60% - 5.01%
35,000	686	2013	2.37% - 2.71%
30,000	573	2014	2.70% - 2.82%

Note 7: Goodwill and Intangibles

November 30	2009			2008			
	Opening net book value	Amortization	Closing net book value	Opening net book value	Amortization	Impairment	Closing net book value
(\$ thousands)							
Customer contracts							
Magna Vista Investment Management Limited	\$ 1,724	\$ 1,724	\$ –	\$ 19,788	\$ 2,574	\$ 15,490	\$ 1,724
Doherty & Associates	1,650	164	1,486	9,618	868	7,100	1,650
Cypress Capital Management Limited	5,115	483	4,632	21,993	1,900	14,978	5,115
ING Investment Management Inc. mutual fund assets	1,844	501	1,343	2,270	426	–	1,844
Highstreet Asset Management Inc.	8,450	1,690	6,760	12,136	2,023	1,663	8,450
	\$ 18,783	\$ 4,562	\$ 14,221	\$ 65,805	\$ 7,791	\$ 39,231	\$ 18,783

During 2008, as a result of depressed values in global equity markets and in accordance with its accounting policies, the Company completed an impairment test for customer contracts.

The determination of the customer contracts recoverability was based on an estimate of undiscounted cash flow, and the measurement of impairment loss was based on the amount that the carrying value exceeded the fair value. As part of the impairment test, the Company updated its future cash flow assumptions and estimates, including factors such as customer contracts existing from the date of purchase, margins, market conditions and the useful lives of assets. Based on the test, the Company concluded that intangible assets relating to certain customer contracts were not fully recoverable and therefore recorded an impairment charge of \$39.2 million to income (\$28.6 million net of tax) during the year ended November 30, 2008.

During 2009, the Company determined there were no triggering events to warrant an impairment test on customer contracts. Accordingly, the Company concluded that customer contracts are fully recoverable and no impairment charges were recorded in 2009.

(\$ thousands)			
Years ended November 30		2009	2008
Goodwill			
Opening Balance	\$	172,985	\$ 180,058
Impairment related to Magna Vista Investment Management Limited		–	(7,073)
Acquisition of Highstreet Partners Limited (note 5)		723	–
	\$	173,708	\$ 172,985

During 2009, the Company determined that a final payment related to contingent consideration of \$0.7 million was payable to Highstreet by the end of February 2010. As a result, goodwill was increased by \$0.7 million.

During the year ended November 30, 2009, the Company completed an impairment test on management contracts, trademarks and goodwill and determined that no impairment existed. Accordingly, there was no change to the carrying value of management contracts, trademarks and goodwill during the year.

During 2008, the Company determined that the carrying value of its Magna Vista Investment Management Limited (Magna Vista) reporting unit exceeded its fair value, indicating an impairment of goodwill. The Company recorded an impairment charge of \$7.1 million, based on the difference of the carrying value of goodwill and its fair value, calculated based on the fair value of the assets and liabilities of the reporting unit.

Note 8: Property, Equipment and Computer Software

(\$ thousands)					
November 30, 2009	Opening net book value	Net Additions/ (Disposals)	Amortization	Closing net book value	
Furniture and equipment	\$ 3,712	\$ (277)	\$ 447	\$ 2,988	
Leasehold improvements	7,104	386	2,501	4,989	
Computer hardware	3,999	409	1,520	2,888	
Computer software	4,608	1,607	2,953	3,262	
	\$ 19,423	\$ 2,125	\$ 7,421	\$ 14,127	

(\$ thousands)					
November 30, 2008	Opening net book value	Net Additions	Amortization	Closing net book value	
Furniture and equipment	\$ 3,595	\$ 1,058	\$ 941	\$ 3,712	
Leasehold improvements	6,401	3,187	2,484	7,104	
Computer hardware	4,983	597	1,581	3,999	
Computer software	5,833	1,911	3,136	4,608	
	\$ 20,812	\$ 6,753	\$ 8,142	\$ 19,423	

Note 9: Other Assets

(\$ thousands) November 30	2009	2008
Other Assets		
Long-term portion of derivatives used to manage interest rate exposure	\$ 40,637	\$ 72,352
Other	3,321	1,920
	\$ 43,958	\$ 74,272

The current portion of derivatives used to manage interest rate exposure is included under accounts receivable, prepaid expenses and other assets. As at November 30, 2009, the current portion was \$15.0 million (2008 – \$12.7 million). Refer to Note 6(g) for details on the derivatives used to manage interest rate exposure. Refer to Note 22 for further details of the Company's derivative instruments.

Note 10: Long-term Debt

(\$ thousands) November 30	2009	2008
Revolving term loan	\$ 156,731	\$ 123,740
Payment related to acquisition of Highstreet Partners Limited (note 5)	–	21,171
	156,731	144,911
Less: amount included in current liabilities	13,083	21,171
	\$ 143,648	\$ 123,740

(a) Revolving Term Loan

The Company has arranged a three-year prime-rate-based revolving term loan to a maximum of \$300.0 million (November 30, 2008 – \$300.0 million) with a Canadian chartered bank. Under the loan agreement, AGF is permitted to draw down the revolving term loan by direct advances and/or BAs. 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 July 31, 2010. However, AGF may request within 75 to 90 days prior to the end of the commitment period a recommencement of the three-year term at the expiry of the then-current commitment period. Without recommencement, the loan shall be automatically converted to a term loan facility having a term of two years. The loan balance shall be repaid over a period of two years in minimum quarterly installments of one-twelfth of the amount of principal outstanding with the balance payable at the end of the term. As at November 30, 2009, AGF has drawn \$156.7 million (November 30, 2008 – \$123.7 million) against the facility in the form of seven to 31 day BAs at an effective average interest rate of 2.1% (November 30, 2008 – 2.9%) per annum.

Security for the bank loans include a specific claim over the management fees owing from the mutual funds (subject to the existing claims of related limited partnerships) for which AGF acts as manager and a pledge of assets by AGF Management Limited and certain subsidiaries, including AGF Investments Inc. and 20/20 Financial Corporation.

(b) Payments Due Related to Acquisition of Highstreet Partners Limited

On December 1, 2006, AGF acquired 79.9% of Highstreet (refer to Note 5). On March 2, 2009, a payment of \$21.5 million was paid. The payment consisted of \$20.0 million in cash and the issuance of 188,444 Class B Non-Voting shares valued at \$1.5 million. In addition, a further contingent payment of \$0.7 million is due in 2010 as described in Note 5.

Note 11: Other Long-term Liabilities

(\$ thousands)		
November 30	2009	2008
Other Long-term Liabilities		
Long-term portion of derivative used to manage changes in share-based compensation	\$ 1,498	\$ 6,744
Long-term compensation-related liabilities	11,637	8,112
Long-term portion of Elements Advantage	3,487	3,808
Other	53	764
	\$ 16,675	\$ 19,428

The current portion of the derivative used to manage changes in share-based compensation is included under accounts payable and accrued liabilities. As at November 30, 2009, the current portion was \$2.4 million (2008 – \$1.0 million). On December 3, 2009, the Company settled with its counterparty 91,225 units having a notional value of \$2.7 million based on their November 30, 2009 fair value. After including the effect of this transaction, the remaining notional amount of the derivative used to manage share-based compensation as at November 30, 2009, is \$6.2 million or 208,731 share units and matures in 2010. Refer to Note 22 for further details on the Company's derivative instruments.

The current portion of the Elements Advantage liability is included under accounts payable and accrued liabilities. As at November 30, 2009, the current portion was \$5.3 million (2008 – \$4.0 million).

Note 12: Limited Partnership Financings

Prior to 2005, the Company financed certain deferred selling commissions using limited partnerships (LPs). The Company is obligated to pay these LPs an annual fee of 0.45% to 0.90% of the net asset value of DSC securities. This obligation will continue as long as such DSC securities remain outstanding except for certain of the LPs, in which case the obligation terminates at various dates from December 31, 2009 to December 31, 2020. For certain LPs, the obligation is secured by the Company's mutual fund management contracts to the extent of the particular obligation.

The Company is responsible for the management and administration of the LPs. 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 2009 was \$0.3 million (2008 – \$0.3 million). As at November 30, 2009, the net asset value of DSC securities financed by the LPs was \$0.7 billion (2008 – \$0.8 billion).

Note 13: Income Taxes

(a) The Company's effective income tax rate for continuing operations is comprised as follows:

Years ended November 30	2009	2008
Canadian corporate tax rate	32.8%	33.5%
Net tax rate reduction	(8.4)	(13.8)
Rate differential on earnings of subsidiaries	(8.3)	(12.1)
Amortization of customer contracts and relationships	0.2	4.1
Tax exempt investment income	(1.2)	(2.1)
Other	0.8	(0.7)
Effective income tax rate	15.9%	8.9%

(b) The tax effects of temporary differences which gave rise to future tax liabilities and assets are as follows:

(\$ thousands) November 30	2009	2008
Future income tax liability		
Deferred sales commissions	\$ (75,427)	\$ (92,901)
Deferred revenue	497	838
Undepreciated capital cost in excess of carrying values	4,969	4,057
Loss carryforwards	10,236	7,928
Expenses deductible or gain to be recognized in future periods	6,026	6,708
Provision for loan losses	6,618	7,188
Securitization of RSP loans	(7,819)	(7,881)
Deferred charges	(5,309)	(6,732)
Goodwill and management contracts	(100,145)	(117,241)
Investments	945	1,493
Other	(9,690)	(990)
	(169,099)	(197,533)
Less: current portion	22,190	26,240
Future income tax liability - long-term portion	\$ (146,909)	\$ (171,293)

(c) As at November 30, 2009, certain subsidiaries of the Company have accumulated aggregate non-capital losses of approximately \$27.4 million (2008 – \$10.1 million) and \$17.3 million (2008 – \$15.6 million) of capital loss that may be used to reduce taxable income in the future. These tax loss carry-forwards expire as follows:

\$27.4 million non-capital loss	2014 to 2029
\$17.3 million capital loss	no expiry date

(d) In November 2009, a reduction of the Ontario corporate income tax rate from 14% to 10% by July 1, 2012 was substantively enacted. Accordingly, during the 12 months ended November 30, 2009, the Company has recognized a \$9.8 million net reduction in future income tax liabilities.

In December 2007, a reduction of the federal corporate income tax rate from 18.5% to 15.0% by January 1, 2012 was substantively enacted. Accordingly, during the 12 months ended November 30, 2008, the Company has recognized a \$19.5 million reduction in future income tax liabilities.

In June 2007, a reduction in the federal corporate income tax rate from 19% to 18.5% by January 1, 2011 was considered to be substantively enacted. During the 12 months ended November 30, 2008, the Company recognized a \$2.4 million reduction in future income tax liabilities related to this reduction.

Note 14: Capital Stock

(a) Authorized Capital

The authorized capital of AGF consists of an unlimited number of AGF Class B Non-Voting Shares and an unlimited number of AGF Class A voting common shares (Class A shares). The Class B Non-Voting shares are listed for trading on the Toronto Stock Exchange (TSX).

(b) Changes During the Year

The change in capital stock is summarized as follows:

Years ended November 30 (\$ thousands, except share amounts)	2009		2008	
	Shares	Stated value	Shares	Stated value
Class A shares	57,600	\$ –	57,600	\$ –
Class B shares				
Balance, beginning of the year	88,480,104	\$ 431,897	88,922,157	\$ 421,923
Issued through stock dividend plan	239,352	2,627	211,914	4,618
Stock options exercised	189,500	2,552	130,150	5,121
Issued on acquisition of Highstreet Partners Limited (note 5)	188,444	1,536	215,883	5,116
Purchased for cancellation	–	–	(1,000,000)	(4,881)
Balance, end of the year	89,097,400	\$ 438,612	88,480,104	\$ 431,897

(c) Class B Non-Voting shares Purchased for Cancellation

AGF has obtained applicable regulatory approval to purchase for cancellation, from time to time, certain of its Class B Non-Voting shares through the facilities of the TSX (or as otherwise permitted by the TSX). Under its normal course issuer bid, AGF may purchase up to 10% of the public float outstanding on the date of the receipt of regulatory approval or up to 7,108,630 shares through to February 25, 2010. During the year ended November 30, 2008, 1,000,000 Class B Non-Voting shares were purchased at a cost of \$7.8 million and the excess paid of \$2.9 million over the book value of the shares purchased for cancellation was charged to retained earnings. These shares were traded and settled in November 2008 and subsequently cancelled in December 2008. No shares were repurchased in 2009.

Note 15: Stock-based Compensation and Other Stock-based Payments**(a) Stock Option Plans**

AGF has established stock option plans for senior employees under which stock options to purchase an aggregate maximum of 3,854,052 Class B Non-Voting shares could have been granted as at November 30, 2009 (2008 – 4,094,002). The stock options are issued at a price not less than the market price of the Class B Non-Voting shares immediately prior to the grant date. Stock options are vested to the extent of 25% to 33% of the individual's entitlement per annum, or in some instances, vest at the end of the term of the option.

The change in stock options during 2009 and 2008 is summarized as follows:

Years ended November 30	2009		2008	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Class B share options				
Balance, beginning of year	6,576,948	\$ 16.59	4,268,765	\$ 22.50
Options granted	797,000	16.82	2,721,000	8.45
Options forfeited/expired	(557,050)	21.04	(282,667)	26.24
Options exercised	(189,500)	13.36	(130,150)	19.08
Balance, end of year	6,627,398	\$ 16.34	6,576,948	\$ 16.59

The following summarizes information about stock options outstanding as at November 30, 2009:

Range of exercise prices	Number of options outstanding	Weighted average remaining life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
\$8.01 to \$15.00	2,597,300	5.9 years	\$ 8.24	623,073	\$ 8.24
\$15.01 to \$25.00	2,778,117	4.0	18.10	1,938,617	18.54
\$25.01 to \$35.00	1,239,249	4.5	29.16	747,312	28.50
\$35.01 to \$45.00	12,732	4.3	35.70	6,366	35.70
	6,627,398	4.9	\$ 16.34	3,315,368	\$ 18.88

The outstanding stock options have expiry dates ranging from December 2009 to November 2016.

During 2009, AGF granted 797,000 options (2008 – 2,721,000) and recorded \$2.9 million (2008 – \$4.8 million) in compensation expense and contributed surplus. The fair value of options granted during 2009 has been estimated at \$3.77 per share (2008 – between \$0.57 and \$3.19 per share) using the Black-Scholes option-pricing model. The following ranges of assumptions were used to determine the fair value of the options granted in 2009:

Risk-free interest rate	2.79%
Expected dividend yield	5.98%
Expected share price volatility	41.30%
Option term	5 years

(b) Share Purchase Plan

The Company's contributions are recorded in payroll costs and amounted to \$0.5 million for the year ended November 30, 2009 (2008 – \$1.3 million).

(c) Restricted Share Unit (RSU) and Performance Share Unit (PSU) Plans

The change in share units during 2009 and 2008 is as follows:

Years ended November 30	2009	2008
	Number of share units	Number of share units
Outstanding, beginning of year		
Non-vested	680,889	345,257
Issued		
Initial allocation	151,886	340,698
In lieu of dividends	55,734	15,858
Settled in cash	(59,219)	(482)
Forfeited and cancelled	(143,428)	(20,442)
Outstanding, end of year	685,862	680,889

Compensation expense for the year ended November 30, 2009 related to these share units was \$1.5 million (2008 – \$0.7 million). During the year ended November 30, 2008, it was determined that the achievement of certain performance criteria necessary for the PSUs to be paid was unlikely. As a result, the Company reversed a \$1.1 million liability related to these units. AGF has entered into a swap agreement to fix the cost of compensation related to certain RSUs and PSUs. As at November 30, 2009, AGF has economically hedged 243,861 (2008 – 91,549) share units at a fixed cost of \$29.73 (2008 – \$32.35)

(d) Deferred Share Unit (DSU) Plan

There is no unrecognized compensation expense related to directors' DSUs since these awards vest immediately upon grant. As at November 30, 2009, 43,150 (2008 – 24,394) DSUs were outstanding. Compensation expense related to these DSUs for year ended November 30, 2009 was \$0.5 million (2008 – \$0.1 million).

Note 16: Earnings Per Share

The following table sets forth the calculation of both basic and diluted earnings per share and basic earnings per share and diluted earnings per share from continuing operations:

(\$ thousands, except per share amounts) Years ended November 30	2009	2008
Numerator		
Net income for the year	\$ 97,694	\$ 128,592
Denominator		
Weighted average number of shares – basic	88,845,141	89,321,964
Dilutive effect of employee stock options	815,703	2,011,980
Weighted average number of shares – diluted	89,660,844	91,333,944
Earnings per share		
Basic	\$ 1.10	\$ 1.44
Diluted	\$ 1.09	\$ 1.41

Note 17: Agreements with Mutual Funds

The Company 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 Company. In return, the Company 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 Company earned in 2009 and 2008 were from the AGF Funds. As at November 30, 2009, the Company had \$34.6 million (2008 – \$35.2 million) receivable from the AGF Funds. The Company also acts as trustee for the AGF Funds that are mutual fund trusts.

The aggregate unitholder services costs absorbed and management and advisory fees waived by the Company during the year on behalf of the Funds were approximately \$15.0 million (2008 – \$12.7 million).

Note 18: Related Party Transactions

The Company has entered into certain transactions with entities or senior officers who are directors of the Company. During 2009, total amounts paid by the Company to these related parties aggregated \$0.1 million (2008 – \$0.1 million).

Note 19: Supplemental Disclosure of Cash Flow Information

(a) Changes in Non-Cash Operating Working Capital Items

(\$ thousands) Years ended November 30	2009	2008
(Increase) decrease in accounts receivable	\$ (7,662)	\$ 2,212
Decrease in other assets	6,822	16,898
Increase (decrease) in accounts payable and accrued liabilities	(21,625)	42,524
Increase in deposits and other liabilities	5,850	11,085
	\$ (16,615)	\$ 72,719

(b) Income Taxes and Interest Paid

(\$ thousands)		
Years ended November 30	2009	2008
Income taxes paid	\$ 54,996	\$ 49,758
Interest paid	112,376	190,186
	\$ 167,372	\$ 239,944

Note 20: AGF Trust Net Interest Income

The breakdown of net interest income is as follows:

(\$ thousands)		
Years ended November 30	2009	2008
AGF Trust interest income		
Loan interest	\$ 211,253	\$ 270,762
Investment interest	14,951	32,219
	226,204	302,981
AGF Trust interest expense		
Deposit interest	175,367	200,901
Hedging interest income	(68,532)	(18,583)
Other interest expense	23,120	23,790
	129,955	206,108
AGF Trust net interest income	\$ 96,249	\$ 96,873

Note 21: Capital Management

The Company's objectives when managing capital are to:

- Provide returns for shareholders through the payment of dividends, the repurchase of Class B Non-Voting shares and the reasonable use of leverage.
- Ensure that AGF Trust maintains the level of capital to adequately protect depositors and to meet the requirements of its principal regulator, the Office of the Superintendent of Financial Institutions Canada (OSFI).

The Company's capital consists of shareholders' equity. The AGF Capital Committee is responsible for the management of capital. The AGF Board of Directors is responsible for overseeing the Company's capital policy and management. The Company reviews its five-year capital plan annually.

Our Investment Management businesses, in general, are not subject to significant regulatory capital requirements in each of the jurisdictions in which they are registered and operate. The cumulative amount of minimum regulatory capital across all of our investment management operations is approximately \$6.0 million.

AGF Trust's regulatory capital requirements are determined in accordance with guidelines issued by OSFI, which are based on a framework of risk-based capital standards developed by the Bank for International Settlements (BIS). Effective January 1, 2008, AGF Trust is monitoring its regulatory capital based on the BIS regulatory risk-based capital framework (Basel II). BIS standards require that AGF Trust maintain minimum Tier 1 and total capital ratios of 4% and 8%. As at November 30, 2009, AGF Trust was in compliance with these regulatory capital requirements. OSFI has also prescribed a maximum asset-to-capital leverage multiple; AGF Trust was in compliance with this threshold at November 30, 2009.

A capital plan prepared annually specifies the target capital ratios by taking into account the projected risk-weighted asset levels and expected capital management initiatives. Regulatory capital ratios are reported monthly to management. Regulatory capital ratio monitoring reports are provided on a quarterly basis to AGF Trust's Board of Directors.

Regulatory capital for AGF Trust is detailed as follows:

(\$ thousands, except for risk-weighted assets in \$ millions) November 30	Basel II	
	2009	2008
Risk-weighted assets ¹		
Credit risk	\$ 1,754.8	\$ 2,244.3
Operational risk	216.6	172.6
Total risk-weighted assets	1,971.4	2,416.9
Tier 1 capital		
Common shares	\$ 82,768	\$ 82,768
Contributed surplus	1,476	1,338
Retained earnings	120,646	101,432
Non-cumulative preferred shares	64,000	64,000
Less: securitization and other	(11,378)	(15,567)
	257,512	233,971
Tier 2 capital		
Subordinated debentures	109,500	109,500
General allowances	15,355	19,638
Less: securitization and other	(6,902)	(8,295)
	117,953	120,843
Total capital	\$ 375,465	\$ 354,814

¹ For operational risk, AGF Trust uses the Basic Indicator Approach - calculated as 15% of the previous three-year average of net interest income and other income, excluding gain or loss on investments. The risk-weighted equivalent is determined by multiplying the capital requirement for operational risk by 12.5.

Note 22: Financial Instruments

Financial instruments are classified based on categories according to CICA Handbook "Section 3855 Financial Instruments – Recognition and Measurement" as follows:

(\$ thousands)	Carrying amount on balance sheet		
	Fair value		Amortized cost
	Available for Sale	Held for Trading	Loans and Receivables or Other Financial Liabilities
November 30, 2009			
Cash and cash equivalents	\$ –	\$ 274,870	\$ –
Investments	550,480	–	–
Retained interest from securitization	40,448	–	–
Accounts receivable	–	–	80,968
Real estate secured and investment loans	–	–	3,594,755
Derivatives	–	55,652	–
Other assets	–	–	3,321
Total financial assets	\$ 590,928	\$ 330,522	\$ 3,679,044
Accounts payable and accrued liabilities	\$ –	\$ –	\$ 281,641
Long-term debt	–	–	156,731
Deposits	–	–	3,918,563
Derivatives	–	3,900	–
Other long-term liabilities	–	–	15,177
Total financial liabilities	\$ –	\$ 3,900	\$ 4,372,112
November 30, 2008			
Cash and cash equivalents	\$ –	\$ 584,168	\$ –
Investments	188,435	–	–
Retained interest from securitization	44,947	–	–
Accounts receivable	–	–	76,316
Real estate secured and investment loans	–	–	4,430,850
Derivatives	–	85,097	–
Other assets	–	–	1,920
Total financial assets	\$ 233,382	\$ 669,265	\$ 4,509,086
Accounts payable and accrued liabilities	\$ –	\$ –	\$ 301,390
Long-term debt	–	–	144,911
Deposits	–	–	4,762,061
Derivatives	–	7,755	–
Other long-term liabilities	–	–	12,684
Total financial liabilities	\$ –	\$ 7,755	\$ 5,221,046

Fair value hierarchy

Financial Instruments Carried at Fair Value

The financial instruments carried at fair value have been categorized under three levels of fair value hierarchy as follows:

Quoted Prices in an Active Market (Level 1)

This level of the hierarchy includes listed equity securities on major exchanges, investments in AGF mutual funds, highly liquid temporary deposits with Canadian and Irish Banks, as well as term deposits, and bank deposit notes. The fair value of instruments that are quoted in active markets are determined using the quoted prices where they represent those at which regularly and recently occurring transactions take place.

Valuation Techniques with Observable Parameters (Level 2)

This level of the hierarchy includes derivative instruments with major Canadian chartered banks, as well as investments held by AGF Trust which include commercial paper, bank-sponsored ABCP, and FRNs. These instruments are recorded at fair value on the settlement date. AGF Trust values its investment holdings primarily using counterparty mark to markets provided by the major financial institutions or investment brokerages with which it deals.

The fair value of derivatives used to manage interest rate exposure is calculated through discounting future expected cash flows using the BA-based swap curve. Since the BA-based swap curve is an observable input, these financial instruments are considered Level 2.

The fair value of the derivative used to manage changes in share-based compensation is calculated as the difference between the initial swap price and the market value of Class B Non-Voting shares on the valuation date, multiplied by the total number of shares outstanding. The initial price is equal to the price agreed to at the onset of the swap agreement, adjusted for dividends that have been reinvested by the equity holder. Since the market value of Class B Non-Voting shares is an observable input, this financial instrument is considered Level 2.

Valuation Techniques with Significant Unobservable Parameters (Level 3)

This level of the hierarchy includes the retained interest from securitization. Instruments classified in this category have a parameter input or inputs which are unobservable and which have a more than insignificant impact on either the fair value of the instrument or the profit or loss of the instrument. The fair value of the retained interest from securitization is determined using the present value of future expected cash flows. The expected cash flow model incorporates expected credit losses, prepayment rates, discount rate, and excess spread. Expected credit losses and prepayment rates are primarily based on historical portfolio performance, while discount rate and excess spread are based on portfolio performance combined with Management's assessment of the impact of market and economic factors on expected cash flows.

The following table classifies the carrying value of the financial instruments held at fair value across the fair value hierarchy as at November 30, 2009:

(\$ thousands)	Financial instruments at fair value				
	Level 1	Level 2	Level 3	Total	
November 30, 2009					
Cash and cash equivalents	\$ 274,870	\$ –	\$ –	\$ 274,870	
Investments	19,724	530,756	–	550,480	
Retained interest from securitization	–	–	40,448	40,448	
Derivatives	–	55,652	–	55,652	
Total financial assets	\$ 294,594	\$ 586,408	\$ 40,448	\$ 921,450	
Derivatives	\$ –	\$ 3,900	\$ –	\$ 3,900	
Total financial liabilities	\$ –	\$ 3,900	\$ –	\$ 3,900	

During the year ended November 30, 2009, there were no significant transfers between Level 1 and Level 2 of the fair value hierarchy.

The following is a reconciliation of Level 3 fair value measurements from November 30, 2008 to November 30, 2009:

(\$ thousands)	Fair value measurements using level 3 inputs	
		Retained interest from securitization
Balance at November 30, 2008	\$	44,947
Accretion income		3,021
Cash receipts, net of writeoffs		(3,234)
Securitization write-down		(4,085)
Unrealized losses recognized in OCI		(201)
Balance at November 30, 2009	\$	40,448

Financial Instruments not Carried at Fair Value

The following table presents the estimated fair value of the Company's financial instruments which are not carried at fair value in the balance sheet:

(\$ thousands)	2009		2008	
	Carrying value	Fair value	Carrying value	Fair value
November 30, 2009				
Accounts receivable	\$ 80,968	\$ 80,968	\$ 76,316	\$ 76,316
Real estate secured loans and investment loans	3,594,755	3,611,473	4,430,850	4,467,638
Other assets	3,321	3,321	1,920	1,920
Total financial assets	\$ 3,679,044	\$ 3,695,762	\$ 4,509,086	\$ 4,545,874
Accounts payable and accrued liabilities	\$ 281,641	\$ 281,641	\$ 301,390	\$ 301,390
Long-term debt	156,731	156,731	144,911	144,911
Deposits	3,918,563	3,963,517	4,762,061	4,757,379
Other long-term liabilities	15,177	15,177	12,684	12,684
Total financial liabilities	\$ 4,372,112	\$ 4,417,066	\$ 5,221,046	\$ 5,216,364

For accounts receivable, other assets, accounts payable and accrued liabilities, long-term debt and other long-term liabilities, the carrying amount represents a reasonable approximation of fair value.

Real estate secured loans, investment loans, RSP loans, HELOC receivables, and finance loans are classified as loans and receivables and are recorded at amortized cost using the effective interest method, net of any allowance for loan losses and related deferred fees and charges. The fair value of mortgage loans and deposits is calculated based on the discounted present value of future cash flows associated with the loans and deposits. The discount rates used reflect prevailing market rates for loans and deposits with similar residual terms to maturity and product characteristics. For all other loan types, the carrying value is considered to be a reasonable approximation of fair value due to the variable interest rate nature of the loan.

Risk Management

In the normal course of business, the Company manages risks that arise as a result of its use of financial instruments. These risks include market, liquidity and credit risk.

Market Risk

Market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market factors. Market risk includes fair value risk, interest rate risk and foreign currency risk. The Company is exposed to these risks directly through its financial instruments.

Fair Value Risk

Fair value risk is the risk of loss due to adverse changes in prices other than from change in interest rates and foreign currency. The Company is exposed to fair value risk on certain of its investments available for sale and certain derivative positions. The Company's investments that have fair value risk include mutual funds managed by the Company and common shares of \$19.4 million (2008 – \$19.7 million). Any unrealized gains or losses arising from changes in the fair value of these financial instruments available for sale are recorded in other comprehensive income. Based on the carrying value of these

investments at November 30, 2009, the effect of a 10% decline or increase in the value of investments would result in a \$1.9 million (2008 – \$2.0 million) unrealized gain or loss to other comprehensive income.

At November 30, 2009, details of the Company's derivative instruments are as follows:

(\$ thousands)				
November 30, 2009	Interest Rate	Hedging item maximum maturity date	Notional Value	Fair Value
Derivatives used to manage interest rate exposure	0.70% - 5.08%	2014	2,280,000	55,652
Derivatives used to manage changes in share-based compensation	–	2010	8,919	(3,900)

(\$ thousands)				
November 30, 2008	Interest Rate	Hedging item maximum maturity date	Notional amount	Fair Value
Derivatives used to manage interest rate exposure	1.31% - 5.08%	2012	3,167,000	85,097
Derivatives used to manage changes in share-based compensation	–	2010	10,275	(7,755)

At November 30, 2009, the effect of a 10% decline or increase in the value of the underlying reference asset of the derivatives used to manage changes in share-based compensation would result in a \$0.4 million (2008 – \$0.8 million) increase or decrease in income.

Interest Rate Risk

Interest rate risk, inclusive of credit spread risk, is the risk of loss due to the following: changes in the level, slope and curvature of the yield curve; the volatility of interest rates; mortgage prepayment rates; changes in the market price of credit and the creditworthiness of a particular client.

The Company, through AGF Trust, is exposed to interest rate risk primarily through its cash and cash equivalents, investments available for sale, real estate secured and investment loans receivable and deposits, managed and supervised by AGF Trust's Asset and Liability Committee. AGF Trust employs a number of techniques to manage this risk, including the matching of asset and liability terms. AGF Trust also uses interest rate swaps to manage any residual mismatches. At November 30, 2009, a 1% increase in interest rates in the aforementioned financial instruments would result in an increase in annual net interest income of approximately \$4.1 million. As a result of current interest rate levels, a sensitivity analysis based on a 1% decrease would not provide meaningful information. At November 30, 2008, a 1% change in interest rates in the aforementioned financial instruments, either up or down, would result in an increase or decrease in annual net interest income of approximately \$4.7 million. Refer to Note 3 for the effect of changes to key assumptions on the fair value of retained interests.

The Company, excluding AGF Trust, is also exposed to interest rate risk through its floating-rate debt and cash balances. As at November 30, 2009, the effect of a 1% change in the variable interest rates on the average balances for the year would have resulted in an annualized change in interest expense of approximately \$1.2 million (2008 – \$0.8 million).

Foreign Exchange Risk

Foreign currency risk is the risk of loss due to changes in spot and forward rates and the volatility of currency exchange rates. The Company is subject to foreign exchange risk on its integrated foreign subsidiaries in Ireland and Singapore, which provide investment advisory services. These subsidiaries retain minimal monetary exposure to the local currency, as the majority of revenues are earned in Canadian dollars and salaries and wages are primarily paid on a monthly basis and represent the majority of the local currency expenses. As such, these foreign subsidiaries have limited use of financial instruments denominated in local currencies, thus resulting in minimal foreign exchange risk.

Liquidity Risk

Liquidity risk arises from the possibility that the Company cannot meet a demand for cash resources when required or meet its financial obligations.

The Company manages its liquidity risk through the management of its capital structure and financial leverage as outlined in Note 10 and 21. In its Investment Management segment, the Company manages its liquidity by monitoring actual and projected cash flows to ensure that it has sufficient liquidity through cash received from operations as well as borrowings under its credit facility. The key liquidity requirements within this segment are the funding of commissions paid on mutual funds and dividends paid to shareholders. The Company is subject to certain financial loan covenants under its credit facility and has met all of these conditions.

AGF Trust manages liquidity risk through deposit taking activities and through the securitization of loans. The key liquidity requirements within this segment are the funding of mortgages and loans and the ability to pay out maturing GICs. AGF Trust's overall liquidity risk is managed by its treasury department and is supervised by AGF Trust's Asset and Liability Management Committee in accordance with the policies for management of assets and liabilities, liquidity and loan financing activities. These policies aim to ensure that AGF Trust has sufficient cash resources to meet its current and future financial obligations in the regular course of business and under a variety of conditions.

Management monitors cash resources daily to ensure that AGF Trust's liquidity measurements are within the limits established by policies. In addition, management meets regularly to assess the timing of cash inflows and outflows related to loan and deposit maturities, and to review various possible stress scenarios. AGF Trust aims to maintain a prudent reserve of unencumbered liquid assets that are readily available if required. It strives to maintain a stable volume of base deposits that originate from its deposit brokerage clientele.

The Government of Canada introduced a short-term guarantee program on debt issuances of deposit-taking institutions. Under that program, which terminates on December 31, 2009, AGF Trust can issue up to \$952.9 million of debt with a government backstop and a term of up to three years.

The Company's internal audit department reviews the compliance of AGF Trust's liquidity policies. Internal audit reports are presented to the Audit Committee of the Trust Board for review.

The following table presents contractual terms to maturity of the financial liabilities owed by the Company at November 30, 2009 and 2008:

(\$ tho usands)			
November 30, 2009	Demand	1 Year or Less	1 to 5 Years
Accounts payable and accrued liabilities	\$ –	\$ 284,043	\$ –
Long-term debt	–	13,083	143,648
Deposits ¹	4,665	1,909,845	2,218,390
Other liabilities	–	–	16,675
Total	\$ 4,665	\$ 2,206,971	\$ 2,378,713

(\$ tho usands)			
November 30, 2008	Demand	1 Year or Less	1 to 5 Years
Accounts payable and accrued liabilities	\$ –	\$ 302,401	\$ –
Long-term debt	–	21,461	124,000
Deposits ¹	6,495	2,532,945	2,532,330
Other liabilities	–	–	19,428
Total	\$ 6,495	\$ 2,856,807	\$ 2,675,758

¹ Excluding deferred commission.

Credit Risk

Credit risk is the potential of financial loss arising from the failure of a borrower or counterparty to honour its financial or contractual obligations to the Company. The Company's overall credit risk strategy and credit risk policy are developed by senior management and further refined at the business unit level, through the use of policies, processes and internal controls, designed to promote business activities while ensuring these activities are within the standards of risk tolerance levels. As at November 30, 2009, financial assets of \$4.6 billion, consisting of cash and cash equivalents, investments, retained interests from securitization, real estate secured loans and investment loans, accounts receivable and other assets, were exposed to credit risk up to the maximum of their respective carrying value.

Cash and cash equivalents consist primarily of highly liquid temporary deposits with Canadian and Irish banks, as well as commercial paper, bank-sponsored ABCP, bank deposit notes, reverse re-purchase agreements, BAs and FRNs.

Investments subject to credit risk consist primarily of FRNs, senior debt instruments, investments in mutual funds of AGF and other securities. For investing activities done through AGF Trust, policies have been established that identify the types and rating of debt investments in which AGF Trust can invest. These policies also restrict AGF Trust's transactions primarily to major chartered banks and recognized investment dealers who are members of the Investment Industry Regulatory Organization of Canada (IIROC). AGF Trust maintains a list of approved securities dealers and counterparties, which are reviewed at least annually by the Trust Board. AGF Trust uses external credit rating agencies in assessing the credit quality of certain investments in financial assets. The credit rating agencies used include DBRS, S&P and Moody's. Refer to Note 2 for a breakdown of the credit ratings for AGF Trust's investments available for sale.

The Company's most significant credit risk is through AGF Trust's real estate secured loans and investment loans. AGF Trust mitigates this risk through stringent credit policies and lending practices. These policies aim to ensure that the authority to approve credit applications is appropriately delegated by senior management of AGF Trust, depending on the risk and the amount of the credit application. The credit policies also provide guidelines for pricing based on risk, for reviewing any collateral pledged for a credit application, monitoring of impaired loans and for establishing and reviewing loan loss provisions to ensure they are adequate. The policies establish risk limits for credit concentration by counterparty, geographic location and other risk factors that would impact AGF Trust's credit risk profile.

At November 30, 2009, AGF Trust's loan assets totaled \$3.6 billion (2008 – \$4.5 billion) and were comprised of mortgage loans, investment loans, RSP loans, finance loans and HELOC receivables. Of this amount, \$1.1 billion (2008 – \$1.4 billion) was represented by mortgage loans and \$0.4 billion (2008 – \$0.7 billion) was represented by HELOC receivables, both of which are secured by residential real estate. At November 30, 2009, 47.6% of mortgage loans were insured by Canada Mortgage and Housing Corporation (CMHC) or another insurer. Conventional uninsured mortgages have loan-to-value ratios of less than 80% of the appraised value of the property at the time the mortgage loan was granted. The average loan-to-value ratio of uninsured mortgage loans was 61.3% as at November 30, 2009 (2008 – 66.4%).

Residential mortgages represent the largest component of the total mortgage portfolio, comprising 97.0% as at November 30, 2009 (2008 – 97.5%). AGF Trust's credit risk on these loans is also mitigated through the use of collateral, primarily in the form of residential real estate. Under AGF Trust's lending criteria, management reviews all mortgage loans on a regular basis to determine the appropriate allowance for loss required by AGF Trust. Risk is also mitigated through residential mortgage insurance through CMHC or another insurer. As at November 30, 2009, \$501.3 million of AGF Trust's residential mortgage portfolio was insured (2008 – \$616.6 million).

Credit risk for HELOCs and investment loans is mitigated by collateral in the form of residential mortgages and investment funds, respectively. Investment loans, excluding RSP loans, of \$1.7 billion, are secured primarily by the investment made using the initial loan proceeds. The market value of this investment loan collateral is approximately \$1.4 billion.

RSP loans are used by borrowers to purchase assets in a retirement savings plan. The creditworthiness of each borrower is assessed prior to approval of the loan. Predictive scorecards are used to determine the probability of default and bankruptcy of the borrowers. On a regular basis, AGF Trust reviews the credit quality in the portfolio. Loans in arrears are also reviewed regularly to determine the appropriate loan loss reserves.

Derivative financial instruments expose AGF Trust to credit risk to the extent that if a counterparty default occurs, market conditions are such that AGF Trust would incur a loss in replacing the defaulted transaction. AGF Trust negotiates derivative master netting agreements with counterparties with which it contracts. These agreements reduce credit risk exposure. AGF Trust assesses the credit worthiness of the counterparties to minimize the risk of counterparty default under the agreements. AGF Trust only uses major Chartered banks as counterparties with a minimum credit rating of AA.

Note 23: Segment Information

AGF has three reportable segments: Investment Management Operations, Trust Company Operations and Other. The Investment Management Operations segment provides investment management and advisory services and is responsible for the management and distribution of AGF investment products. AGF Trust offers a wide range of trust services including GICs, term deposits, real estate secured loans and investment loans. The results of Smith & Williamson Holdings Limited have been included in Other.

The results of the reportable segments are based upon the internal financial reporting systems of AGF. The accounting policies used in these segments are generally consistent with those described in the 'Summary of Significant Accounting Policies' detailed in Note 1.

(\$ thousands)	Investment Management Operations	Trust Company Operations	Other ¹	Total
Year ended November 30, 2009				
Revenue	\$ 475,429	\$ 104,286	\$ 6,399	\$ 586,114
Operating expenses	293,774	72,802	–	366,576
Amortization and other expenses	93,880	2,822	5,983	102,685
Segment income before taxes	\$ 87,775	\$ 28,662	\$ 416	\$ 116,853
Total Assets	\$ 1,175,612	\$ 4,500,310	\$ –	\$ 5,675,922

(\$ thousands)	Investment Management Operations	Trust Company Operations	Other ¹	Total
Year ended November 30, 2008				
Revenue	\$ 606,396	\$ 108,918	\$ 10,256	\$ 725,570
Operating expenses	338,782	73,113	–	411,895
Amortization and other expenses	159,816	2,772	9,252	171,840
Segment income before taxes	\$ 107,798	\$ 33,033	\$ 1,004	\$ 141,835
Total Assets	\$ 1,207,142	\$ 5,326,817	\$ –	\$ 6,533,959

¹ Other revenue relates to S&WHL.

Note 24: Commitments

The Company is committed under operating leases and purchase obligations for office premises and equipment. The Company is also committed for a 10-year period expiring 2015 to reimburse Citigroup Fund Services Inc. (Citigroup) and CitiFinancial should annual revenues derived from AGF fund administration services fall below predetermined levels. The approximate minimum annual cash payments related to the above are as follows:

(\$ thousands)	
2010	\$ 22,229
2011	16,813
2012	13,385
2013	11,628
2014	7,523
Thereafter	15,268

AGF Trust has outstanding mortgage commitments of \$8.8 million as at November 30, 2009 (2008 – \$17.4 million) at rates of interest prevailing at the time the commitments were issued. Any interest rate commitment has a term of less than 60 days.

Note 25: Guarantees

The Company, under an indemnification agreement with each of the directors of the Company, as well as directors of the mutual fund corporations, has agreed to indemnify the directors against any costs in respect of any action or suit brought against them in respect of the proper execution of their duties. To date, there have been no claims under these indemnities.

Note 26: Contingent Liabilities

- (a) The Company, through its subsidiary AGF Investments Inc., is a party to two class action proceedings alleging inappropriate frequent trading market timing activity in certain funds. These proceedings were instituted in the provinces of Quebec and Ontario in 2004 and 2005, respectively. The authorization motion for the Quebec action was heard in April 2009 and a decision is still pending. The certification motion for the Ontario action was heard in December 2009 and was dismissed.
- (b) The Company believes that it has adequately provided for income taxes based on all of the information that is currently available. The calculation of income taxes in many cases, however, requires significant judgment in interpreting tax rules and regulations. The Company's tax filings are subject to audits, which could materially change the amount of current and future income tax assets and liabilities, and could, in certain circumstances, result in the assessment of interest and penalties.
- (c) There are certain claims and potential claims against the Company. None of these claims or potential claims are expected to have a material adverse effect on the consolidated financial position of the Company.

Consolidated 10-Year Review

(\$ tho usands, except per share amo unts)					
Years ended November 30	2009	2008	2007	2006	2005
Operations					
Total revenue					
(continuing operations)	\$ 586,114	\$ 725,570	\$ 780,320	\$ 607,202	\$ 546,567
Net income	97,694	128,592	178,687	112,657	91,872
Dividends	88,821	84,860	70,151	61,521	50,522
Financial position					
Working capital (deficit)	\$ (738,223)	\$ (1,360,365)	\$ (735,103)	\$ (404,223)	\$ (31,958)
Long-term debt	143,648	123,740	184,486	56,000	17,364
Shareholders' equity	1,130,403	1,107,422	1,069,002	979,771	918,326
Return on equity	8.7%	11.8%	17.4%	11.9%	10.0%
Per share					
Net income – basic	\$ 1.10	\$ 1.44	\$ 1.99	\$ 1.26	\$ 1.02
Dividends	1.00	0.95	0.78	0.69	0.56
Book value (continuing operations)	12.72	12.40	12.02	10.99	10.30

(\$ tho usands, except per share amo unts)					
Years ended November 30	2004	2003	2002	2001	2000
Operations					
Total revenue					
(continuing operations)	\$ 545,393	\$ 510,571	\$ 637,660	\$ 630,525	\$ 500,377
Net income	77,287	44,016	119,839	163,754	95,931
Dividends	37,474	27,150	22,967	19,577	14,092
Financial position					
Working capital (deficit)	\$ 56,363	\$ 62,490	\$ 95,287	\$ (9,950)	\$ (86,692)
Long-term debt	68,292	112,192	225,403	165,481	278,051
Shareholders' equity	914,366	903,360	887,566	764,707	480,091
Return on equity	8.5%	4.9%	14.5%	26.3%	25.1%
Per share					
Net income – basic	\$ 0.85	\$ 0.48	\$ 1.34	\$ 1.84	\$ 1.12
Dividends	0.41	0.30	0.26	0.22	0.18
Book value (continuing operations)	10.08	9.79	9.74	8.56	5.78

This report contains forward-looking statements with respect to AGF, including its business operations, strategy, financial performance and condition. Although Management believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause results to differ materially include, among other things, general economic and market factors including interest rates, business competition, changes in government regulations or in tax laws, and other factors discussed in materials filed with applicable securities regulatory authorities from time to time.