

AGF Management Limited
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

For the year ended November 30, 2009



What are you doing after work?

Management's Discussion and Analysis

Table of Contents

Consolidated Performance	3	Trust Company Operations	26
Our Business	3	Business and Industry Profile	26
Our Strategy	4	Segment Strategy and Highlights	26
2009 Overview	4	Financial and Operational Results	27
Key Performance Indicators and Non-GAAP Measures	5	Segment Outlook	30
Significant Accounting Policies	10	Liquidity and Capital Resources	30
Risk Factors and Risk Management	15	Limited Partnership Financing	31
Controls and Procedures	18	Contractual Obligations	31
Consolidated Operating Results	19	Intercompany and Related Party Transactions	32
Outlook	20	Capital Management Activities	32
Business Segment Performance	21	Dividends	33
Investment Management Operations	21	Outstanding Share Data	34
Business and Industry Profile	21	Government Regulations	34
Segment Strategy and Highlights	21	Fourth Quarter Analysis	37
Assets Under Management	23	Investment Management Operations	38
Financial and Operational Results	24	Trust Company Operations	39
Segment Outlook	26	Selected Quarterly Information	43
		Selected Annual Information	44

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis (MD&A) includes forward-looking statements about the Company, including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as 'expects', 'anticipates', 'intends', 'plans', 'believes' or negative versions thereof and similar expressions, or future or conditional verbs such as 'may', 'will', 'should', 'would' and 'could'. In addition, any statement that may be made concerning future financial performance (including revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future action on our part, is also a forward-looking statement. Forward-looking statements are based on certain factors and assumptions, including expected growth, results of operations, business prospects, business performance and opportunities. While we consider these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about our operations, economic factors and the financial services industry generally. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by us due to, but not limited to, important risk factors such as level of assets under our management, volume of sales and redemptions of our investment products, performance of our investment funds and of our investment managers and advisors, competitive fee levels for investment management products and administration, and competitive dealer compensation levels, size and default experience on our loan portfolio and cost efficiency in our loan operations, as well as interest and foreign exchange rates, taxation, changes in government regulations, unexpected judicial or regulatory proceedings, and our ability to complete strategic transactions and integrate acquisitions. We caution that the foregoing list is not exhaustive. The reader is cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements. Other than specifically required by applicable laws, we are under no obligation (and expressly disclaim any such obligation) to update or alter the forward-looking statements, whether as a result of new information, future events or otherwise. For a more complete discussion of the risk factors that may impact actual results, please refer to the 'Risk Factors and Management of Risk' section of this MD&A.

Consolidated Performance

This Management's Discussion and Analysis (MD&A) presents an analysis of the financial condition of AGF Management Limited (AGF) and its subsidiaries as at November 30, 2009, compared with November 30, 2008. The MD&A also includes the results of operations for the year ended November 30, 2009 compared with the corresponding period of 2008. A discussion of the results for the three months ended November 30, 2009 compared with the three months ended November 30, 2008 is also included under the section 'Fourth Quarter Analysis'. This discussion should be read in conjunction with our audited Consolidated Financial Statements and Notes for the year ended November 30, 2009. The financial information presented herein has been prepared on the basis of Canadian Generally Accepted Accounting Principles (GAAP). We also utilize non-GAAP financial measures to assess each of our operating segments and our overall performance. Details of non-GAAP measures used are outlined in the 'Key Performance Indicators and Non-GAAP Measures' section, which provides calculations of the non-GAAP measures along with reconciliation of non-GAAP financial measures to GAAP financial statements. Certain prior-year data has been reclassified to conform to current-year presentation. All dollar amounts are in Canadian dollars unless otherwise indicated. Throughout this discussion, percentage changes are calculated based on results rounded to the nearest thousand. Results, except per share information, are presented in millions of dollars. Percentage changes are calculated using numbers, rounded to the decimals that appear in this MD&A.

Our Business

With \$44.6 billion in assets under management (AUM) as at November 30, 2009, AGF is a premier Canadian-based investment solutions firm, with operations and investments in Canada, the United States, the United Kingdom, Ireland and Asia. To better serve the needs of a wide range of diversified clients worldwide, the firm consists of two distinct businesses: AGF Investments and AGF Trust.

The origin of our Company dates back to 1957 with the introduction of the American Growth Fund (AGF), the first mutual fund available to Canadians seeking to invest in the United States. As of November 30, 2009, our products and services include a diversified family of award-winning mutual funds, AGF Elements portfolios, the Harmony asset management program, services for institutional and high-net-worth clients, as well as AGF Trust GICs, loans and mortgages.

For purposes of this discussion, the operations of AGF and our subsidiary companies are referred to as "we", "us", "our" or "the Company". The financial results relating to the operations have been reported in three segments: Investment Management Operations, Trust Company Operations and Other.

The Investment Management Operations segment includes the results of our retail, institutional and high-net-worth client businesses. The Trust Company Operations segment includes the results of AGF Trust Company, and the Other segment includes our equity interest in Smith and Williamson Holdings Limited (S&WHL).

The principal subsidiaries and associated companies included within each of our reportable segments, collectively referenced to as the AGF Group of Companies (AGF), include:

Investment Management Operations Segment

The Investment Management Operations segment, referred to as AGF Investments, consists of the legal entities listed in the 'Government Regulations' section on page 34 of this MD&A under the section 'Investment Management Operations'. The Investment Management Operations segment dates back to 1957 and in the 52 years of operations, has evolved from a Canadian-based mutual fund operation to a global investment management firm with \$44.6 billion of AUM. AGF Investments serves the financial needs of a wide range of diversified clients worldwide through its retail mutual funds, institutional and high-net-worth businesses.

Our retail mutual fund business provides investment management and advisory services and is responsible for the sales and marketing of AGF mutual funds. We manage approximately 40 mutual funds, the Harmony managed asset program and the AGF Elements portfolios.

Our institutional business provides investment management services for institutions, corporations, endowments, estates and sovereign wealth funds. We offer a diverse range of investment strategies and have sales and client service offices in Toronto, London (Ontario), Boston and Dublin. We also recently opened an office in Hong Kong which we are in the process of getting registered to do business in 2010.

Our high-net-worth business provides investment management and counselling services for high-net-worth clients in local markets. It includes the operations of Cypress Capital Management Limited in Vancouver, Highstreet Asset Management Inc. in London, Ontario and Doherty & Associates Limited in Ottawa and Montreal. On December 1, 2009, the operations of Doherty & Associates Limited and Magna Vista Investment Management Limited were amalgamated and will carry on business as Doherty & Associates.

Our multi-disciplined investment management teams have expertise across the balanced, fixed income, equity and speciality asset categories and are located in Toronto, Dublin and Singapore. Our teams work collaboratively to provide excellence in money management and each has a clearly stated investment philosophy and a unique, research-driven investment process.

Trust Company Operations Segment

AGF Trust Company (AGF Trust) – The Trust Company Operations segment began in 1988. Complementary to our core business of investment management, AGF Trust has \$3.6 billion in loan assets and offers a range of web-enabled products and services including GICs, term deposits, real estate secured loans and investment loans. AGF Trust is federally incorporated, licensed across Canada and is a member of the Canada Deposit Insurance Corporation (CDIC) and Canada Mortgage and Housing Corporation (CMHC).

Other Segment

Smith & Williamson Holdings Limited (S&WHL) – is a leading, independent private client investment management, financial advisory and accounting group based in the U.K., with £9.1 billion of AUM. We hold a 30.7% interest in this company as at November 30, 2009.

Our Strategy

AGF Management Limited fosters the development of best-in-class operating segments to provide world-class financial solutions to clients in Canada and internationally. We will continue to identify opportunities within our business segments, ensuring that the appropriate resources are allocated to each of these segments so that shareholder value is maximized over the long term. We will strive to provide investment and other financial products that serve our clients' investment needs and strategies. We are committed to providing excellence in money management and client service.

Measuring long-term shareholder growth, we look to the following key indicators of achievement:

- Revenue growth driven by new sales, market performance and client retention
- Earnings before interest, taxes, depreciation, amortization, non-controlling interest, impairment of goodwill and customer contracts and impairment of asset available for sale (EBITDA) growth
- Improvement in our EBITDA and pre-tax margins

Our strategy also recognizes that both our investment management and trust businesses will experience cycles related to the global stock markets, credit availability, employment levels and other economic factors. We believe that a successful strategy is founded on the ability of our operations to emerge from downturns positioned to capitalize on the economic upturns.

Year-over-year improvement in these measures is expected to result in improved cash flows as well as improved return on equity. Our objective is the return of a fair share of the annual cash flow to shareholders in the form of dividends and through share buybacks, with the remaining cash flow being invested in a manner intended to support our future growth.

2009 Overview

Global stock markets rallied in 2009 after reaching their lows for the year in March. The appreciating global stock markets positively impacted our AUM and, together with cost management, our corresponding financial results improved steadily as fiscal 2009 progressed. The economic downturn that accelerated in the fall of 2008 presented significant challenges which continued to impact our investment management and trust businesses in fiscal 2009. To conserve capital we limited the amount of new lending business at AGF Trust and saw pressure on loan loss provisions ease in the latter part of 2009 as economic conditions improved. While our AUM has recovered significantly since the end of 2008, they remain well below their highs reached in 2007. The following summarizes the key financial and operational highlights during the year:

- EBITDA for fiscal 2009 was \$219.5 million compared with EBITDA of \$313.7 in fiscal 2008. Consolidated EBITDA margins were 37.5% in fiscal 2009 compared with 43.2% fiscal 2008. Return on equity declined to 8.7% in fiscal 2009 compared with 11.8% in fiscal 2008.
- Cash flow from operations in fiscal 2009 was \$206.1 million compared with \$278.7 million in fiscal 2008.
- There was a marginal increase in our total debt to \$156.7 million as at November 30, 2009 compared with \$144.9 million as at November 30, 2008.

- We brought together our retail, institutional and high-net-worth operations under a new banner 'AGF Investments' to better reflect our core business of investment management, our commitment to clients and our excellence in money management.
- We opened a new sales office in Boston to support our business development efforts in the institutional space.
- At the 2009 Canadian Investment Awards, AGF Emerging Markets Fund won the Emerging Markets Equity Fund Award for the fourth time. AGF also won three Silver awards and one Bronze, spanning a broad spectrum of investments.
- We were honoured with nine recognitions at the 2009 Canadian Lipper Awards including two prestigious group awards – Best Overall Fund Family and Best Mixed Asset Fund Family.
- We delivered value directly to our shareholders through dividend payments with the dividend paid in fiscal 2009 increasing 5.3% to \$1.00 per share from \$0.95 per share in 2008.
- We returned 56.9% of our free cash flow to shareholders in the form of cash dividends. We define free cash flow as cash flow from operations before net change in non-cash balances related to operations less selling commissions paid.
- Reflective of our stated strategy to ensure that AGF Trust was well capitalized from a regulatory perspective and no funding was required from AGF Management Limited (2008 – \$35.0 million), AGF Trust real estate secured loans declined 29.4% over the prior year and investment loans declined 9.9%. AGF Trust now has \$3.6 billion in loan assets and remains an important contributor to the financial results of AGF, representing 24.5% of AGF Management Limited's pre-tax income in fiscal 2009.
- Our overall balance sheet remains strong with a long-term debt to EBITDA ratio of 65.4% and we have undrawn capacity of \$137.9 million on our \$300 million credit facility.

Key Performance Indicators and Non-GAAP Measures

We measure the success of our business strategies using a number of key performance indicators (KPIs), which are outlined below. With the exception of revenue, the following KPIs are non-GAAP measures which are not defined under Canadian GAAP. They should not be considered as an alternative to net income or any other measure of performance under Canadian GAAP. Segment discussions include a review of KPIs that are relevant to each segment.

a) Consolidated Operations

Revenue

Revenue is a measurement defined by Canadian GAAP and is recorded net of fee rebates, sales taxes and distribution fees paid to limited partnerships. Revenue is indicative of our potential to deliver cash flow.

We derive our revenue principally from a combination of:

- management and advisory fees based on AUM
- deferred sales charges (DSC) earned from investors when mutual fund securities sold on a DSC basis are redeemed
- net interest income earned on AGF Trust's loan portfolio

EBITDA

We define EBITDA as earnings before interest, taxes, depreciation, amortization, non-controlling interest, impairment of goodwill and customer contracts, and impairment of asset available for sale. EBITDA is a standard measure used in the mutual fund industry by management, investors and investment analysts to understand and compare results. We believe this is an important measure as it allows us to assess our investment management businesses without the impact of non-operational items. EBITDA for the Trust Company Operations segment includes interest expense related to deposits. These deposits fund our investment loan and real estate secured loan programs, and are therefore considered an operating cost directly related to generating interest revenue. We include this interest expense in Trust Company Operations EBITDA to provide a meaningful comparison to our other business segments and our competitors.

Please see the Consolidated Operating Results section on page 19 of this MD&A for a schedule showing how EBITDA reconciles to our GAAP financial statements.

Cash Flow from Operations

We report cash flow from operations before net changes in non-cash balances related to operations. Cash flow from operations helps to assess the ability of the business to generate cash, which is used to pay dividends, repurchase shares, pay down debt and fund other needs.

(\$ millions)		
Years ended November 30	2009	2008
Net cash provided by operating activities	\$ 189.5	\$ 351.4
Less: net changes in non-cash balances related to operations	(16.6)	72.7
Cash flow from operations	\$ 206.1	\$ 278.7

Free Cash Flow from Operations

We define free cash flow as cash flow from operations before net changes in non-cash balances related to operations less selling commissions paid. This is a relevant measure in the investment management business since a substantial amount of cash is spent on upfront commission payments. Free cash flow represents cash available for distribution to our shareholders and for general corporate purposes.

(\$ millions)		
Years ended November 30	2009	2008
Cash flow from operations (defined above)	\$ 206.1	\$ 278.7
Less: selling commissions paid	54.5	86.8
Free cash flow	\$ 151.6	\$ 191.9

EBITDA Margin

EBITDA margin provides useful information to management and investors as an indicator of our overall operating performance. We believe EBITDA margin is a valuable measure because it assesses the extent we are able to earn profit from each dollar of revenue. We define EBITDA margin as the ratio of EBITDA to revenue.

(\$ millions)		
Years ended November 30	2009	2008
EBITDA	\$ 219.5	\$ 313.7
Divided by revenue	586.1	725.6
EBITDA margin	37.5%	43.2%

Pre-Tax Profit Margin

Pre-tax profit margin provides useful information to management and investors as an indicator of our overall operating performance. We believe pre-tax profit margin is a valuable measure because it assesses the extent we are able to earn profit from each dollar of revenue. We define pre-tax profit margin as the ratio of income before taxes to revenue.

(\$ millions)		
Years ended November 30	2009	2008
Net income	\$ 97.7	\$ 128.6
Add: income taxes	18.6	12.7
Income before taxes	\$ 116.3	\$ 141.3
Divided by revenue	586.1	725.6
Pre-tax profit margin	19.8%	19.5%

Return on Equity (ROE)

We monitor ROE to assess the profitability of the consolidated Company on an annual basis. We calculate ROE by dividing net income by average shareholders' equity.

(\$ millions)		
Years ended November 30	2009	2008
Net income	\$ 97.7	\$ 128.6
Divided by average shareholders' equity	1,118.9	1,088.2
Return on equity	8.7%	11.8%

Long-term Debt to EBITDA Ratio

Long-term debt to EBITDA ratio provides useful information to management and investors as an indicator of our ability to service our long-term debt. We define long-term debt to EBITDA ratio as long-term debt at the end of the year divided by EBITDA for the year.

(\$ millions)		
Years ended November 30	2009	2008
Long-term debt	\$ 143.6	\$ 123.7
EBITDA	219.5	313.7
Long-term debt to EBITDA	65.4%	39.4%

b) Investment Management Operations

Assets Under Management (AUM)

The amount of AUM is critical to our business since these assets generate fees from our mutual fund, institutional, strategic accounts and high-net-worth relationships. AUM will fluctuate in value as a result of investment performance, sales and redemptions. Mutual fund AUM determines a significant portion of our expenses because we pay upfront commissions and trailing commissions to financial advisors as well as investment advisory fees based on the value of AUM.

Investment Performance

Investment performance, which represents market appreciation (depreciation) of fund portfolios and is shown net of management fees received, is a key driver of the level of AUM and is central to the value proposition that we offer advisors and unitholders. Growth in AUM resulting from investment performance increases the wealth of our unitholders, and, in turn, we benefit from higher revenues. Alternatively, poor investment performance will reduce our AUM levels and result in lower management fee revenues. Strong relative investment performance may also contribute to growth in gross sales or reduced levels of redemptions. Conversely, poor relative investment performance may result in lower gross sales and higher levels of redemptions. Refer to the 'Risk Factors and Management of Risk' section of this report for further information.

Net Sales

One of the goals of our mutual fund business is to generate positive net sales on an annual basis, which allows for increasing revenues. Gross sales and redemptions as a percentage of AUM are monitored separately and the sum of these two amounts comprises net sales. Net sales, together with investment performance and fund expenses, determine the level of average daily mutual fund AUM, which is the basis on which management fees are charged. The average daily mutual fund AUM is equal to the aggregate average daily net asset value of the AGF mutual funds.

We monitor inflows and outflows in our high-net-worth and institutional businesses separately. We do not compute an average daily AUM figure for them.

EBITDA Margin – Investment Management

EBITDA margin provides useful information to management and investors as an indicator of our operating performance in our Investment Management Operations segment. We believe EBITDA margin is a valuable measure since it assesses the extent we are able to earn profit from each dollar of revenue. We define EBITDA margin as the ratio of EBITDA to revenue.

(\$ millions)		
Years ended November 30	2009	2008
EBITDA	\$ 181.6	\$ 267.6
Divided by revenue	475.4	606.4
EBITDA margin	38.2%	44.1%

Pre-Tax Profit Margin – Investment Management

Pre-tax profit margin provides useful information to management and investors as an indicator of our operating performance in our Investment Management Operations segment. We believe pre-tax profit margin is a valuable measure since it assesses the extent we are able to earn profit from each dollar of revenue. We define pre-tax profit margin as the ratio of income before taxes and non-segmented items to revenue.

(\$ millions)		
Years ended November 30	2009	2008
Income before taxes and non-segmented items	\$ 87.7	\$ 107.8
Divided by revenue	475.4	606.4
Pre-tax profit margin	18.4%	17.8%

c) Trust Company Operations

Loan Asset Growth

In the Trust Company Operations segment (AGF Trust), we focus on long-term, profitable growth and credit quality in our investment and real estate secured loans. New originations, net of repayments, drive the outstanding balance of loans on which we charge interest. Loan asset growth increases our revenue and assists with our ability to grow our profits in AGF Trust.

Net Interest Income

Net interest income is a common lending industry performance indicator. We monitor this figure to evaluate the growth of the financial contribution of AGF Trust. The figure is calculated by subtracting interest expense from interest income earned from AGF Trust loan assets.

(\$ millions)		
Years ended November 30	2009	2008
Interest income	\$ 226.2	\$ 303.0
Less: interest expense	130.0	206.1
Net interest income	\$ 96.2	\$ 96.9

Net Interest Margin

Net interest margin is equal to net interest income for the year divided by the average yearly total loan balance.

(\$ millions) Years ended November 30	2009	2008
Net interest income	\$ 96.2	\$ 96.9
Divided by average yearly total loan balance	4,014.3	4,239.6
Net interest margin	2.4%	2.3%

Efficiency Ratio

The efficiency ratio is a financial services industry KPI that measures the efficiency of the organization. We use this ratio to compare expenses and keep them in line from one period to another as the Trust Company grows. The ratio is calculated from AGF Trust results by dividing non-interest expenses by the total of net interest income and non-interest income.

(\$ millions) Years ended November 30	2009	2008
Selling, general and administrative expenses	\$ 35.2	\$ 42.7
Add: amortization expense	2.8	2.8
Non-interest expense	38.0	45.5
Other revenue	\$ 8.7	\$ 12.3
RSP loan securitization income (loss), net of impairment	(0.6)	(0.3)
Non-interest income	8.1	12.0
Net interest income	\$ 96.2	\$ 96.9
Add: non-interest income	8.1	12.0
Total of net interest income and non-interest income	104.3	108.9
Efficiency ratio	36.4%	41.8%

EBITDA Margin – Trust

EBITDA margin provides useful information to management and investors as an indicator of AGF Trust's operating performance. We believe EBITDA margin is a valuable measure because it assesses the extent we are able to earn profit from each dollar of revenue. We define EBITDA margin as the ratio of EBITDA to revenue.

(\$ millions) Years ended November 30	2009	2008
EBITDA	\$ 31.5	\$ 35.8
Divided by revenue	104.3	108.9
EBITDA margin	30.2%	32.9%

Pre-Tax Profit Margin – Trust

Pre-tax profit margin provides useful information to management and investors as an indicator of AGF Trust's operating performance. We believe pre-tax profit margin is a valuable measure because it assesses the extent we are able to earn profit from each dollar of revenue. We define pre-tax profit margin as the ratio of income before taxes and non-segmented items to total revenue.

(\$ millions) Years ended November 30	2009	2008
Income before taxes and non-segmented items	\$ 28.7	\$ 33.0
Divided by revenue	104.3	108.9
Pre-tax profit margin	27.5%	30.3%

Assets-to-Capital Multiple

Federally regulated deposit-taking institutions (DTI) are expected to meet an assets-to-capital multiple test. The assets-to-capital multiple is determined by dividing the DTI's total assets by its total regulatory capital, and expresses the extent by which capital is leveraged into the assets of the DTI.

(\$ millions) Years ended November 30	2009	2008
Total assets per OSFI guidelines	\$ 4,497.4	\$ 5,325.9
Divided by adjusted Tier 1 and Tier 2 capital	375.5	354.8
Assets-to-capital multiple	12.0	15.0

Loan-to-Value Ratio

Loan-to-value ratio on our conventional mortgage loans is calculated using outstanding balance of conventional mortgage loans divided by the estimated fair value of the real estate serving as collateral for the conventional mortgage loans as at the date the loans were funded.

(\$ millions) Years ended November 30	2009	2008
Conventional mortgage loans ¹	\$ 556.5	\$ 766.4
Divided by fair value of collateral	851.7	1,153.4
Loan-to-value ratio	65.3%	66.4%

¹ Includes loan provision and deferred sales commission of \$9.5 million in 2009 and \$11.5 million in 2008.

Impaired Loans as a Percentage of Loans Outstanding

Impaired loans as a percentage of loans outstanding is calculated by dividing total impaired loans by total loans outstanding.

(\$ millions) Years ended November 30	2009	2008
Impaired loans	\$ 48.9	\$ 45.4
Total loans outstanding ¹	3,594.8	4,430.9
Impaired loans as a percentage of loans outstanding	1.4%	1.0%

¹ Includes loan provision and deferred sales commission of \$34.7 million in 2009 and \$27.5 million in 2008.

Significant Accounting Policies

The Consolidated Financial Statements have been prepared in accordance with Canadian 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.

A summary of AGF's significant accounting policies can be found in Note 1 of the Annual Consolidated Financial Statements.

Significant Accounting Estimates

Goodwill and other intangibles are subject to impairment tests on an annual basis or more frequently if events or changes in circumstances indicate that the assets may be impaired. AGF's ongoing review of the valuation of goodwill and other intangibles resulted in a writedown of \$46.3 million in 2008. During 2009, the annual impairment test was performed and no impairment was identified.

Changes in Significant Accounting Policies

a) 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.

b) 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.

c) 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.

d) 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.

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.

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

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.

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.

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.

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.

Stock-based Compensation and Other Stock-based Payments

The Company has stock-based compensation plans as described in Note 15. 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.

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

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).

Future Accounting Changes

Transition to International Financial Reporting Standards

Canadian public companies will be required to prepare their financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), for fiscal years beginning on or after January 1, 2011. Effective December 1, 2011, we will adopt IFRS as the basis for preparing our consolidated financial statements. We will report our financial results for the quarter ended February 29, 2012 prepared on an IFRS basis. We will also provide comparative data on an IFRS basis, including an opening balance sheet as at December 1, 2010.

In order to meet the requirement to transition to IFRS, in 2008 we established an enterprise-wide project. We are following a transition plan comprising three phases: (1) IFRS diagnostic assessment, (2) impact analysis, evaluation and design, and (3) implementation and review. The project remains on track: we have completed the diagnostic assessment, and the impact analysis, evaluation and design phase of our transition is well advanced.

The key elements of the impact analysis, evaluation and design phase include identifying and implementing the necessary changes within our existing financial reporting or data collection processes to address the IFRS differences identified in our diagnostic assessment; developing and executing internal training and awareness programs; and selecting accounting policy options permitted under IFRS.

We are also assessing the exemptions to full restatement that are permitted under IFRS. Generally, with the adoption of IFRS, any change to our existing accounting policies must be applied retroactively and reflected in our opening balance sheet of the comparative period. There are, however, a number of exemptions from full restatement available under IFRS.

The aspects of IFRS that have the potential to be the most impactful to AGF are those that deal with provision for credit losses on loans, hedge accounting, asset securitization, and deferred sales commission. In response to financial reporting issues emerging from the global financial crisis, the IASB plans to make revisions to or to replace existing IFRS standards that address many of these areas. Some of the anticipated changes may be in effect prior to AGF's transition date, such that IFRS may differ at transition date from its current form. However, it is likely that the majority of the changes will be in effect subsequent to AGF's date of transition; with the result that the impact to AGF of adopting IFRS will extend beyond its transitional year.

Replacement of IAS 39 – Financial Instruments

The IASB's project plan reflects the replacement of its existing financial instruments standard in several phases. The first phase was recently completed with the publication of IFRS 9 – Financial Instruments, which addresses the classification and measurement of financial instruments, including securities. This new standard will not be mandatory until fiscal 2014, which is post-IFRS implementation for AGF.

The second phase of the financial instruments replacement is to replace the recognition and measurement requirement for impairment of financial instruments recorded at amortized cost, which includes loans. Based on draft papers issued by the IASB, significant changes to the existing standard are anticipated; however, the IASB indicated that the new standard is unlikely to require adoption until at least fiscal 2014.

The IASB's third phase will deal with hedge accounting. The IASB is scheduled to issue draft papers on this topic sometime in the first half of the 2010 calendar year. It is unclear when adoption will be required.

Derecognition – Replacement of Existing Requirements within IAS 39

The IASB is addressing the derecognition requirements for when a financial asset or financial liability would be removed from an entity's statement of financial position, which could impact whether securitized assets remain off-balance sheet. The IASB has provided a tentative publication date for the latter half of the 2010 calendar year. It is unclear when adoption will be required.

Risk Factors and Management of Risk

Risk is the responsibility of the Executive Committee of AGF Management Limited. The Executive Committee is made up of the Chairman and Chief Executive Officer (CEO), AGF Management Limited, the Senior Vice-President and Chief Financial Officer (CFO), AGF Management Limited, the Executive Vice-President, Chief Operating Officer and General Counsel, AGF Management Limited, the Executive Vice-President, Investments, AGF Management Limited, the Executive Vice-President and Chief Investment Officer of AGF Investments Inc., the Executive Vice-President, Retail Distribution, AGF Investments Inc., and the President and Chief Operating Officer, AGF Trust Company. The Chairman and CEO is directly accountable to the Board of Directors for all risk-related activities. The Executive Committee reviews and discusses significant risk action plans that arise in executing the enterprise-wide strategy and ensures that risk oversight and governance occur at the most senior levels of management. Each of the business units owns and assumes responsibility for managing its risk. They do this by ensuring that policies, processes and internal controls are in place and by escalating significant risk identified in the business units to the Executive Committee.

AGF Management Limited also oversees or operates key functions for each of the business units on a shared services basis. These functions include Finance, Internal Audit, Human Resources, Compensation and Benefits, Information Technology, Fund Oversight, Legal and Compliance. These functions also play a significant role in ensuring consistent risk management practices and standards across the company in areas that are common to the business units.

In addition, AGF Management Limited applies a disciplined approach to risk taking through policy formation, reporting and oversight of the operational units.

AGF's risk governance structure is designed to balance risk and reward and promote business activities consistent with our standards and risk tolerance levels, with the objective of maximizing long-term shareholder value.

As a federally regulated deposit-taking institution, AGF Trust is subject to risk management expectations of its regulators and has responsibilities to its depositors. In 2009, AGF Trust revised its management and governance framework to enhance its ability to identify, characterize and manage risk. Specific changes included the appointment of a Chief Risk Officer and implementing new management committee structures to ensure appropriate oversight and management of key risk areas: credit; operational, distribution channel and asset and liability.

Refer to Note 22 of the Consolidated Financial Statements for risks arising from the use of financial instruments.

Risk Factors that May Affect Future Results

There are many factors that may affect our ability to execute against our strategy. Some of these factors are within our control and others, because of their nature, are beyond our control. These factors apply to our corporate strategy as well as the business-specific strategies, which are included in the segment discussions that follow.

Company-Specific Risk Factors

Investment Management Operations

Demand for our products depends on the ability of our investment management team to deliver value in the form of strong investment returns, as well as the demand for specific investment products. A specific fund manager's style may fall out of favour with the market, resulting in lower sales and/or higher redemptions.

Our future financial performance will be influenced by our ability to successfully execute our strategy and generate net sales. If sales do not materialize as planned or key personnel cannot be retained, margins may erode.

Our strategy includes strategic acquisitions. There is no assurance that we will be able to complete acquisitions on the terms and conditions that satisfy our investment criteria. After transactions are completed, meeting target return objectives is contingent upon many factors, including retaining key employees and growth in AUM of the acquired companies.

Our retail AUM is obtained through third party distribution channels including financial advisors or strategic partners that offer our products to investors along with competing products. AGF's brand and investment performance have contributed to our success in the past; however, our future success is dependent on these factors as well as product mix and offerings and continued access to these distribution channels that are independent of our company.

Trust Company Operations

AGF Trust manages its business to a set of identified key risks: credit; operational; interest rate (non-trading), and funding and liquidity.

Credit Risk is the risk of loss associated with a counterparty's or client's inability to fulfill its payment obligations, after taking into account recovery values and associated costs. AGF Trust is in the business of providing loans and as a result credit risk is the largest risk exposure to the company. Credit risk and review of credit exposures is the responsibility of the President and Chief Risk Officer and reviewed regularly by the Credit Committee of AGF Trust. Credit risk is measured and monitored at the individual client level as well as on a portfolio basis.

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems. Impact can be financial, loss to reputation, loss of competitive position or regulatory or legal sanction. Operational risk and review of operational processes, activities and systems are the responsibility of the Operations Committee of AGF Trust and the methodologies for measuring and monitoring operational risks reside with the Risk Management department of AGF Trust.

Funding and liquidity risk is the risk to earnings and capital if AGF Trust is unable to: i) meet its obligations due to an inability to liquidate assets or obtain adequate funding; or, ii) unwind or offset specific exposures without incurring a loss as a result of inadequate market depth or market disruptions; or iii) obtain funding at costs that are consistent with historical norms from its traditional funding sources. Funding and liquidity risk is monitored by the AGF Trust Treasury department and overseen by the AGF Trust Asset and Liability Committee.

Interest rate (non-trading) risk is the risk of adverse impact to AGF Trust's earnings and economic value due to unexpected changes in interest rates and interest rate volatility. Categories of interest rate risk include: yield curve/gap risk; basis or spread compression risk; commitment or embedded option risk; prepayment risk; and, discretionary. Interest rate (non-trading) risk is monitored by the AGF Trust Treasury department and overseen by the AGF Trust Asset and Liability Committee.

Legal and compliance risk is the risk of legal or regulatory sanctions, material financial loss, or loss to reputation that AGF Trust may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to AGF Trust's business activities. Legal and compliance risk is managed and monitored on a shared services basis.

Non-Company Risk Factors

Investment Management Operations

A general economic downturn, market volatility and an overall lack of investor confidence could result in lower sales and lower AUM levels. In addition, market uncertainty could result in retail investors avoiding traditional equity funds in favour of money market funds.

The level of competition in the industry is high. Sales and redemptions of mutual funds may be influenced by relative service levels, management fees, attributes of specific products in the marketplace and actions taken by competitors.

We take all reasonable measures to ensure compliance with governing statutes, regulations or regulatory policies. Failure to comply with statutes, regulations or regulatory policies could result in sanctions or fines that could adversely affect earnings and reputation. Changes to laws, statutes, regulations or regulatory policies could affect us by changing certain economic factors in our industry. See the 'Government Regulations' section for further details.

Revenues are generally not subject to significant seasonal swings, but are directly correlated to global stock market volatility. We experience somewhat higher sales during the Retirement Savings Plan (RSP) season; however, the immediate impact of the level of sales on total revenue is not significant. The Selected Quarterly Information table shows key performance statistics for the past eight quarters.

AUM are exposed to various market risks which are detailed in the 'Market Risk in Assets under Management (AUM)' section.

Trust Company Operations

A general economic downturn, increased unemployment rate, declining real estate values, adverse capital market conditions and/or an increase in personal bankruptcy rates could lead to reduced creditworthiness of AGF Trust borrowers and increased loss in the event of default.

A portion of AGF Trust's insured mortgage portfolio is insured by private mortgage insurers. AGF Trust is exposed to losses in the event private mortgage insurers fail to perform in accordance with their obligations under insurance contracts. Changes to laws, statutes, regulations or regulatory policies could affect AGF Trust by changing certain economic factors in our industry or increasing costs of compliance. See the 'Government Regulations' section for further details.

Market Risk in Assets under Management (AUM)

AUM are exposed to various market risks, including changes in equity prices, interest rates and foreign exchange rates. These risks transfer to the Company as our management fee revenue is calculated as a percentage of the average net asset value of each mutual fund or portfolio managed. The Company does not quantify these risks in isolation, however, in general, for every \$1 billion reduction of mutual fund AUM, management fee revenues would decline by approximately \$20 million. The Company monitors these risks as they may impact earnings, however, it is at the discretion of the fund manager to decide on the appropriate risk-mitigating strategies for each fund.

To provide additional details on the Company's exposure to these market risks, the following provides further information on our mutual fund AUM by asset type:

Percentage of total mutual fund AUM	2009	2008
Domestic equity funds	38.4%	37.2%
U.S. and international equity funds	32.9%	33.8%
Domestic balanced funds	10.0%	9.5%
U.S. and international balanced funds	1.8%	2.3%
Domestic fixed income funds	11.4%	10.8%
U.S. and International fixed income funds	3.3%	3.2%
Domestic money market	2.2%	3.1%
U.S. and International money market	0.0%	0.1%
	100.0%	100.0%

Institutional and high-net-worth AUM are exposed to the same market risks as mutual fund AUM. In general, for every \$1 billion reduction of institutional and high-net-worth AUM, management fee revenues would decline by approximately \$4 million.

Foreign Exchange Risk

Our main foreign exchange risk derives from the U.S. and international portfolio securities held in the mutual fund AUM. Change in the value of the Canadian dollar relative to foreign currencies will cause fluctuations in the Canadian-dollar value of non-Canadian AUM upon which our management fees are calculated. This risk is monitored since currency fluctuation may impact the financial results of AGF. However, it is at the discretion of the fund manager to decide whether to enter into foreign exchange contracts to hedge foreign exposure on U.S. and international securities held in funds.

We are subject to foreign exchange risk on our integrated foreign subsidiaries in Ireland and Singapore, which provide investment advisory services. These subsidiaries retain minimal monetary exposure to the local currency and their revenues are calculated in Canadian dollars. The local currency expenses are comparatively small.

The Company is exposed to foreign exchange risks through its 30.7% equity interest in Smith and Williamson Holdings Limited (S&WHL), which is denominated in U.K. pounds. The investment is 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. Based on the carrying value at November 30, 2009, a 5% change in the value of the Canadian dollar versus the U.K. pound would result in a change in other comprehensive income of \$4.3 million.

Interest Rate Risk

Excluding the AGF Trust operations, we have exposure to the risk related to changes in interest rates on floating-rate debt and cash balances at November 30, 2009. Using average balances for the year, the effect of a 1% change in variable interest rates on our floating-rate debt and cash balances in fiscal 2009 would have resulted in a change of approximately \$1.2 million in interest expense for the year ended November 30, 2009. As the amount of interest paid is small relative to our operating cash flow, such a change in interest rates would not have a material impact on the results of operations or the fair value of the related debt.

For the AGF Trust operations, interest rate risk refers to the treasury book (non-trading) and can have a potentially adverse impact on AGF Trust's earnings and economic value due to unexpected changes in interest rates and interest rate volatility. Categories of interest rate risk include: yield curve/gap risk; basis or spread compression risk; commitment or embedded option risk; prepayment risk; and, discretionary. The impact of a 1% increase in interest rates 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.

The foregoing discussion is not an exhaustive list of all risks and uncertainties regarding our ability to execute against our strategy. Readers are cautioned to consider other potential risk factors when assessing our ability to execute against our strategy.

Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by AGF Management Limited in reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified under those laws and include controls and procedures that are designed to ensure that information is accumulated and communicated to management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), to allow timely decisions regarding required disclosure.

AGF Management Limited's management, under the direction of the CEO and CFO, has evaluated the effectiveness of AGF Management Limited's disclosure controls and procedures (as defined in National Instrument 52-109 of the Canadian Securities Commission) as at November 30, 2009, and has concluded that such disclosure controls and procedures were effective.

Internal Control over Financial Reporting

The CEO and CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

The Company's internal control over financial reporting includes policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Canadian GAAP, and receipts and expenditures of the Company are made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be designed effectively can provide only reasonable assurance with respect to financial reporting and financial statement preparation.

Management, under the direction of the CEO and CFO, has evaluated the effectiveness of the Company's internal control over financial reporting as at November 30, 2009 and has concluded that internal control over financial reporting is designed and operating effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. Management's assessment was based on the framework established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Changes in Internal Controls over Financial Reporting

There have been no changes in AGF Management Limited's internal control over financial reporting during the year ended November 30, 2009, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Changes in Information Technology Systems

During 2009, there were no significant changes to Information Technology Systems.

Consolidated Operating Results

The table below summarizes our consolidated operating results for the years ended November 30, 2009 and 2008:

(\$ millions, except per share amounts) Years ended November 30	2009	2008	% change
Revenue			
Investment Management Operations	\$ 475.4	\$ 606.4	(21.6%)
Trust Company Operations	104.3	108.9	(4.2%)
Other	6.4	10.3	(37.9%)
	586.1	725.6	(19.2%)
Expenses			
Investment Management Operations	293.8	338.8	(13.3%)
Trust Company Operations	72.8	73.1	(0.4%)
	366.6	411.9	(11.0%)
EBITDA ¹	219.5	313.7	(30.0%)
Amortization	96.7	114.0	(15.2%)
Interest expense	6.0	9.3	(35.5%)
Impairment of asset available for sale	–	2.3	–
Impairment of goodwill and customer contracts	–	46.3	–
Non-controlling interest	0.6	0.6	0.0%
Income taxes	18.6	12.7	46.5%
Net income	\$ 97.7	\$ 128.6	(24.0%)
Earnings per share – diluted	\$ 1.09	\$ 1.41	(22.7%)

¹ For the definition of EBITDA, see the 'Key Performance Indicators and Non-GAAP Measures' section. The items required to reconcile EBITDA to net income, a defined term under Canadian GAAP, are detailed above.

Results from Operations

Revenue for the year ended November 30, 2009, declined by 19.2% from the corresponding period in 2008. Revenue in the Investment Management Operations segment declined 21.6% for the year ended November 30, 2009. This corresponds to lower average levels of AUM. The Trust Company Operations segment reported a decrease in revenue of 4.2% in fiscal 2009 over 2008 as average loan balances declined by 5.3% on a year-over-year basis. Revenue from Other, which represents the results of our 30.7% equity interest in S&WHL, was lower for the year ended November 30, 2009 due to the impact of the economic environment in the United Kingdom.

Expenses for the year November 30, 2009 decreased 11.0% compared with fiscal 2008. The Investment Management operations' decline in expenses was primarily attributable to lower trailing commissions and investment advisory fees due to the decline in average AUM. Trust Company Operations' expenses remained flat as higher provision for loan losses in 2009 was offset by lower SG&A costs. For further details refer to each of the segment discussions.

The impact of revenue declining at a faster rate than expenses in all segments served to decrease total EBITDA by 30.0% for the year ended November 30, 2009 over the respective 2008 period. Amortization expense for the year ended November 30, 2009 decreased by 15.2% compared with the corresponding period in 2008. The decline was primarily due to lower amortization of deferred selling commissions in the Investment Management Operations segment. Amortization of deferred selling commissions for year ended November 30, 2009 accounted for \$84.7 million (2008 – \$ 98.1 million) of the total amortization expense.

Based on a review of goodwill, intangibles and assets available for sale it was determined for the year ended November 30, 2009 that no condition of impairment existed. During the year ended November 30, 2008, an impairment of investment available for sale of \$2.3 million (\$2.0 million net of tax) and an impairment of goodwill and customer contracts of \$46.3 million (\$35.7 million net of tax) existed.

Interest expense was \$6.0 million for the year ended November 30, 2009 as compared with \$9.3 million in the same period of 2008. The decline in interest expense in the year is reflective of lower interest rates.

For the year ended November 30, 2009, income tax expense increased 46.5% as compared to 2008. Income tax expense for the year ended November 30, 2009 was \$18.6 million as compared to \$12.7 million in 2008. Results from the year ended November 30, 2009 included a net income tax reduction of \$9.8 million related to the reduction in the Ontario income tax rate from 14% to 10% by July 1, 2013. Results from the year ended November 30, 2008 included an income tax reduction of \$19.5 million related to the reduction in the federal income tax rate from 18.5% to 15.0% by January 1, 2012. The effective tax rate for the year ended November 30, 2009 was 24.3% compared with 22.7% in the same period of 2008, excluding the impact of the reductions in 2009 and 2008.

The impact of the above revenue and expense items resulted in net income of \$97.7 million in 2009 as compared with \$128.6 million in the prior year. Diluted earnings per share were \$1.09 per share in 2009 as compared with \$1.41 per share in 2008. Basic earnings per share were \$1.10 per share in 2009 as compared with \$1.44 per share in 2009 and 2008.

Net Income

Net income for the year ended November 30, 2009 was \$97.7 million compared with \$128.6 million in the year ended November 30, 2008. Excluding the \$9.8 million reduction in income taxes related to substantively enacted tax rates, net income in fiscal 2009 was \$87.9 million. Excluding the impairment charges, net of tax, related to assets available for sale, goodwill and customer contracts of \$37.7 million and the \$19.5 million reduction in income taxes related to substantively enacted tax rates, net income in fiscal 2008 was \$146.8 million.

For a more detailed discussion of revenue and expense items, please refer to the operating segment discussions. An analysis of the 2009 fourth-quarter results compared with the corresponding period in 2008 is included under the heading 'Fourth Quarter Analysis'.

Return on Equity

Return on equity in 2009 was 8.7% as compared with 11.8% in 2008. The decline was due to reduced earnings in 2009 which were impacted by lower average AUM levels and associated lower revenues in the Investment Management Operations segment.

Outlook

As 2009 progressed, the equity markets improved and mutual fund investors increasingly moved out of money market and into fixed income and balanced fund categories. A sustained equity market rally in fiscal 2010 may reignite the demand for domestic and international equity mutual funds which have always been a primary focus at AGF Investments. A continuation of higher equity markets may also stimulate demand for investment loans offered by AGF Trust. The Bank of Canada recently reiterated that it would hold its benchmark rate at a record low 0.25% until the end the second quarter of 2010. A continuation of historically low interest rates should support the demand for mortgages, investment and RSP loans while continued strength in Canadian home sales and prices may improve loan-to-value ratios and reduce losses in the mortgage loan portfolio at AGF Trust.

As we enter fiscal 2010, the world is slowly emerging from recession as major economies, including the United States, Japan, Canada and several countries in Europe report data showing a return to growth. While there are indicators pointing to better economic times ahead, there remains a fair amount of uncertainty. A continuation of high global unemployment rates combined with a strong Canadian dollar squeezing exports, could contribute to a sluggish recovery in Canada.

Business Segment Performance

We report on three business segments: Investment Management Operations, Trust Company Operations and Other. AGF's reportable segments are strategic business units that offer different products and services. The Investment Management Operations segment provides investment management and advisory services. It is responsible for the management and distribution of AGF investment products and services, including retail mutual fund operations, institutional investment management and high-net-worth client investment counselling services. The Trust Company Operations segment offers a range of products, including GICs, real estate secured loans and investment loans. The 'Other' segment includes the results of S&WHL, which is accounted for by the equity method, as well as interest expense.

Investment Management Operations

Business and Industry Profile

AGF is an established participant within the highly competitive Canadian investment management business. We compete with numerous domestic and foreign players serving the market. We believe our status as an independent investment management firm without distribution channel conflict will benefit us and our shareholders as the industry continues to evolve.

Our Investment Management Operations segment provides products and services across the wealth continuum, including mutual funds, wrap products, institutional investment services and high-net-worth investment management. Our products are delivered through multiple channels, including advisors, financial planners, banks, life insurance companies, brokers and consultants.

We remain focused on the retail mutual fund market in Canada, as well as building our reputation domestically and internationally as a quality institutional investment management firm that offers a diverse platform of investment strategies. We believe that there is opportunity in the institutional market and we are continuing to expand our presence globally.

During AGF's 2009 fiscal year, gross mutual fund sales were negatively impacted by market volatility and lack of investor confidence and as a result we ended the year with \$0.8 billion in net redemptions. The industry as a whole saw a year over year decline in gross sales of long-term equity mutual funds in fiscal 2009. Fund categories that have traditionally been AGF's specialty – international and domestic equity – were not aligned with investor preferences for money market funds in the early part of 2009 and balanced and fixed income funds in the latter part of the year. However, we believe that if markets continue to improve, growing investor confidence will make international and domestic equity fund investing more attractive and AGF will be in a position to benefit.

Segment Strategy and Highlights

Over the past several years, we have focused on enhancing the client-centric model in our investment management business, which services the retail mutual fund, institutional and high-net-worth markets. In fiscal 2009, to reflect our core focus on investment management, we streamlined our organization and brought together our retail, institutional and high-net-worth businesses under a new banner: AGF Investments. On the retail side, we continued to maintain a high level of contact with our clients and focused on helping them navigate through the market uncertainty. On the institutional side, we focused on expanding our business globally and leveraging our investment management expertise in the institutional space. Highlights in fiscal 2009 included the following:

- At the 2009 Canadian Investment Awards, AGF Emerging Markets Fund won the Emerging Markets Equity Fund Award for the fourth time and was praised for its consistent long-term high performance. AGF also won three Silver awards and one Bronze, spanning a broad spectrum of investments, including:
 - AGF Global High Yield Bond Fund won the Silver for the High Yield Fixed Income Fund Award
 - AGF Canadian Balanced Fund won the Silver for the Canadian Balanced Fund Award
 - AGF European Equity Class took home the Silver for the European Equity Fund Award, and
 - AGF Global Resources Class took the Bronze award for the Natural Resources Equity Fund Award.
- We were honoured with nine recognitions at the 2009 Canadian Lipper Awards including two prestigious group awards – Best Overall Fund Family and Best Mixed Asset Fund Family.
- Three AGF funds – AGF Canada Class, AGF Global Equity Class and AGF Canadian Bond Fund – were included on Manulife Investments Guaranteed Investment Fund (GIF) Select platform. The product is called Manulife AGF Bundle.

- We opened a new sales office in Boston to support our business development efforts in the institutional space.
- We won several new institutional mandates which contributed to net sales of approximately \$4.0 billion on the institutional side and a 47.8% increase in our institutional AUM year-over-year.
- The strategic priorities for our investment management operations for 2010 are to:
 - Continue to focus on excellence in three core activities: investment management, relationship management and product management.
 - Promote international investment management competency across multiple channels.
 - Focus on growth in our institutional business.
 - Improve financial performance.

Focus on Three Core Activities

We are focused on continuing to build excellence in three core areas: investment management, relationship management and product management.

Investment Management

Consistent long-term investment performance is contingent on having the correct complement of people, with the right tools and a strong team approach to fund management. As well, in-depth research, innovative thinking and rigorous fundamental analysis are key investment principles.

We also draw on our presence in international markets to bolster investment performance. In addition to investment professionals in various locations across Canada, we maintain investment management offices in Dublin and Singapore.

Relationship Management

We have a well-established reputation in the advisor channel and continue to regularly engage with and seek feedback from advisors to ensure they have access to the products and services to help their clients make the best investment choices. We are also focused on enhancing relationships with strategic distribution partners including advisor firms, banks and insurance companies.

We opened a new sales offices in Boston to complement our Toronto, Dublin and London, Ontario sales offices, with a primary focus on business development in the institutional marketplace. We believe it is important to be “on the ground” in international markets as we continue to build relationships with new institutional clients.

Product Management

Our client-centric approach includes offering a suite of products and solutions designed to meet the needs of our clients. Our product development efforts focus on identifying current and future investment trends and aligning AGF's products to meet prevailing client needs. The launch of our focused funds strategy in fiscal 2009 is an example of us being more responsive to investment trends and investor preferences.

To simplify and improve our product lineup and focus on core mandates, we merged or terminated several mutual funds and internalized the portfolio management and portfolio advisory responsibilities on certain funds. In the fourth quarter of fiscal 2009, three AGF funds – AGF Canada Class, AGF Global Equity Class and AGF Canadian Bond Fund – were added to Manulife Investments' GIF Select platform. Guaranteed minimum withdrawal benefit (GMWB) products remain an attractive investment choice for conservative investors and their advisors and we continue to pursue partnerships with firms offering these products.

On the institutional side, we offer a robust platform of 14 investment strategies and our emerging markets, global core, Canadian equity and Canadian balanced strategies have all won institutional mandates.

Assets Under Management

The primary sources of revenue for AGF's Investment Management Operations segment are management and advisory fees. The amount of management and advisory fees depend on the level and composition of AUM. Under the management and investment advisory contracts between AGF and each of the mutual funds, we are entitled to monthly fees. These fees are based on a specified percentage of the average daily net asset value of the respective fund. In addition, we earn fees on our institutional, strategic accounts and high-net-worth client AUM. As a result, the level of AUM has a significant influence on financial results.

The following table illustrates the composition of the changes in total AUM during the years ended November 30, 2009 and 2008:

(\$ millions) Years ended November 30	2009	2008	% change
Mutual fund AUM, beginning of year	\$ 19,761	\$ 30,052	(34.2%)
Gross sales of mutual funds	2,606	3,578	(27.2%)
Redemptions of mutual funds	(3,381)	(5,159)	(34.5%)
Net mutual fund sales	(775)	(1,581)	(51.0%)
Market appreciation (depreciation) of fund portfolios	3,760	(8,710)	–
Mutual fund AUM, end of year	\$ 22,746	\$ 19,761	15.1%
Institutional and strategic accounts AUM	18,921	12,802	47.8%
High-net-worth AUM	2,951	2,995	(1.5%)
Total AUM, end of year	\$ 44,618	\$ 35,558	25.5%
Average daily mutual fund AUM for the year	\$ 20,733	\$ 26,346	(21.3%)

The recovery in global markets resulted in an increase in mutual fund AUM to \$22.7 billion at November 30, 2009, from \$19.8 billion as at November 30, 2008. The average daily mutual fund AUM for the year ended November 30, 2009, decreased 21.3% to \$ 20.7 billion, compared with \$26.3 billion for the year ended 2008. During the past 12 months, institutional and strategic accounts AUM increased by \$6.1 billion to \$18.9 billion as a result of market appreciation and net sales of approximately \$4.0 billion. High-net-worth AUM remained relatively stable declining by 1.5% to \$3.0 billion. This resulted in a total AUM increase of 25.5% to \$44.6 billion.

Investment Performance

Stock market performance influences the level of AUM. During the year ended November 30, 2009, the Canadian-dollar-adjusted S&P 500 Index increased 7.0%, the Canadian-dollar-adjusted NASDAQ Index increased 19.3%, and the S&P/TSX Composite Index increased 27.8%. The aggregate market appreciation of our mutual fund portfolios for the year ended November 30, 2009, divided by the average daily mutual fund AUM for the period was 18.1% after management fees and expenses paid by the funds.

The impact of the U.S. dollar depreciation relative to the Canadian dollar on the market value of AGF mutual funds for the year ended November 30, 2009, has been a decrease in AUM of approximately \$0.8 billion.

Consistent with the increase in the stock market, market appreciation net of management fees increased mutual fund AUM by \$3.8 billion since November 30, 2008. For the one-year period ended November 30, 2009, 27% of ranked AUM performed above median. Over the three-year period ended November 30, 2009, 41% of ranked AUM performed above median.

The composition of AUM as outlined on page 17 of this MD&A has direct influence on our revenues. Generally, equity funds have higher management fees than fixed income funds and international funds have higher management fees than domestic funds.

Financial and Operational Results

The table below highlights the Investment Management Operations segment results for the years ended November 30, 2009 and 2008.

(\$ millions) Years ended November 30	2009	2008	% change
Revenue			
Management and advisory fees	\$ 447.8	\$ 576.8	(22.4%)
Deferred sales charges	21.6	25.6	(15.6%)
Investment income and other revenue	6.0	4.0	50.0%
	475.4	606.4	(21.6%)
Expenses			
Selling, general and administrative	158.4	166.6	(4.9%)
Trailing commissions	125.3	157.2	(20.3%)
Investment advisory fees	10.1	15.0	(32.7%)
	293.8	338.8	(13.3%)
EBITDA ¹	181.6	267.6	(32.1%)
Amortization	93.9	111.2	(15.6%)
Impairment of asset available for sale	-	2.3	-
Impairment of goodwill and customer contracts	-	46.3	-
Income before taxes and non-segmented items	\$ 87.7	\$ 107.8	(18.6%)

¹ As previously defined, see the 'Key Performance Indicators and Non GAAP Measures – EBITDA' section.

Revenue

For the year ended November 30, 2009, revenue for the Investment Management Operations segment decreased by 21.6% over the previous year, with changes in the categories as follows:

Management and Advisory Fees

Management and advisory fees are directly related to our AUM levels. The 21.3% decline in average daily mutual fund AUM for the year ended November 30, 2009 contributed to a 22.4% decline in management and advisory fee revenue compared to 2008.

Deferred Sales Charges (DSC)

We receive deferred sales charges upon redemption of securities sold on the contingent DSC or low-load commission basis for which we finance the selling commissions paid to the dealer. The DSC ranges from 2.5% to 5.0%, depending on the commission option, of the original subscription price of the funds purchased if the funds are redeemed within the first two years, and declines to zero after three or seven years. DSC revenue fluctuates based on the level of redemptions, the age of the assets being redeemed and the proportion of redemptions composed of back-end assets. DSC revenues decreased by 15.6% in 2009 compared with 2008, reflecting lower retail mutual fund redemptions of DSC AUM.

Investment Income and Other Revenue

Investment income and other revenue increased by 50.0% in fiscal 2009 over 2008 primarily as a result of the discontinuing of hedge accounting related to stock compensation in 2008, which resulted in a \$5.0 million loss for the year ended November 30, 2008.

Expenses

For the year ended November 30, 2009, expenses for the Investment Management Operations segment decreased 13.3% from the previous year. Changes in specific categories are described in the discussion that follows:

Selling, General and Administrative Expenses

Selling, general and administrative expenses (SG&A) decreased by \$8.2 million or 4.9% in 2009 compared with 2008.

Excluding severance which is a one-time charge and fund absorption expenses which are dependent on AUM levels, selling, general and administrative expenses declined by 7.3%. The decrease is made up of the following amounts:

(\$ millions)		2009
Years ended November 30		
Increase (decrease) in severance and restructuring expenses	\$	1.7
Increase (decrease) in compensation-related expenses		(7.0)
Increase (decrease) in other expenses		(5.2)
Increase (decrease) in fund absorption expenses		2.3
	\$	(8.2)

The following explains expense changes in 2009 compared with the prior year:

- Severance and restructuring expenses increased \$1.7 million for the year ended November 30, 2009. The increase is as a result of longer-term cost savings initiatives.
- Compensation-related expenses decreased primarily due to staff reductions and stock-based compensation expense. Bonus expense in the twelve months ended November 30, 2009 across all groups within the Investment Management Operations segment was up by \$2.8 million.
- Other expenses decreased \$5.2 million due to continued cost savings initiatives in travel, meals and entertainment and other expense categories.
- Absorption expense increased by \$2.3 million reflecting lower average AUM levels in 2009 as compared to 2008. The aggregate unitholder service costs absorbed and management and advisory fees waived by the company on behalf of the funds were approximately \$15.0 million for the year ended November 30, 2009 compared to \$12.7 million in 2008. The increase of 18.1% is attributable to lower average year-over-year AUM levels (which were down 21.3%), our desire to maintain expense ratio levels relatively on par with 2008 levels and the fact that, due to the continuing low interest rate environment, absorption on money market and short-term income funds increased in 2009 over 2008.

Trailing Commissions

Trailing commissions paid to distribution depend on total AUM, the proportion of mutual fund AUM sold on a front-end versus back-end commission basis and the proportion of equity fund AUM versus fixed-income fund AUM. Trailing commissions as a percentage of average daily mutual fund AUM were 0.60% for the 12 months ended November 30, 2009, compared to 0.60% in the same period in 2008.

Investment Advisory Fees

External investment advisory fees decreased by 32.7% in 2009 as compared to 2008. The decrease relates to the reduced level of AUM combined with repatriation of certain mandates.

EBITDA and EBITDA margin

EBITDA for the Investment Management Operations segment were \$181.6 million for the year ended November 30, 2009, a 32.1% decrease from \$267.6 million for the same period of fiscal 2008. The decrease is directly attributable to lower revenue levels resulting from lower average AUM.

EBITDA margins were 38.2% in fiscal 2009 compared with 44.1% in 2008.

Amortization

The most significant component in this category is amortization of deferred selling commissions. The category also represents amortization of property, equipment, customer contracts and other intangible assets. We internally finance all selling commissions paid. These selling commissions are capitalized and amortized on a straight-line basis over a period that corresponds with their applicable DSC schedule. Amortization expense related to deferred selling commissions was \$84.7 million in 2009, compared with \$98.1 million in 2008.

During fiscal 2009, we paid \$54.5 million in selling commissions, compared with \$86.8 million in 2008. The decline in DSC paid is due to lower gross sales of retail funds and a slightly higher percentage of funds paid on a front-end basis in 2009 compared to 2008. As at November 30, 2009, the unamortized balance of deferred selling commissions financed was \$274.0 million, a decrease of \$30.4 million from the prior-year balance of \$304.4 million. The contingent deferred sales charges that would be received if all of the DSC securities were redeemed at November 30, 2009, were estimated to be approximately \$373.6 million (2008 – \$406.8 million).

Pre-Tax Profit Margin

Pre-tax profit margin was relatively unchanged at 18.4% for fiscal 2009 compared with 17.8% in 2008. Pre-tax profit margin in 2008 excluding the impairment charge related to goodwill, intangibles and available for sale assets was 25.8%.

Segment Outlook

There has been a marked improvement in economic and market conditions over the course of 2009 and the recovery is expected to continue in 2010. A continuation of more stable or improving markets combined with near-zero yields on short-term investments will likely stimulate investor demand for equities and equity funds. We expect that, over the longer term, demand for investment products will remain healthy due to factors such as Canada's projected population growth, the significant amount of unused Registered Retirement Savings Plan contribution room, the introduction of the Tax-Free Savings Account in 2009, as well as the large amount of un-invested cash or near-cash holdings that Canadians are reportedly sitting on. Mutual funds remain a very accessible and attractive investment solution for investors. We expect that guaranteed investment products will continue to grow in importance and remain an attractive investment option for conservative investors. We also see growth opportunities in the institutional investment management space, both domestically and abroad.

Trust Company Operations

Business and Industry Profile

Through AGF Trust, we offer financial solutions, including GICs, real estate secured and investment loans.

AGF Trust investment loans consist of secured investment loans and RSP loans distributed through financial advisors who continue to broaden their suite of products to meet the needs of their clients. AGF Trust has a competitive edge in the advisor channel as we leverage AGF's mutual fund wholesaler relationships. Our mutual fund wholesalers have operated successfully in the advisor channel for many years and have a well-established reputation for quality service.

We offer real estate secured loans to Canadians who have sound credit, but whose circumstances may not meet the traditional requirements of Canada's large banks to qualify for their lowest rate real estate secured loan products. Real estate secured loan products are distributed primarily through the mortgage broker channel. Borrowers have chosen to deal with mortgage brokers to take advantage of independent advice and competitive rates. Lenders have provided real estate secured loans in this channel to reduce distribution costs.

Segment Strategy and Highlights

AGF Trust, similar to other financial institutions in Canada, was impacted by the recession in the latter half of 2008 and throughout fiscal 2009. Our strategy to effectively manage through the economic downturn was to effectively reduce loan balances with the objective of improving our regulatory capital position. In the latter part of 2008, we repositioned our lending programs to focus on higher margin products and suspended new originations of certain business lines. Throughout 2009, we focused on responsible management of our loan portfolio and improved our credit, underwriting and collections' policies and procedures to mitigate default risk and reduce potential losses. The majority of funding for the lending and investment activity continues to be through the sale of GICs and we remain confident in our ability to raise funds through this channel.

For the year ended November 30, 2009, loan originations were \$88.4 million compared to \$1,578.1 million in the previous year. Net loan writeoffs were \$34.9 million for the year ended November 30, 2009, compared to \$10.4 million in the previous year.

As at November 30, 2009, collateral value declines have resulted in approximately \$315 million of unsecured exposures in our secured investment loan portfolio compared to approximately \$550 million of unsecured exposures as at November 30, 2008. This improvement was directly related to rising equity markets. Our investment loan program is used by independent investment advisors as part of their overall investment strategy for their clients. We believe that the investment advisor is an

integral part of their clients' investment strategies. Combined with other mitigating factors such as relatively high credit scores, sound underwriting and historical experience of other financial institutions with this type of product with little evident correlation between collateral values and propensity to default, we expect that clients will continue to service their debt despite a decline in equity values. The weighted average loan-to-value ratio on our conventional mortgage loan portfolio, as at November 30, 2009, was 65.3%.

Financial and Operational Results

The Trust Company Operations segment results for the years ended November 30, 2009 and 2008, are as follows:

(\$ millions) Years ended November 30	2009	2008	% change
Interest income			
Loan interest	\$ 211.2	\$ 270.8	(22.0%)
Investment interest	15.0	32.2	(53.4%)
	226.2	303.0	(25.3%)
Interest expense			
Deposit interest	175.4	200.9	(12.7%)
Hedging interest income	(68.5)	(18.6)	268.3%
Other interest expense (income)	23.1	23.8	(2.9%)
	130.0	206.1	(36.9%)
Net interest income	96.2	96.9	(0.7%)
Other revenue	8.7	12.3	(29.3%)
RSP loan securitization income (loss), net of impairment	(0.6)	(0.3)	100.0%
Total revenue	104.3	108.9	(4.2%)
Expenses			
Selling, general and administrative	35.2	42.7	(17.6%)
Provision for loan losses	37.6	30.4	23.7%
	72.8	73.1	(0.4%)
EBITDA ¹	31.5	35.8	(12.0%)
Amortization	2.8	2.8	0.0%
Income before taxes and non-segmented items	\$ 28.7	\$ 33.0	(13.0%)

¹ For the definition of EBITDA, see the "Key Performance Indicators and Non-GAAP Measures" section. The items required to reconcile EBITDA to net income, a defined term under Canadian GAAP, are detailed above.

Revenue, Net Interest Income and Net Interest Margin

Net interest income, which is expressed net of interest on deposits and other interest expenses, was relatively unchanged compared to 2008. The average net interest margin on lending products was 2.4% in fiscal 2009 (2008 – 2.3%). The change resulted primarily from an increase in the spread between AGF Trust's Prime rate and the Banker's Acceptance rate, offset by an increase in the average cost of funds relative to the BA based swap rate. AGF Trust manages its interest rate risk through the use of interest rate swaps. Interest expense includes hedging interest income of \$68.5 million related to changes in fair value on interest rate swaps for the year ended November 30, 2009 (2008 – \$18.6 million). Other revenue decreased 29.3% in the year ended November 30, 2009 primarily due to a \$4.0 million decrease related to hedge ineffectiveness. During the year, the Trust Company recognized a \$4.1 million writedown of its retained interest in securitized RSP loans compared to \$4.7 million in 2008. These factors resulted in an overall revenue decrease of 4.2% in the year ended November 30, 2009 as compared with 2008.

Securitization Income (Loss), Net of Impairment

As at November 30, 2009, the balance of all securitized loans outstanding was equal to \$108.3 million (2008 – \$166.6 million). As part of the securitization, certain financial assets are retained and a servicing liability is incurred relating to the amortization of retained interest and servicing liability as well as a write-down of approximately \$4.1 million (2008 - \$4.7 million). The total loss related to the RSP loan securitization was \$0.6 million (2008 – loss of \$0.3 million) as a result of higher than anticipated prepayment and loss rates, and lower than anticipated excess spread earned on securitized assets.

Selling, General and Administrative Expenses

SG&A expenses decreased \$7.5 million to \$35.2 million compared with \$42.7 million in 2008, primarily due to reduced staffing levels.

Provision for Loan Losses

The total provision for loan losses increased to \$37.6 million in 2009 compared to \$30.4 million in 2008. During the fourth quarter of 2008, AGF Trust reviewed its methodology for allowance for loan losses as a result of the current market and economic conditions. We refined the methodology to be more responsive to changes in the economy and increases in delinquency. The allowance for specific loan losses was refined to include specific allowances for loans past due but not impaired. Previously, this allowance only included loans identified as impaired. As a result of this change, combined with increases in arrears and impaired loans, the total provision for loan losses increased by \$7.2 million in 2009, compared with 2008.

Based on our analysis of the RSP portfolio, we had approximately \$25.0 million of loan accounts which, based on certain loan characteristics, were assessed as having a significantly higher risk of default. Accordingly, we have recorded an allowance for loan losses of \$4.2 million against these accounts and in addition, we have written off \$14.0 million of these loans as at November 30, 2009, resulting in an existing net exposure of approximately \$6.8 million.

Loan writeoffs, net of recoveries for the twelve months ended November 30, 2009 were \$34.9 million compared with \$10.4 million for the fiscal period ended November 30, 2008, with the increase attributable to RSP, secured investment loan and mortgage loan writeoffs. Loan writeoffs, net of recoveries, for the twelve months ended November 30, 2009, were \$23.6 million in the RSP loan portfolio, \$5.8 million in the secured investment loan portfolio and \$5.4 million in the mortgage loan portfolio and \$0.1 million in HELOC receivables, compared to \$6.3 million, \$1.7 million, \$2.3 million, and \$0.01 million, respectively, for the twelve months ended November 30, 2008. Impaired loans expressed as a percentage of loans outstanding were 1.4% as at November 30, 2009, compared with 1.0% at November 30, 2008 due to the negative change in economic conditions.

EBITDA and EBITDA margin

A decline in revenue and an increase in the loan loss provision, partly offset by a decline in SG&A costs, contributed to a decline in EBITDA for the fiscal year ended November 30, 2009 of 12.0% to \$31.5 million compared to fiscal 2008. EBITDA margin declined to 30.2% from 32.9% over the same period of 2008.

Pre-Tax Profit Margin

As a result of the factors outlined above, pre-tax margin of 27.5% in 2009 declined from 30.3% in 2008.

Operational Performance

The table below highlights our key operational measures for the segment for the years ended November 30, 2009 and 2008:

(\$ millions) Years ended November 30	2009	2008	% change
Real estate secured loans ¹			
Insured mortgage loans	\$ 497.7	\$ 618.1	(19.5%)
Conventional mortgage loans	556.5	766.4	(27.4%)
HELOCs	387.2	656.3	(41.0%)
	1,441.4	2,040.8	(29.4%)
Investment loans ¹			
Secured investment loans	1,734.0	1,805.4	(4.0%)
RSP loans	414.2	573.7	(27.8%)
Other loans	5.1	11.1	(54.1%)
	2,153.3	2,390.2	(9.9%)
Other assets	905.6	895.8	1.1%
Total Assets	\$ 4,500.3	\$ 5,326.8	(15.5%)
Net interest income	\$ 96.2	\$ 96.9	(0.7%)
RSP loan securitization income (loss), net of impairment	(0.6)	(0.3)	100.0%
Other revenue	8.7	12.3	(29.3%)
Non-interest expenses ²	(38.0)	(45.5)	(16.5%)
Provision for loan losses	(37.6)	(30.4)	23.7%
Income before taxes and non-segmented items	\$ 28.7	\$ 33.0	(13.0%)
Efficiency ratio ³	36.4%	41.8%	
Assets-to-capital multiple ³	12.0	15.0	

¹ Includes loan provision and deferred sales commission.

² Includes SG&A and amortization expenses.

³ For the definition of efficiency ratio and assets-to-capital multiple, see the "Key Performance Indicators and Non-GAAP Measures" section.

Loan Asset Growth

Loan originations decreased significantly compared to fiscal 2008 as a result of amendments to our lending programs. Real estate secured loan assets decreased by 29.4% year-over-year. Secured investment loans decreased 4.0% to \$1.7 billion as at November 30, 2009, compared with fiscal 2008 while RSP loan balances and other loans decreased \$165.5 million or 28.3%.

Efficiency Ratio

The efficiency ratio is defined as non-interest expenses divided by the total of net interest income and non-interest income. It is a key industry performance indicator used to ensure expenses are contained as the Trust business grows. During 2009, the efficiency ratio experienced a favourable change to 36.4% from 41.8% in 2008.

Balance Sheet

Total assets decreased 15.5% to \$4.5 billion as at November 30, 2009, compared with the previous year. As at November 30, 2009, our asset-to-capital multiple stood at 12.0 times, compared with 15.0 times at the same time last year. Our risk-based capital ratio was 19.0% as at November 30, 2009 compared to 14.7% at November 30, 2008. During fiscal 2008, AGF Trust received \$35.0 million in debt and equity capital from AGF Management to support increased asset levels. AGF Trust has not required capital from AGF Management since the first quarter of 2008. Liquid assets were high with \$773.1 million in cash and cash equivalents as well as investments available for sale as at November 30, 2009 (2008 – \$728.7 million).

Loan Portfolio Credit

The credit risk factors considered when assessing the collectability of the various loan portfolios are primarily based on the individuals' ability and willingness to make future loan payments, coupled with the underlying collateral security held for each of the loan categories. The key risk factors considered include:

- Employment rates: higher unemployment rates will likely result in higher default rates as individuals' ability to pay deteriorates.
- Residential property prices and sales volume: declining residential property prices and reduced volumes of residential property sales may result in lower resale prices and longer disposal times, therefore, increasing losses incurred on the disposition of the property.
- Equity market performance: declining global equity markets present increased risk on the secured investment loan portfolio as the value of the underlying collateral is lower. While the Trust Company has recourse to the personal assets of clients with respect to investment loans, the global macro-economic situation and employment levels may impede the Trust Company's ability to realize on the full value of the loan.

The general allowance for real estate secured loan losses increased to \$10.3 million as compared to \$9.3 million a year ago. This included a general allowance for insured mortgage loans of \$4.0 million (2008 – nil) which was set up in response to certain mortgage insurers taking a stricter interpretation of policy exclusions for fraud and misrepresentation as a result of the current environment. The general allowance for investment loan losses increased to \$14.5 million from \$13.7 million in 2008 due to higher experience of loan writeoffs. Approximately 47.2% of real estate secured loan assets, excluding HELOCs, are insured. We have security for non-RSP investment loans, consisting of mutual funds and other investments. The value of this collateral fluctuates with the changes in the underlying investments. The amount of RSP loans written off, net of recoveries (excluding securitized RSP loans) was \$23.6 million for the year ended November 30, 2009 (2008 – \$6.3 million). For the balance of our loan products, the amount written off net of recoveries was \$11.3 million (2008 – \$4.0 million).

Segment Outlook

We anticipate that AGF Trust will experience net growth in loans in fiscal 2010 compared to decreased loan originations in 2009 due to the disruptions in financial markets and our desire to conserve capital. Stock market prices influence the levels of lending activities for investment-based loan products, and we believe that a continuation of higher equity markets in 2010 may result in growth in these products. A continuation of relatively low interest rates and stability in housing prices, combined with improving consumer confidence, could positively affect secured real estate loan portfolio performance. A continuation of high rates of unemployment may have a negative impact on this portfolio, as well as our investment loan portfolio by increasing the risk of loan defaults.

In fiscal 2010, we will continue to focus on strengthening client relationships and realizing operational efficiencies through aggressive cost management. AGF Trust uses disciplined underwriting and sound risk management practices, and we are employing the lessons learned during the economic downturn to improve credit quality and profitability of our lending portfolios.

After experiencing decreased loan originations in fiscal 2009, we are focused on "controlled growth" in our lending programs in fiscal 2010. We launched our 2010 RSP loan program late in fiscal 2009, increased our mortgage lending and plan a re-launch of our investment loan program in 2010.

AGF Management Limited

Liquidity and Capital Resources

Consolidated cash flow generated from operating activities, before net change in non-cash balances related to operations, was \$206.1 million for the year ended November 30, 2009, compared with \$278.7 million in the prior year.

In fiscal 2009, we paid \$54.5 million in selling commissions, which were capitalized and amortized for accounting purposes, compared with \$86.8 million in 2008. Accordingly, our free cash flow (defined as cash flow from operations less selling commissions paid) was \$151.6 million for the year ended November 30, 2009, compared with \$191.9 million in the prior year.

Management's Discussion and Analysis
of Financial Condition and Results of Operations

In addition to our free cash flow, the following items impacted our change in cash position and bank indebtedness:

(\$ millions) Years ended November 30	Source (use)	
	2009	2008
Net change in non-cash balances related to operations	\$ (16.6)	\$ 72.8
Net cash change in Class B Non-Voting shares	2.5	(5.3)
Dividends	(86.2)	(80.2)
Acquisition of subsidiaries	(19.9)	(25.2)
Purchase of property, equipment and computer software	(2.1)	(6.8)
Purchase of investments ¹	(345.5)	(174.8)
Trust deposits, net of loans	(26.8)	(179.8)
	\$ (494.6)	\$ (399.3)

¹ Includes \$351.0 million of cash invested by AGF Trust into investments available for sale during the year ended November 30, 2009 (2008 – \$ 171.4 million).

During the year ended November 30, 2009, our revolving term loan balance increased \$33.0 million to \$156.7 million (2008 – decreased \$36.2 million). Consolidated cash and cash equivalents of \$274.9 million decreased by \$309.3 million from November 30, 2008 levels of \$584.2 million (2008 – decreased by \$243.7 million). This was primarily due to an increase in investments available for sale held at AGF Trust of \$351.0 million.

We have a three-year prime rate-based revolving term loan facility to a maximum of \$300.0 million, of which \$137.9 million was available to be drawn as at November 30, 2009. Aside from cash held in the Trust Company Operations segment, which is held to fund loans to clients and GIC maturities, AGF had \$32.6 million of cash as at November 30, 2009 (November 30, 2008 – \$23.9 million). The loan facility will be available to meet future operational and investment needs. We anticipate that cash flow from operations, together with the available loan facility, will be sufficient in the foreseeable future to implement our business plan, finance selling commissions, satisfy regulatory requirements, service debt repayment obligations, meet capital spending needs and pay quarterly dividends.

Limited Partnership Financing

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)

Contractual Obligations

The table below is a summary of our contractual obligations at November 30, 2009. See also Notes 10 & 24 of the Consolidated Financial Statements.

(\$ millions)	Total	2010	2011-2012	2013-2014	Thereafter
Long-term debt	\$ 156.7	\$ 13.1	\$ 143.6	\$ –	\$ –
Operating leases	57.3	9.7	17.7	12.8	17.1
Purchase obligations	34.2	12.6	12.5	6.3	2.8
Total contractual obligations	\$ 248.2	\$ 35.4	\$ 173.8	\$ 19.1	\$ 19.9

In addition to the contractual obligations detailed above, the following obligations exist that vary depending upon business volume and other factors:

- AGF Trust is required to pay depositors amounts representing principal and interest on funds on deposit.
- A portion of our selling commissions paid on a DSC basis has been financed by LPs held by third-party investors. As at November 30, 2009, the net asset value of DSC securities financed by the LPs was \$0.7 billion and amounts paid to these partnerships in 2009 were \$3.9 million.
- We pay trailing commissions to financial advisors based on AUM of their respective clients. This obligation varies based on fund performance, sales and redemptions, and in 2009 we paid \$125.3 million in trailing commissions.
- We have committed to 2015 to reimburse Citigroup if minimum levels of services and related fees are not achieved.
- In conjunction with the Elements Advantage Commitment on certain Elements portfolios, AGF has committed to investors that if a portfolio does not match or outperform its customized benchmark over a three-year average annualized period, investors will receive up to 90 basis points in new units. Payments related to this began in fiscal 2009 for the applicable funds. AGF capped the AGF Elements Advantage feature on its Elements Products to new purchases effective June 22, 2009. Eligible units purchased prior to June 22, 2009 have been grandfathered.

Intercompany and 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).

Capital Management Activities

We actively manage our capital to maintain a strong and efficient capital base to maximize risk-adjusted returns to shareholders, invest in future growth opportunities, including acquisitions, and to ensure that the regulatory capital requirements are met for each of our subsidiary companies.

AGF capital consists of shareholders' equity. On an annual basis, AGF prepares a five-year plan detailing projected operating budgets and capital requirements. Each of AGF's operating segments are required to prepare and submit a five-year operating plan and budget to AGF's Finance Committee for approval prior to seeking Board approval. AGF's Finance Committee consists of the Chairman and CEO, the Vice-Chairman, Senior Vice-President and CFO, and the General Counsel, Executive Vice-President and Chief Operating Officer. Once approved by the Finance Committee, the five-year plans are reviewed and approved by AGF's Board of Directors. These plans become the basis for the payment of dividends to shareholders, the repurchase of Class B Non-Voting shares and, combined with the reasonable use of leverage, the source of funds for acquisitions.

Investment Management Operations – Regulatory Capital

A significant objective of the Capital Management program is to ensure regulatory requirements are met for capital. 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 – Capital Management Framework

AGF Trust's regulatory capital consists primarily of common shareholders' equity, preferred shares and subordinated debentures. Regulatory capital is a factor that allows the AGF Trust Board of Directors (Trust Board) to assess the stability and security in relation to the overall risks inherent in AGF Trust's activities.

AGF Trust actively manages regulatory capital levels in conjunction with management's internal assessment of capital. Consideration is given to many factors including regulatory guidance, strategic planning, shareholder interests, interests of depositors and internally generated target capital ratios. Regulatory capital is set by regulatory authorities. Effective January 1, 2008, AGF Trust calculates and reports regulatory capital ratios in accordance with the framework specified by the Bank for International Settlements (BIS) (commonly known as Basel II). AGF Trust adopted the Standardized Approach for credit risk and the Basic Indicator Approach for operational risk.

A key component of AGF Trust's capital framework is its internal capital adequacy assessment process (ICAAP). This process attributes capital for identified risks in proportion to the assessed risk. Risks are assessed using both qualitative and quantitative factors. The process also incorporates a variety of stress testing approaches to evaluate the income and capital impacts of potential stress events.

AGF Trust – Basel II Capital Accord

Capital measures at AGF Trust are detailed as follows:

November 30	Basel II	
	2009	2008
(\$ thousands, except for risk-weighted assets in \$ millions)		
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.

Dividends

The holders of Class B Non-Voting and Class A shares are entitled to receive cash dividends. Dividends are paid in equal amounts per share on all the Class B Non-Voting shares and all the Class A shares at the time outstanding without preference or priority of one share over another. No dividends may be declared in the event that there is a default of a condition of our loan facility or where such payment of dividends would create a default.

Our Board of Directors may determine that Class B Non-Voting shareholders shall have the right to elect to receive part or all of such dividend in the form of a stock dividend. They also determine whether a dividend in Class B Non-Voting shares is substantially equal to a cash dividend. This determination is based on the weighted average price at which the Class B Non-Voting shares traded on the Toronto Stock Exchange during the 10 trading days immediately preceding the record date applicable to such dividend.

The following table sets forth the dividends paid by AGF on Class B Non-Voting shares and Class A shares for the years indicated:

Years ended November 30	2009	2008	2007	2006	2005
Per share	\$ 1.00	\$ 0.95	\$ 0.78	\$ 0.69	\$ 0.56
Percentage increase	5%	22%	13%	23%	37%

We review our dividend distribution policy on a quarterly basis, taking into account our financial position, profitability, cash flow and other factors considered relevant by our Board of Directors. The quarterly dividend paid on January 21, 2010 was \$0.25 per share.

Normal Course Issuer Bid

In February 2009, the Company's Board of Directors authorized the renewal of AGF's normal course issuer bid for the purchase of up to 7,108,630 Class B Non-Voting shares, or 10% of the public float for such shares. The Company received approval from the Toronto Stock Exchange on February 24, 2009, for the renewal of its normal course issuer bid. This allows AGF to purchase up to 7,108,630 Class B Non-Voting shares through the facilities of the Toronto Stock Exchange (or as otherwise permitted by the Toronto Stock Exchange) between February 26, 2009 and February 25, 2010. The Class B Non-Voting shares may be repurchased from time to time at prevailing market prices or such other price as may be permitted by the Toronto Stock Exchange.

As at November 30, 2009, under this current normal course issuer bid, no Class B Non-Voting shares have been repurchased. AGF's previous normal course issuer bid allowed for the repurchase of up to 7,253,822 Class B Non-Voting shares between February 26, 2008, and February 25, 2009, at prevailing market prices. Under the previous normal course issuer bid, AGF purchased an aggregate of 1,000,000 Class B Non-Voting shares, for a total consideration of \$7.8 million at an average price of \$7.79 per share.

Outstanding Share Data

Set out below is our outstanding share data as at November 30, 2009. For additional detail, see Notes 14 and 15 to the 2009 Consolidated Financial Statements.

Years ended November 30	2009	2008
Shares		
Class A Voting Common Shares	57,600	57,600
Class B Non-Voting Shares	89,097,400	88,480,104
Stock Options		
Outstanding options	6,627,398	6,576,948
Exercisable options	3,315,368	2,543,337

Government Regulations

AGF Management Limited

AGF Management Limited (AGF) is incorporated under the laws of the Province of Ontario and is a reporting issuer in each province and territory of Canada. Accordingly, AGF is subject to applicable securities laws in each jurisdiction. In addition, the Class B Non-Voting common shares of AGF are listed for trading on the Toronto Stock Exchange under the trading symbol AGF.B. AGF is also subject to oversight from other government and regulatory agencies.

AGF Mutual Funds

To qualify for continuous distribution, each of the mutual funds managed by AGF Investments Inc. (AGFI) must file each year an annual information form and simplified prospectus in every province and territory of Canada in which it intends to distribute securities. It must also obtain a receipt for the same from provincial and territorial securities regulatory authorities. Certain funds are offered in overseas jurisdictions, each of which has its own filing requirements.

Each mutual fund is managed by AGFI and as such AGFI is liable for any misrepresentation in the offering documents of the funds. Pursuant to securities legislation in certain of the provinces and territories of Canada, none of the mutual funds managed by AGFI can make portfolio investments in substantial security holders of the funds, in AGF or in corporations in which the directors or officers of the funds, or their substantial security holders, have a significant interest.

Investment Management Operations

AGF Investments Inc.

During 2009, AGF Funds Inc. and AGF Asset Management Group Limited were amalgamated to form AGF Investments Inc. (AGFI). AGFI is registered with the Ontario Securities Commission (OSC) as a portfolio manager and maintains equivalent registrations in each of the other provinces and territories of Canada in which AGFI carries on business. AGFI is also registered as a Mutual Fund Dealer, Exempt Market Dealer and Commodity Trading Manager in certain jurisdictions and is

subject to oversight by the federal and provincial Privacy Commissions and Financial Transactions Reports Analysis Centre of Canada (FINTRAC). In its capacity as portfolio manager, AGFI is subject to conflict of interest regulations made pursuant to the Securities Act (Ontario) and certain other provincial and territorial securities legislation. Amongst other things, these regulations impose limitations on the ability of AGFI to advise or make recommendations with respect to its own securities or securities of a related or connected issuer. AGFI is also subject to certain restrictions that are imposed by applicable provincial and territorial securities legislation on advertising and sales incentives. In response to National Instrument 31-103, during Fiscal 2010, AGFI will submit an application to be registered as an Investment Fund Manager.

AGF International Advisors Company Limited

AGF International Advisors Company Limited is incorporated under the laws of the Republic of Ireland and is authorized by the Irish Financial Services Regulatory Authority (IFSRA), under Regulation 11 of the European Communities (Markets in Financial Instruments) Regulations 2007, to provide a range of financial services including the provision of investment advice and the managing of portfolios. As an authorized entity, AGF International Advisors Company Limited is subject to a range of Irish and EU regulations. AGF International Advisors Company Limited also holds an Australian Financial Services Licence granted by the Australian Securities & Investments Commission (ASIC) and is subject to the relevant ongoing requirements of this licence.

AGFIA Limited

AGFIA Limited is a private limited company incorporated under the laws of the Republic of Ireland and is authorized by the Irish Financial Services Regulatory Authority (IFSRA), under Regulation 11 of the European Communities (Markets in Financial Instruments) Regulations 2007, to provide a range of financial services including the provision of investment advice and the managing of portfolios, primarily to institutional accounts. As an authorized entity, AGFIA Limited is subject to a range of Irish and EU regulations. AGFIA Limited is registered with the OSC as a non-resident portfolio manager and maintains equivalent registrations in each of the other provinces and territories of Canada in which AGFIA carries on business.

AGF Asset Management (Asia) Limited

Established in 1996, AGF Asset Management (Asia) Limited provides investment research and advisory services on Asian markets for AGF mutual funds and other clients. AGF Asset Management (Asia) Limited is regulated by the Monetary Authority of Singapore (MAS) under the Securities and Futures Act. The company holds a Capital Markets Services licence which permits it to offer fund management services to accredited investors. AGF Asset Management (Asia) Limited is required to obtain the prior approval of MAS for any significant change of its members or shareholdings of its members.

AGF Investments America Inc

AGF Investments America Inc. (AGFA) is registered with the U.S. Securities and Exchange Commission as an Adviser and provides investment management services to (U.S.) institutional clients.

AGF Investments Asia Limited

AGF Investments Asia Limited is incorporated as a limited liability company in Hong Kong.

Highstreet Asset Management Inc.

Highstreet Asset Management Inc. (Highstreet) is registered with the OSC as a portfolio manager and maintains equivalent registrations in each of the other provinces and territories of Canada in which it does business. Highstreet is also registered with the OSC as exempt market dealer for the purpose of facilitating the distribution of certain securities to clients and is subject to oversight by federal and provincial Privacy Commissions and FINTRAC. In addition, Highstreet is registered in Ontario as a Commodity Trading Manager.

Highstreet Asset Management U.S. Inc.

Highstreet Asset Management U.S. Inc. is a wholly owned subsidiary of Highstreet and is registered with the U.S. Securities Exchange Commission as an Adviser and provides investment management services to (U.S.) institutional clients.

Cypress Capital Management Ltd.

Cypress Capital Management Limited (Cypress) is registered with the British Columbia Securities Commission as a portfolio manager and maintains equivalent registrations in each of the other provinces and territories of Canada in which it does business. Cypress is also subject to oversight by federal and provincial Privacy Commissions and FINTRAC.

Cypress Capital Management US Limited

Cypress Capital Management US Limited (Cypress US) is a wholly owned subsidiary of Cypress and is registered with the U.S. Securities Exchange Commission as an Adviser. Cypress US provides investment management services to (U.S.) high net worth, corporate, endowment and foundation clients.

Doherty & Associates Limited and Magna Vista Investment Management Limited

Doherty & Associates Limited (Doherty) and Magna Vista Investment Management Limited (Magna) are each registered with the OSC as portfolio managers, and maintain equivalent registrations in each of the other provinces and territories of Canada in which they respectively do business. Doherty and Magna are also registered with the OSC as exempt market dealers for the purpose of facilitating the distribution of certain securities to their clients and are subject to oversight by federal and provincial Privacy Commissions and FINTRAC.

Doherty and Magna amalgamated on December 1, 2009.

AGF Private Investment Advisors Inc.

AGF Private Investment Advisors Inc. (PIA), a wholly owned subsidiary of Magna, is registered as an Investment Advisor with the U.S. Securities and Exchange Commission (SEC).

AGF Securities (Canada) Limited

AGF Securities (Canada) Limited is a member of the Investment Industry Regulatory Organization of Canada (IIROC). IIROC is the national self-regulatory organization created through the consolidation of the Investment Dealers Association of Canada and Market Regulation Services Inc. AGF Securities (Canada) Limited is registered as an investment dealer with the securities regulatory authorities in each of Alberta, British Columbia, Ontario and Saskatchewan. AGF Securities (Canada) Limited is also a member of the Canadian Investor Protection Fund and is subject to oversight by the federal and provincial Privacy Commissions and FINTRAC.

AGF Securities Inc.

AGF Securities Inc. is registered as a broker-dealer with the SEC.

Trust Company Operations

AGF Trust Company

AGF Trust Company (AGF Trust) is incorporated under and governed by the federal Trust and Loan Companies Act (Canada) and is extra-provincially licensed and registered under applicable legislation in all provinces and territories of Canada. The Trust and Loan Companies Act (Canada) specifies the powers of and imposes investment restrictions on federally regulated trust companies. The legislation provides for regular reports to be filed on the financial condition of the trust company; periodic examinations of the trust company's affairs by appropriate regulatory authorities; restrictions on transactions with related parties; corporate governance provisions; and minimum capital adequacy standards based on the total assets and risk-weighted assets of the trust company. As a federally regulated financial institution, AGF Trust is supervised by the federal Office of the Superintendent of Financial Institutions (OSFI). AGF Trust is also subject to oversight from the Financial Consumer Agency of Canada, the Office of the Privacy Commissioner of Canada, FINTRAC, and other government agencies, including provincial authorities.

AGF Trust is a member of the Canadian Deposit Insurance Corporation (CDIC), which provides a statutory scheme for the insurance of certain qualifying deposits made and payable in Canada in Canadian currency. AGF Trust is also a member of the Canadian Payments Association, the Ombudsman for Banking Services and Investments and is an approved Canadian Mortgage and Housing Corporation (CMHC) lender.

Fourth Quarter Analysis

Summary of Consolidated Operating Results

The table below highlights our results for the three months ended November 30, 2009 and 2008:

(\$ millions, except per share amounts)			
Three months ended November 30	2009	2008	% change
Revenue			
Investment Management Operations	\$ 132.1	\$ 123.1	7.3%
Trust Company Operations	23.6	26.6	(11.3%)
Other	2.0	2.5	(20.0%)
	157.7	152.2	3.6%
Expenses			
Investment Management Operations	72.9	67.8	7.5%
Trust Company Operations	13.2	30.4	(56.6%)
	86.1	98.2	(12.3%)
EBITDA ¹	71.6	54.0	32.6%
Amortization	23.6	27.6	(14.5%)
Interest expense	1.3	1.8	(27.8%)
Impairment of asset available for sale	–	2.3	–
Impairment of goodwill and customer contracts	–	46.3	–
Non-controlling interest	0.2	0.1	100.0%
Income taxes	1.1	(4.8)	–
Net income	\$ 45.5	\$ (19.3)	–
Earnings per share – diluted	\$ 0.50	\$ (0.21)	–

¹ As previously defined, see 'Key Performance Indicators and Non-GAAP Measures – EBITDA'. The items required to reconcile EBITDA to Net Income, a defined term under Canadian GAAP, are detailed above.

Results from Operations

Revenue for the fourth quarter ended November 30, 2009 increased 3.6% to \$157.7 million, compared to \$152.2 million in the same period in 2008. The Investment Management segment increased \$9.0 million as a result of a 4.8% increase in average mutual fund AUM levels in the fourth quarter of 2009 compared to 2008. Revenues in the Trust segment decreased \$3.0 million due to declines in net interest income and other revenue. Revenues from the Other segment decreased \$0.5 million to \$2.0 million.

Expenses in the fourth quarter ended November 30, 2009 decreased \$12.1 million over the same period a year ago. Expenses in Investment Management Operations increased \$5.1 million or 7.5%. This increase was due to higher bonus amounts in the fourth quarter of 2009 as compared to the fourth quarter of 2008 which included a \$6.0 million reversal of bonus provision reflecting the decline in markets during the fourth quarter of 2008. Expenses in Trust Company Operations segment decreased \$17.2 million primarily due to lower loan provision related costs. In the fourth quarter of last year, the methodology related to the calculation of the allowance for loan losses was changed resulting in a substantially higher expense.

EBITDA for the quarter ended November 30, 2009, compared with the respective quarter in 2008, was higher predominantly due to lower loan provisions at the Trust Company.

Our income tax expense, including the impact of tax rate reductions, for the three months ended November 30, 2009 was \$1.1 million, as compared to an income tax recovery of \$4.8 million in the three months ended November 30, 2008.

The impact of the above revenue and expense items resulted in net income of \$45.5 million in the three months ended November 30, 2009 compared with a net loss of \$19.3 million in fiscal 2008. Basic and fully diluted earnings per share were \$0.51 and \$0.50 per share, respectively, in the three months ended November 30, 2009 as compared with a loss of \$0.21 and \$0.21 per share in 2008. Excluding a \$9.8 million reduction in income taxes related to substantively enacted tax rates, net income in the fourth quarter of 2009 was \$35.7 million. In the fourth quarter of 2008, excluding the impairment charges, net of tax, of \$37.7 million, we had net income of \$18.4 million. Excluding the impact of the reduction in income taxes, basic and fully diluted earnings per share in the fourth quarter of 2009 were \$0.40 and \$0.40 per share, respectively. In the fourth quarter of

2008, excluding the impact of the impairment charges, net of tax, basic and fully diluted earnings per share were \$0.21 and \$0.20, respectively.

On a diluted per share basis, cash flow from operations for the three months ended November 30, 2009 was \$0.73 per share (2008 – \$0.63).

Investment Management Operations

Assets Under Management

The following table illustrates the composition of the changes in mutual fund AUM during the three months ended November 30, 2009 and 2008:

(\$ millions)				
Three months ended November 30	2009	2008	% change	
Mutual fund AUM, beginning of period	\$ 22,142	\$ 26,371	(16.0%)	
Gross sales of mutual funds	676	651	3.8%	
Redemptions of mutual funds	(945)	(1,176)	(19.6%)	
Net mutual fund sales	(269)	(525)	(48.8%)	
Market appreciation (depreciation) of fund portfolios	873	(6,085)	–	
Mutual fund AUM, end of period	\$ 22,746	\$ 19,761	15.1%	
Institutional and strategic accounts AUM	18,921	12,802	47.8%	
High-net-worth AUM	2,951	2,995	(1.5%)	
Total AUM, end of period	\$ 44,618	\$ 35,558	25.5%	
Average daily mutual fund AUM for the period	\$ 22,723	\$ 21,682	4.8%	

During the three months ended November 30, 2009, the Canadian-dollar-adjusted S&P 500 Index increased 4.1%, the Canadian-dollar-adjusted NASDAQ Index increased 3.0% and the S&P/TSX Composite Index increased 6.1%.

The impact of the U.S. dollar depreciation relative to the Canadian dollar on the market value of AGF mutual funds since August 31, 2009 has been an decrease in AUM of approximately \$0.2 billion (2008 – increase of \$0.6 billion).

Financial and Operational Results

The table below highlights the Investment Management Operations segment results for the three months ended November 30, 2009 and 2008:

(\$ millions) Three months ended November 30	2009	2008	% change
Revenue			
Management and advisory fees	\$ 125.1	\$ 119.6	4.6%
Deferred sales charges	5.1	7.0	(27.1%)
Investment income and other revenue	1.9	(3.5)	-
	132.1	123.1	7.3%
Expenses			
Selling, general and administrative	35.7	31.3	14.1%
Trailing commissions	35.0	33.0	6.1%
Investment advisory fees	2.2	3.5	(37.1%)
	72.9	67.8	7.5%
EBITDA ¹	59.2	55.3	7.1%
Amortization	23.0	26.7	(13.9%)
Impairment of asset available for sale	0.0	2.3	-
Impairment of goodwill and customer contracts	0.0	46.3	-
Income before taxes and non-segmented items	\$ 36.2	\$ (20.0)	-

¹ As previously defined, see the 'Key Performance Indicators and Non-GAAP Measures – EBITDA' section.

Revenue

For the three months ended November 30, 2009, revenue for the Investment Management Operations segment increased by 7.3% over the previous year, with changes in the categories as follows:

Management and Advisory Fees

Management and advisory fees are directly related to our AUM levels. The 4.8% increase in average daily mutual fund AUM for the quarter ended November 30, 2009 contributed to a 4.6% increase in management and advisory fee revenue compared to the fourth quarter of 2008.

Deferred Sales Charges (DSC)

We receive deferred sales charges upon redemption of securities sold on the contingent DSC or low-load commission basis for which we finance the selling commissions paid to the dealer. The DSC ranges from 2.5% to 5.0% depending on the commission option, of the original subscription price of the funds purchased if the funds are redeemed within the first two years, and declines to zero after three or seven years. DSC revenue fluctuates based on the level of redemptions, the age of the assets being redeemed and the proportion of redemptions composed of back-end assets. DSC revenues decreased by 27.1% to \$5.1 million in the fourth quarter of 2009 compared with 2008, reflecting lower retail mutual fund redemptions of DSC AUM.

Investment Income and Other Revenue

Investment income and other revenue was \$1.9 million in three months ended November 30, 2009 compared with a loss of \$3.5 million in the three months ended November 30, 2008.

Expenses

For the three months ended November 30, 2009, expenses for the Investment Management Operations segment increased 7.5% from the previous year. Changes in specific categories are described in the discussion that follows:

Selling, General and Administrative Expenses

Selling, general and administrative expenses (SG&A) increased by \$4.4 million or 14.1% in 2009 compared with 2008. The increase is made up of the following amounts:

(\$ millions)		
Three months ended November 30	2009	
Increase (decrease) in severance and restructuring expenses	\$	(2.4)
Increase (decrease) in compensation-related expenses		7.5
Increase (decrease) in other expenses		(1.2)
Increase (decrease) in fund absorption expenses		0.5
	\$	4.4

The following explains expense changes in three months ended November 30, 2009 compared with the same period in the prior year:

- Severance and restructuring expenses decreased \$2.4 million as restructuring activities commenced in late 2008 and were minimal in the fourth quarter of 2009.
- Compensation-related expenses increased \$7.5 million due to higher bonus amounts in the fourth quarter of 2009 compared to 2008. In the latter half of fiscal 2008 the Company was experiencing down markets whereas in the latter half of 2009 markets were improving. Accordingly bonus amounts were higher on a quarter-over-quarter comparison.
- Other expenses decreased \$1.2 million due to continued cost savings initiatives.
- Absorption expense increased by \$0.5 million.

Trailing Commissions

Trailing commissions paid to distribution depend on total AUM, the proportion of mutual fund AUM sold on a front-end versus back-end commission basis and the proportion of equity fund AUM versus fixed-income fund AUM. Trailing commissions as a percentage of average daily mutual fund AUM were 0.62% for the three months ended November 30, 2009, compared to 0.61% in the same 2008 period.

Investment Advisory Fees

External investment advisory fees decreased by 37.1% in 2009 as compared to 2008. The decrease relates primarily to repatriation of certain mandates.

EBITDA and EBITDA margin

EBITDA for the Investment Management Operations segment were \$59.2 million for the three months ended November 30, 2009, a 7.1% increase from \$55.3 million for the same period of fiscal 2008.

EBITDA margins were 44.8% in fiscal 2009 compared with 44.9% in 2008.

Amortization

The most significant component in this category is amortization of deferred selling commissions. The category also represents amortization of property, equipment, customer contracts and other intangible assets. We internally finance all selling commissions paid. These selling commissions are capitalized and amortized on a straight-line basis over a period that corresponds with their applicable DSC schedule. Amortization expense related to deferred selling commissions was \$20.6 million in 2009, compared with \$23.3 million in 2008.

During the fourth quarter of 2009, we paid \$13.5 million in selling commissions, compared with \$14.5 million in 2008. The decline in DSC paid is due to lower gross sales of retail funds and a slightly higher percentage of funds paid on a front-end basis in 2009 compared to 2008. As at November 30, 2009, the unamortized balance of deferred selling commissions financed was \$274.0 million, a decrease of \$30.4 million from the prior-year balance of \$304.4 million. The contingent deferred sales charges that would be received if all of the DSC securities were redeemed at November 30, 2009, were estimated to be approximately \$373.6 million (2008 – \$406.8 million).

Pre-Tax Profit Margin

Pre-tax profit margin was at 27.4% for three months ended November 30, 2009 compared with a pre-tax loss for the three months ended November 30, 2008. Pre-tax profit margin in 2008 excluding the impairment charge related to goodwill, intangibles and available for sale assets was 23.2%.

Trust Company Operations

Financial and Operational Results

The table below highlights the results for the three months ended November 30, 2009 and 2008:

(\$ millions) Three months ended November 30	2009	2008	% change
Interest income			
Loan interest	\$ 46.1	\$ 67.0	(31.2%)
Investment interest	2.6	7.0	(62.9%)
	48.7	74.0	(34.2%)
Interest expense			
Deposit interest	38.3	51.0	(24.9%)
Hedging interest income	(16.3)	(6.6)	147.0%
Other interest expense (income)	5.0	6.1	(18.0%)
	27.0	50.5	(46.5%)
Net interest income	21.7	23.5	(7.7%)
Other revenue	2.1	3.7	(43.2%)
RSP loan securitization income (loss), net of impairment	(0.2)	(0.6)	(66.7%)
Total revenue	23.6	26.6	(11.3%)
Expenses			
Selling, general and administrative	9.2	9.9	(7.1%)
Provision for loan losses	4.0	20.5	(80.5%)
	13.2	30.4	(56.6%)
EBITDA ¹	10.4	(3.8)	-
Amortization	0.6	0.9	(33.3%)
Income before taxes and non-segmented items	\$ 9.8	\$ (4.7)	-

¹ As previously defined, see the 'Key Performance Indicators and Non-GAAP Measures – EBITDA' section.

Revenue, Net Interest Income and Net Interest Margin

Net interest income, which is expressed net of interest on deposits and other interest expenses, declined 7.7% compared to the same period in 2008. The average net interest margin on lending products was 2.4% in the fourth quarter of 2009 (2008 – 2.1%). AGF Trust manages its interest rate risk through the use of interest rate swaps. Interest expense includes hedging interest income of \$16.3 million related to changes in fair value on interest rate swaps for the three months ended November 30, 2009 (2008 – \$6.6 million). Other revenue decreased \$1.6 million during the three months ended November 30, 2009 primarily due to a loss related to hedge ineffectiveness. During the fourth quarter of 2009, the Trust Company recognized a \$1.0 million writedown of its retained interest in securitized RSP loans compared to \$1.5 million in the fourth quarter of 2008. These factors resulted in an overall revenue decrease of 11.3% in the quarter ended November 30, 2009 as compared with 2008.

Selling, General and Administrative Expenses

SG&A expenses decreased \$0.7 million to \$9.2 million compared with \$9.9 million in 2008, primarily due to reduced staffing levels.

Provision for Loan Losses

The total provision for loan losses in the fourth quarter decreased to \$4.0 million in 2009 from \$20.5 million in 2008. In the fourth quarter of last year, the methodology related to the calculation of the allowance for loan losses was refined resulting in a substantially higher expense.

Loan writeoffs, net of recoveries for the three months ended November 30, 2009 were \$8.3 million compared with \$3.7 million for the fiscal period ended November 30, 2008, with the increase attributable to RSP, secured investment loan and mortgage loan writeoffs. Loan writeoffs, net of recoveries, for the three months ended November 30, 2009, were \$5.2 million in the RSP loan portfolio, \$1.7 million in the secured investment loan portfolio and \$1.4 million in the mortgage loan portfolio and \$0.1 million in HELOC receivables, compared to \$2.5 million, \$0.5 million, \$0.7 million, and nil, respectively, for the three months ended November 30, 2008. Impaired loans expressed as a percentage of loans outstanding were 1.4% as at November 30, 2009, compared with 1.0% at November 30, 2008 due to the negative change in economic conditions.

EBITDA and EBITDA margin

A significant decline in the provision for loan losses led to an increase in EBITDA for the three months ended November 30, 2009 to \$10.4 million compared to a loss of \$3.8 million in the fourth quarter of 2008. EBITDA margin in the fourth quarter of 2009 was 44.1%.

Pre-Tax Profit Margin

As a result of the factors outlined above, AGF Trust had a pre-tax profit margin of 41.5% in the fourth quarter of 2009. AGF Trust reported a pre-tax loss in the fourth quarter of last year.

Selected Quarterly Information

(\$ millions, except per share amounts) For the three-month period ended	Nov. 30, 2009	Aug. 31, 2009	May 31, 2009	Feb. 28, 2009
Revenue	\$ 157.7	\$ 146.9	\$ 143.5	\$ 138.0
Cash flow ¹	65.7	49.0	44.7	46.7
EBITDA ²	71.6	56.1	49.0	42.8
Pre-tax income	46.6	30.4	23.0	16.3
Net income	45.5	22.8	17.2	12.2
Earnings per share				
Basic	\$ 0.51	\$ 0.26	\$ 0.19	\$ 0.14
Diluted	\$ 0.50	\$ 0.25	\$ 0.19	\$ 0.14
Weighted average basic shares	89,072,123	88,914,200	88,826,605	88,564,160
Weighted average fully diluted shares	90,331,497	89,931,517	89,234,015	88,564,160

(\$ millions, except per share amounts) For the three-month period ended	Nov. 30, 2008	Aug. 31, 2008	May 31, 2008	Feb. 29, 2008
Revenue	\$ 152.2	\$ 184.7	\$ 194.3	\$ 194.3
Cash flow ¹	57.4	66.3	71.5	83.5
EBITDA ²	54.0	81.5	88.6	89.5
Pre-tax income	(24.1)	51.1	57.7	56.5
Net income	(19.3)	41.1	44.0	62.7
Earnings per share				
Basic	\$ (0.21)	\$ 0.46	\$ 0.49	\$ 0.70
Diluted	\$ (0.21)	\$ 0.46	\$ 0.49	\$ 0.70
Weighted average basic shares	89,446,562	89,451,578	89,349,275	89,039,394
Weighted average fully diluted shares	90,679,048	89,870,475	89,785,796	89,807,506

¹ Cash flow from operations before net change in non-cash balances related to operations.

² As previously defined, see 'Key Performance Indicators and Non-GAAP Measures – EBITDA' section.

Selected Annual Information

(\$ millions, except per share amounts) Years ended November 30	2009	2008	2007	2006	2005
Revenue (continuing operations)	\$ 586.1	\$ 725.6	\$ 780.3	\$ 607.2	\$ 546.6
Cash flow from continuing operations ¹	206.1	278.7	318.9	214.2	219.0
EBITDA (continuing operations) ²	219.5	313.7	357.2	248.5	246.6
Pre-tax income	116.3	141.3	222.6	113.7	105.8
Net income (continuing operations)	97.7	128.6	175.9	102.1	76.6
Earnings per share (continuing operations)					
Basic	\$ 1.10	\$ 1.44	\$ 1.96	\$ 1.15	\$ 0.85
Diluted	\$ 1.09	\$ 1.41	\$ 1.93	\$ 1.14	\$ 0.85
Cash flow from continuing operations					
Basic	\$ 2.32	\$ 3.12	\$ 3.55	\$ 2.40	\$ 2.43
Diluted	\$ 2.30	\$ 3.05	\$ 3.49	\$ 2.38	\$ 2.42
Dividends per share	\$ 1.00	\$ 0.95	\$ 0.78	\$ 0.69	\$ 0.56
Total assets	\$ 5,675.9	\$ 6,534.0	\$ 5,876.8	\$ 3,919.8	\$ 2,709.7
Total long-term debt	\$ 143.6	\$ 123.7	\$ 184.5	\$ 56.0	\$ 17.4

¹ Cash flow from operations before net change in non-cash balances related to operations.

² As previously defined, see 'Key Performance Indicators and Non-GAAP Measures – EBITDA' section.

Additional Information

Additional information relating to the Company can be found in the Company's Consolidated Financial Statements and accompanying notes for year ended November 30, 2009, the Company's 2009 AIF and other documents filed with applicable securities regulators in Canada and may be accessed at www.sedar.com.