AGF Management Limited

Annual Report 2003

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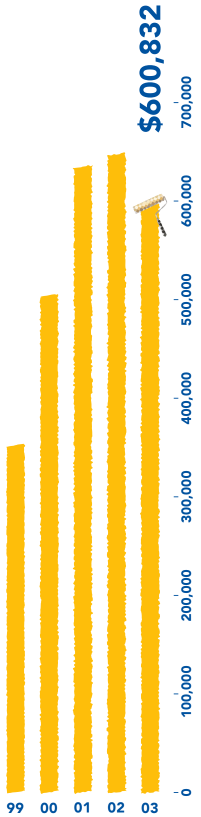
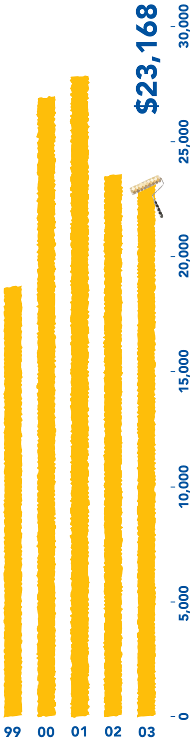
AGF

What are you doing after work?

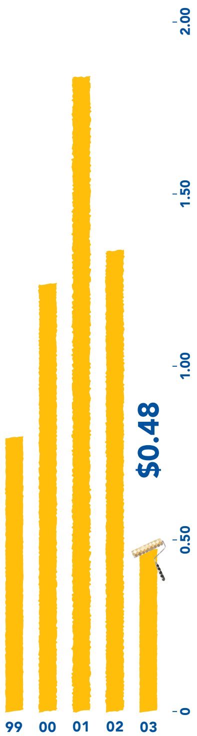
financial highlights



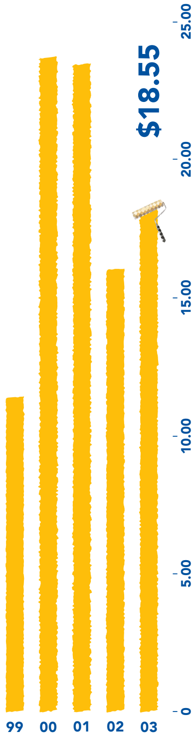
(THOUSANDS OF DOLLARS)
Total Revenue



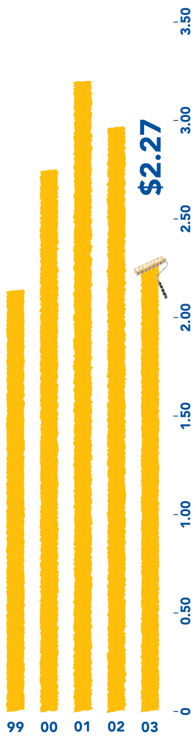
(MILLIONS OF DOLLARS)
Mutual Fund Assets Under Management



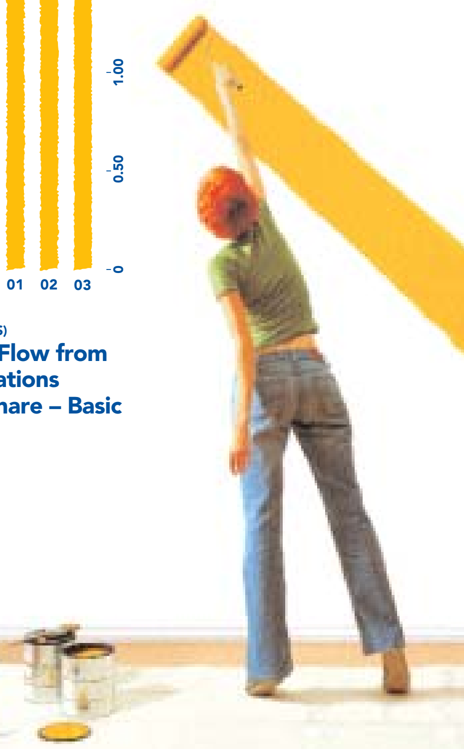
(DOLLARS)
Net Income per Share – Basic



(DOLLARS)
Share Price Performance



(DOLLARS)
Cash Flow from Operations per Share – Basic



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management's discussion and analysis of financial condition and results of operations

OVERVIEW

AGF Management Limited ("AGF") is one of Canada's largest independent mutual fund and wealth management companies with operations on a global basis. In this Management's Discussion and Analysis ("MD & A"), AGF and its subsidiaries are collectively referred to as the "Corporation".

AGF was started in 1957 with the launch of the American Growth Fund, one of the first mutual funds available to Canadians wishing to invest internationally.

Today, the Corporation's principal business is managing a broad range of mutual funds, which are currently distributed through independent financial advisors and investment dealers under the brand names AGF and Harmony. The Corporation also offers private investment management, trust products, deposits and loans to individual investors, as well as investment advisory and third-party administration services to institutional clients.

The principal subsidiaries and associated companies of AGF include:

AGF Funds Inc. – AGF Funds Inc. provides investment management and advisory services and is responsible for the sales and marketing of the AGF mutual funds. Based on assets under management, AGF Funds Inc. is the ninth largest mutual fund organization in Canada with 70 funds and has in excess of $28 billion in total assets under management.

AGF Private Investment Management Limited – This business provides personalized investment counselling services for high-net-worth clients, estates, endowments and corporations. With the completion of the acquisition of P.J. Doherty & Associates on January 15, 2004, total assets under management are in excess of $2.5 billion.

AGF Trust Company – AGF Trust offers a broad range of Web-enabled products and services, including GICs, term deposits, mortgages, investment loans and RSP loans. AGF Trust is federally incorporated and licensed across Canada and is a member of the Canadian Payments Association.

Unisen Inc. – Based in Mississauga, Ontario, Unisen Inc. offers comprehensive third-party administration services and transfer agency software solutions to the financial services industry.

AGF International Advisors Company Limited – Dublin-based and established in 1991, this operation provides investment research and advisory services on European and other international markets for the AGF mutual funds and other clients.

AGF Asset Management Asia Ltd. – Singapore-based and established in 1996, this operation provides investment research and advisory services on Asian markets for the AGF mutual funds and other clients.

Investmaster Group Limited – Investmaster is a U.K.-based developer of customized investment industry software.

Smith & Williamson Holdings Limited – This company is a leading, independent private client investment management, financial advisory and accounting group based in the U.K. AGF owns a 30% interest in Smith & Williamson Holdings Limited.

CONSOLIDATED OPERATING RESULTS

The tables below highlight the Corporation's quarterly results for the years ended November 30, 2003 and 2002.

(IN MILLIONS OF DOLLARS, EXCEPT PER SHARE AMOUNTS)

Year Ended November 30, 2003	Q1	Q2	Q3	Q4	Total
Revenue	**$ 158.7**	**$ 140.8**	**$ 147.4**	**$ 153.9**	**$ 600.8**
Cash flow from operations[1]	**51.9**	**50.8**	**55.8**	**50.0**	**208.5**
EBITDA[2]	**81.8**	**66.7**	**72.4**	**63.4**	**284.3**
Net income (loss)	**28.4**	**19.6**	**21.8**	**(25.8)[3,4]**	**44.0**
Per Share Amounts - Diluted					
Cash flow from operations[1,2]	**$ 0.56**	**$ 0.55**	**$ 0.60**	**$ 0.54**	**$ 2.25**
Earnings	**$ 0.30**	**$ 0.21**	**$ 0.23**	**$ (0.27)[3]**	**$ 0.47**

Year Ended November 30, 2002	Q1	Q2	Q3	Q4	Total
Revenue	$ 162.6	$ 179.1	$ 163.8	$ 148.6	$ 654.1
Cash flow from operations[1]	68.8	76.6	63.9	57.7	267.0
EBITDA[2]	81.0	90.5	79.9	69.0	320.4
Net income	33.9	37.0	30.7	18.2[4]	119.8
Per Share Amounts - Diluted					
Cash flow from operations[1,2]	$ 0.75	$ 0.83	$ 0.70	$ 0.63	$ 2.91
Earnings	$ 0.37	$ 0.40	$ 0.34	$ 0.19	$ 1.30

[1] CASH FLOW FROM OPERATIONS BEFORE NET CHANGE IN NON-CASH BALANCES RELATED TO OPERATIONS

[2] CASH FLOW FROM OPERATIONS PER SHARE AND EBITDA (EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION) ARE NON-GAAP (GENERALLY ACCEPTED ACCOUNTING PRINCIPLES) FINANCIAL MEASURES. MANAGEMENT BELIEVES THAT SHAREHOLDERS AND INVESTMENT ANALYSTS FIND THESE MEASURES HELPFUL IN ANALYZING AGF'S RESULTS. CASH FLOW FROM OPERATIONS PER SHARE HAS BEEN COMPUTED USING THE WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING SIMILAR TO THE EPS CALCULATIONS.

[3] THE FOURTH QUARTER LOSS IS DUE TO A ONE-TIME INCREASE IN FUTURE INCOME TAX EXPENSE OF $40.2 MILLION ($0.43 PER SHARE DILUTED) RESULTING FROM THE REPEAL OF SCHEDULED FUTURE ONTARIO CORPORATE INCOME TAX RATE REDUCTIONS AND THE INCREASE IN THE ONTARIO TAX RATE FROM 12.5% TO 14.0% EFFECTIVE JANUARY 1, 2004.

[4] THE FOURTH QUARTER NET INCOME (LOSS) IN 2003 AND 2002 INCLUDES INTEGRATION COSTS OF $4.9 MILLION AND $5.5 MILLION RESPECTIVELY.

Consolidated revenue in fiscal 2003 was $600.8 million compared to $654.1 million in fiscal 2002, a decrease of $53.3 million or 8.1%. Cash flow from operations (before net change in non-cash balances related to operations) amounted to $208.5 million ($2.25 per share diluted) for the year ended November 30, 2003, as compared with $267.0 million ($2.91 per share diluted) in the prior year, a decrease of $58.5 million or 21.9%. EBITDA was $284.3 million in fiscal 2003, a decrease of $36.1 million or 11.3% compared to fiscal 2002. Consolidated net income decreased 63.3% to $44.0 million for the year ended November 30, 2003, as compared to $119.8 million a year ago. Earnings per share diluted were $0.47, a decrease of 63.8% from the prior year.

Net income in the fourth quarter of fiscal 2003 was negatively impacted by recent tax rate changes. The newly elected Government of Ontario introduced tax legislation to increase the Ontario corporate income tax rate from 12.5% to 14.0% effective January 1, 2004. In addition, all scheduled future Ontario corporate income tax rate reductions that had been previously enacted by the former provincial government were repealed. These tax changes were considered to be substantively enacted for Canadian accounting purposes on November 24, 2003.

In accordance with Canadian tax accounting rules, the Corporation’s future income tax liabilities had to be recalculated using the newly enacted higher income tax rate. This recalculation resulted in a one-time increase in future income tax expense for AGF of $40.2 million or $0.43 per share diluted, which was recorded in the fourth quarter of fiscal 2003.

This non-cash charge represents a partial reversal of the future income tax benefits of $80.3 million, which were recognized by AGF in fiscal years 2000 and 2001 due to corporate tax rate reductions, which were substantively enacted during those earlier periods.

In addition, the fourth quarter of both fiscal 2003 and 2002 were impacted by integration charges described later in this MD & A in the section entitled “Unisen Integration”.

Change in Accounting Policy

On December 1, 2002, AGF adopted the CICA Handbook Section 3870, “Stock-Based Compensation and Other Stock-Based Payments” for stock options granted on or after that date. Under this standard, the fair value of stock options is determined on their grant date and recorded as compensation expense over the period that the stock options vest. During fiscal 2003, the Corporation granted 130,000 options and recorded $50,000 in compensation expense in respect of the options granted during the year. The fair value of options granted during 2003 has been estimated at $6.10 per share using the Black-Scholes option-pricing model. The following assumptions were used to determine the fair value of the options on the date of grant:

Risk-free interest rate	4.63%
Expected dividend yield	1.68%
Expected share price volatility	33.19%
Option term	7.0 years

Seasonality

Since a significant proportion of the Corporation’s revenue is based on the daily value of mutual fund assets under management, the Corporation is not subject to significant seasonal swings that impact earnings. Generally, the Corporation experiences somewhat higher mutual fund sales during the months of February and March, as a result of the RSP season, however, the immediate impact of the level of sales on total assets under management is not nearly as significant as the potential movement caused by changes in market value. The Corporation’s revenue is more highly correlated to market values.

Investment in Associated Company

On December 2, 2002, the merger of NCL (Securities) Limited ("NCL") and Smith & Williamson Holdings Limited ("S&WHL") and the cash subscription by the Corporation of $70.0 million of new capital in the enlarged business were completed. Prior to the merger and subscription, the Corporation owned 43.5% of NCL. With the completion of the merger and related subscription, the Corporation holds a 30.0% interest in S&WHL. S&WHL provides independent private client investment management, financial advisory and accounting services in the United Kingdom and has approximately CDN$15 billion of funds under management.

During the year ended November 30, 2003, the Corporation recognized a pre-tax capital gain of $12.8 million (and a related future tax expense of $2.3 million) on the disposition of its investment in NCL, with respect to the completion of the above transaction.

The investment in S&WHL is being accounted for by the equity method, with the Corporation's share of the results of operations of S&WHL included in the consolidated financial statements from the date of purchase. The purchase price allocation and consideration paid are summarized as follows:

		$(000s)
Net Assets Acquired		
Net tangible assets	$	22,453
Customer contracts and relationships		107,777
Goodwill		21,369
Future income taxes		(32,334)
	$	119,265
Consideration Paid (including acquisition costs)		
Cash	$	70,598
Shares in NCL		48,667
	$	119,265

For the year ended November 30, 2003, the Corporation's share of the net earnings of S&WHL (net of amortization of customer contracts and relationships of $4.8 million) amounted to $110,000.

Acquisition of Consort Information Systems Limited

On April 17, 2003, AGF, through its wholly-owned U.K. subsidiary Investmaster Group Limited ("Investmaster"), acquired 100% of the outstanding shares of Consort Information Systems Limited ("CISL") for consideration of $9.4 million, including acquisition costs of $0.4 million. Cash consideration paid, including acquisition costs, amounted to $8.3 million with a future payment of $1.1 million due on January 31, 2006. The acquisition is being accounted for by the purchase method of accounting, with the results of operations of CISL included in the Corporation's consolidated financial statements from the date of acquisition. CISL, similar to Investmaster, is a U.K.-based supplier of customized software to the U.K. private client stockbroking industry. Investmaster completed the merger of CISL into its core operation during December 2003, two years ahead of the originally planned date. The decision to merge the operations at an early stage will enable Investmaster Group to accelerate the realization of synergies and cross-selling opportunities, which have become increasingly evident since the acquisition of Consort in April, 2003.

Unisen Integration

During fiscal 2002, AGF, through its wholly-owned subsidiary Unisen Inc. ("Unisen"), acquired The Toronto-Dominion Bank's third-party shareholder record-keeping and fund valuation business and Jewelstone Systems Inc.'s transfer agency system for the investment fund industry. Also during 2002, a decision was made to commence migrating the transfer agency functions for the AGF funds to Unisen early in fiscal 2003.

As a result, the Corporation commenced the process of consolidating the various third-party record-keeping and fund valuation businesses in one location and developing plans to move all its transfer agency operations onto one information technology platform. The Corporation recorded an integration charge of $6.5 million in fiscal 2002 in respect of this process, which includes $3.8 million relating to the write-down of certain leasehold improvement and computer hardware assets, $1.3 million in lease termination and other costs and $1.4 million in costs for the integration of The Toronto-Dominion Bank's third-party administration business.

During fiscal 2003, Unisen moved the majority of its staff to one location and reviewed its staffing requirements. Also, the Corporation reassessed its lease termination costs in light of a change in the condition of the Toronto office real estate market. Based on this review, the Corporation recorded a $5.4 million integration charge for the year ended November 30, 2003, consisting of $4.6 million in lease termination costs and $0.8 million in severance costs.

Reportable Segments

AGF has three reportable segments: wealth management operations, fund administration operations and trust company operations. The wealth management segment provides investment management and advisory services and is responsible for the management and distribution of the AGF investment products. This segment includes the operations of AGF Funds Inc., AGF Private Investment Management Limited, AGF International Advisors Company Limited and AGF Asset Management Asia Ltd. Fund administration offers fund administrative services and transfer agency solutions to institutional clients, including the Corporation's group of mutual funds. This segment includes the operations of Unisen Inc., Investmaster Group Limited and Consort Information Systems Limited. AGF Trust Company offers a wide range of trust services, including GICs, mortgages, investment loans and RSP loans. The "Other" segment includes the results of S&WHL, which is accounted for by the equity method and the interest expense on the Corporation's long-term debt. AGF's reportable segments are strategic business units that offer different products and services.

WEALTH MANAGEMENT OPERATIONS

REVENUE

Revenue of the wealth management operations segment is comprised of the following:

($ MILLIONS)

Years ended November 30	2003		2002		
	Amount	**% of total**	Amount	% of total	% change
Net management and advisory fees	**$ 405.7**	**84.3%**	$ 498.4	85.1%	(18.6%)
Deferred sales charges	**40.5**	**8.4%**	43.5	7.4%	(6.9%)
Administration fees and other revenue	**34.3**	**7.1%**	41.5	7.1%	(17.3%)
Investment income	**1.1**	**0.2%**	2.2	0.4%	(50.0%)
	$ 481.6	**100.0%**	$ 585.6	100.0%	(17.8%)

Net Management and Advisory Fees

Management and advisory fee revenue, net of distribution fees paid to limited partnerships and other third-party financing entities of $18.2 million ($24.1 million in 2002), decreased 18.6% to $405.7 million in 2003 and accounted for 84.3% of the revenue of the wealth management operations. The amount of management and advisory fees is dependent on the level and composition of assets under management ("AUM"). Under the management and investment advisory contracts between the Corporation and each of the mutual funds it manages, the Corporation is entitled to monthly fees based on a specified percentage of the average daily net asset value of the respective fund.

The following table illustrates the composition of the changes in mutual fund AUM during the past two fiscal years:

($ MILLIONS)

Years ended November 30	2003	2002	% change
Mutual fund AUM, beginning of year	**$ 23,549**	$ 27,827	(15.4%)
Gross sales of mutual funds	**2,271**	3,947	(42.5%)
Redemption of mutual funds	**(4,019)**	(4,542)	(11.5%)
Net mutual fund redemptions	**(1,748)**	(595)	
Market appreciation (depreciation) of fund portfolios	**1,367**	(3,683)	
Mutual fund AUM, end of year	**$ 23,168**	$ 23,549	(1.6%)
Average daily mutual fund AUM for the year	**$ 22,203**	$ 26,483	(16.2%)
Redemptions (as a % of average daily mutual fund AUM)	**18.1%**	17.2%	0.9%

Mutual fund assets under management decreased 1.6% from November 30, 2002 to November 30, 2003. The change in average daily mutual fund assets under management was much greater, declining 16.2% from fiscal 2002 to 2003 and directly contributing to an 18.6% year-over-year decrease in net management and advisory fee revenue. The decline in net mutual fund sales in 2003 from the prior year for both the Corporation and the Canadian mutual fund industry was due primarily to the decline in gross sales.

Fiscal 2003 saw global equity markets stage a strong recovery. From November 30, 2002 to November 30, 2003, the S&P 500 Index rose 13.0%, the NASDAQ Index rose 32.6% and the S&P/TSX Composite Index rose 19.6%. During the same period, the Canadian dollar experienced its strongest gain in years, rising 20.6% from $0.6391 to $0.7706 U.S. Appreciation of the Canadian dollar has reduced the value of foreign denominated investments held by Canadian investors. The impact of the U.S. dollar decline relative to the Canadian dollar on the market value of AGF mutual funds since November 30, 2002, has been a reduction in AUM of approximately $1.3 billion.

The Corporation's equity mutual funds have benefited from the improvement in global stock markets, resulting in market value appreciation of $1.4 billion during fiscal 2003, compared to market value depreciation of $3.7 billion in 2002.

The composition of the Corporation's mutual fund assets under management is summarized as follows:

Percentage of Total Mutual Fund AUM at November 30	**2003**	2002
Domestic equity funds	**26.4%**	22.2%
U.S. and international equity funds	**47.3%**	50.6%
Domestic balanced funds	**11.4%**	11.5%
U.S. and international balanced funds	**3.0%**	4.0%
Domestic fixed-income funds	**9.8%**	9.6%
International fixed-income funds	**2.1%**	2.1%
	100.0%	100.0%

The change in the composition of mutual fund AUM in 2003 was due to the appreciation of the Canadian dollar relative to the U.S. dollar and the higher level of net redemptions of U.S. and international equity funds relative to other types of funds.

The total market value of assets managed by AGF for high-net-worth individuals and institutional clients was $5.1 billion as at November 30, 2003 (2002 - $5.0 billion), and these assets continue to provide the Corporation with a stable revenue stream. With the completion of the P.J. Doherty & Associates acquisition on January 15, 2004 (see section on Subsequent Event), total institutional and private client assets under management are in excess of $6.0 billion.

Deferred Sales Charges

The Corporation receives Deferred Sales Charges ("DSC") upon redemption of securities sold on the contingent DSC or "back-end" commission basis for which the Corporation financed the selling commissions paid to the dealer. The DSC is generally 5.5% of the original subscription price of the funds purchased if the funds are redeemed within the first two years and declines to zero after seven years. DSC decreased 6.9% from $43.5 million in fiscal 2002 to $40.5 million in 2003, reflecting the lower level of gross redemptions in the latest year.

Administration Fees and Other Revenue

Administration fees and other revenue in the wealth management operations segment was $34.3 million in fiscal 2003 compared to $41.5 million in the prior year, a decrease of $7.2 million or 17.3%. This decrease is largely due to a transfer of the unitholder record-keeping business for the AGF Funds to the Fund Administration operations segment at the start of 2003.

EXPENSES

Expenses for the wealth management operations segment were as follows:

($ MILLIONS)

Years ended November 30	**2003**	2002	% change
Selling, general and administrative	**$ 89.1**	$ 82.0	8.7%
Trailing commissions	**102.8**	127.9	(19.6%)
Investment advisory fees	**30.6**	45.1	(32.1%)
Amortization of DSC	**117.0**	114.2	2.4%
Amortization of customer contracts, relationships and investment advisory contracts	**11.9**	11.9	0.0%
Amortization of property, equipment and other intangible assets	**11.1**	11.7	(5.1%)
Write-down of short-term investments	**0.6**	1.4	(52.9%)
	$ 363.1	$ 394.2	(7.9%)

Selling, General & Administrative Expenses

Selling, general and administrative expenses ("SG&A") for the Corporation's wealth management operations segment increased by 8.7% to $89.1 million for the year ended November 30, 2003 as compared to 2002. Expressed as a percentage of average daily AUM, wealth management operations SG&A increased to 0.401% in fiscal 2003 from 0.310% in fiscal 2002, in part due to the year-over-year decline of 16.2% in average daily mutual fund AUM. The increase in SG&A expenses in 2003 is due to costs associated with enhanced distribution initiatives, the completion of fund mergers and the continued building of AGF's successful investment management team.

Trailing Commissions

Trailing commissions paid to investment dealers are dependent on total AUM levels, as well as 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 paid on equity funds are normally higher than those paid on fixed-income funds. Trailing commissions declined 19.6% to $102.8 million in fiscal 2003 compared to $127.9 million in 2002. Trailing commissions as a percentage of average daily mutual fund AUM decreased to 0.463% in fiscal 2003 from 0.483% in the prior year.

Investment Advisory Fees

Investment advisory fees paid to external advisors have fallen as a result of an increasing proportion of mutual fund assets being managed internally as well as the decline in average daily mutual fund AUM. Investment advisory fees paid in fiscal 2003 were $30.6 million compared to $45.1 million in 2002, representing a decrease of 32.1%. Investment advisory fees as a percentage of the Corporation's average daily mutual fund AUM declined to 13.8 basis points in 2003 from 17.0 basis points in the prior year.

Amortization of Deferred Selling Commissions

Amortization of DSC increased by 2.4% to $117.0 million in fiscal 2003 compared to $114.2 million in 2002. Currently, the Corporation finances internally all selling commissions paid. These selling commissions are capitalized and amortized on a straight-line basis over a period that corresponds with the applicable DSC schedule.

During fiscal 2003, the Corporation paid $45.8 million in selling commissions, compared to $100.9 million in 2002. As at November 30, 2003, the unamortized balance of deferred selling commissions financed by the Corporation stood at $394.8 million, a decrease of $71.2 million from the prior year figure of $466.0 million. The contingent deferred sales charges that would be received by the Corporation if all of the DSC securities were redeemed at November 30, 2003, were estimated to be approximately $525 million.

Amortization of Customer Contracts, Relationships and Investment Advisory Contracts

Amortization of customer contracts, relationships and investment advisory contracts in the wealth management operations segment was $11.9 million in fiscal 2003, reflecting no change from the prior year. The amortization is related to contracts acquired in the acquisitions of Global Strategy Holdings Inc. and Magna Vista Capital Management Inc., which occurred in fiscal 2000. These intangible assets are amortized on a straight-line basis over their estimated useful lives, which range from five to 15 years.

Write-Down of Short-Term Investments

Short-term investments, which are mainly comprised of seed capital for certain mutual funds launched by the Corporation, are recorded at the lower of cost and market value. As a result of the decline in equity markets in early 2003, the Corporation recorded a write-down of $0.6 million during the first quarter of fiscal 2003 to reduce the carrying value of its short-term investments to their market value.

Earnings Before Interest, Taxes, Depreciation and Amortization

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the wealth management operations segment were $258.5 million for fiscal 2003, a decrease of 21.5% from $329.2 million in fiscal 2002.

FUND ADMINISTRATION OPERATIONS

REVENUE

Revenue for the fund administration business segment, operated in Canada as Unisen Inc. ("Unisen") and in the United Kingdom as Investmaster Group Limited ("Investmaster"), increased 181.8% from $45.6 million in fiscal 2002 to $128.5 million in 2003.

Unisen was formed in 2002 by the combination of AdminSource Inc., The Toronto-Dominion Bank third-party administration business ("TD Administration"), Jewelstone Systems Inc. ("Jewelstone") and the fund administration operations of AGF. Unisen is a leading provider of outsourcing solutions to Canada's investment fund industry. Headquartered in Mississauga, Ontario, Unisen specializes in supporting the fund information cycle comprising unitholder record-keeping system and operations administration, client services and fund valuation services. As at November 30, 2003, Unisen served, directly or through other third-party administrators, more than 160 investment companies and financial institutions, representing over 20.7 million investor fund accounts under administration.

Investmaster, a wholly-owned subsidiary of AGF, develops and licenses customized investment industry software in the United Kingdom. During the second quarter of fiscal 2003, Investmaster completed the acquisition of Consort Information Systems Limited ("CISL"), making it the U.K.'s largest supplier of integrated systems for private wealth investment managers. This acquisition is expected to provide significant cost synergies once the integration of the two operations is completed over the next two years. With an expanded customer base and the successful introduction of new products, Investmaster is well positioned to increase its revenue in the coming year.

The increase in revenue in fiscal 2003 as compared to 2002 is attributable to fees charged to AGF Funds Inc. for providing unitholder record-keeping and fund valuation services to the AGF funds (2003 - $51.9 million; 2002 – nil), the inclusion of a full year's revenue from Jewelstone and TD Administration, which were acquired on September 15, 2002 and January 31, 2002, respectively, and the acquisition of CISL on April 17, 2003.

EXPENSES

Expenses for the fund administration operations segment were as follows:

($ MILLIONS)

Years ended November 30	2003	2002	% Change
Selling, general and administrative	**$ 116.3**	$ 46.9	148.0%
Amortization of customer contracts and relationships	**6.2**	3.8	63.2%
Amortization of property, equipment and other intangible assets	**8.3**	2.8	196.4%
Integration costs	**5.4**	6.5	(16.9%)
	$ 136.2	$ 60.0	127.0%

Selling, General and Administrative Expenses

SG&A expenses for the fund administration operations segment increased 148.0% to $116.3 million in fiscal 2003 from $46.9 million in 2002. The increase reflects the acquisitions and growth in the fund administration business as described earlier. EBITDA for the fund administration operations was $6.8 million in fiscal 2003 compared to a loss of $7.8 million in 2002.

During 2003, Unisen completed a number of significant strategic and operating initiatives, including the integration of four organizations and the consolidation of four locations into one. The project to migrate all customers to one IT platform (Unitrax) is on budget and on time with over 80% of clients converted as at November 30, 2003.

Amortization of Customer Contracts and Relationships

Amortization of customer contracts and relationships increased to $6.2 million in fiscal 2003 from $3.8 million in 2002. The increase in amortization is due to the Jewelstone and TD Administration acquisitions, which added $53.6 million to the carrying value of customer contracts and relationships. These intangible assets are being amortized over periods ranging from seven to 10 years.

Amortization of Property, Equipment and Other Intangible Assets

Amortization of property, equipment and other intangible assets includes the amortization of software acquired in the Jewelstone and CISL acquisitions from the date of the respective acquisition. The value attributed to the acquired software, amounting to $9.3 million and $9.5 million respectively, is amortized on a straight-line basis over five years. The increase in amortization of property and equipment in fiscal 2003 was also a result of higher capital spending related to leasehold improvements and IT infrastructure at Unisen's headquarters.

TRUST COMPANY OPERATIONS

AGF Trust Company (the "Trust Company") experienced strong asset growth during fiscal 2003. RSP loan advances were strong as financial advisors continued to make use of the Trust Company's Internet-based application system. New investment loan products contributed to growth in loan advances. The Trust Company continues to make improvements to its suite of products and its Internet-based delivery channel.

Pre-tax income of the Trust Company for the year ended November 30, 2003 amounted to $5.5 million as compared to $2.2 million in the prior year, an increase of 154.2%. Non-interest expenses increased to $8.5 million, an increase of $2.1 million, mainly due to higher administration costs. Net investment income for the year ended November 30, 2003 was $13.4 million, an increase of 70.4% over the prior year, due to rapid interest-generating asset growth and an improvement in interest rate spreads on all products. This increase in spreads is a result of improved asset yields and funding rates.

Mortgage assets continued to grow steadily, increasing by 5.0% during 2003, to $214.5 million, of which 65.0% were insured. Net conventional non-accrual loans were $0.8 million, or 0.4% of the mortgage portfolio. The general allowance for mortgage loan losses was increased during the year to $760,000 from $725,000.

Consumer loans, including investment loans and RSP loans, experienced strong growth of 56.7% during the year, growing by $101.2 million to $279.7 million at November 30, 2003. The general allowance for consumer loan losses was increased to $1.9 million from $1.2 million a year ago.

The Trust Company's balance sheet has grown significantly during the past year, with its financial position remaining solid. Total assets increased 15.4% to $590.4 million at November 30, 2003 from the prior year end. The Trust Company's assets-to-capital multiple stood at 14.3 times, down from 16.3 times at November 30, 2002, and well below the Trust Company's authorized multiple of 17.5 times. The Trust Company's risk-based capital ratio was 11.4% at November 30, 2003. The Trust Company increased its issued and outstanding capital stock by $4.0 million during the year, in order to support its increased asset levels. Liquid assets were high, with $83.1 million in cash and short-term investments at November 30, 2003, ensuring that the Trust Company can easily meet its financial commitments.

OTHER CORPORATE EXPENSES

Interest Expense

Interest expense (included in the AGF consolidated financial statements segment information note under "Other") increased by 4.4% to $9.7 million in fiscal 2003 from $9.3 million in the prior year as a result of higher average outstanding loan balances in 2003. The Corporation repaid $114.0 million of long-term debt during fiscal 2003, primarily during the second half of the year.

Except for the interest rate swap arrangements, which fixed the interest rates on an average of $45.8 million of the outstanding loan balance at an average rate of 5.53% per annum, interest rates paid on the bank loans were floating based on the prevailing bankers' acceptance rates.

Income Taxes

The Corporation recorded an income tax expense of $73.2 million in fiscal 2003, compared to $43.6 million in the prior year. The significant factors impacting the Corporation's effective income tax rate for fiscal years 2003 and 2002 were as follows:

Years ended November 30	**2003**	2002
Canadian corporate tax rate	**36.7%**	38.8%
Change in future federal and provincial income tax rates	**34.3**	(1.4)
Deductible charitable donations	**–**	(5.7)
Rate differential on earnings of subsidiaries	**(8.2)**	(6.4)
Tax benefit of losses of foreign subsidiaries not recognized	**0.9**	1.4
Amortization of intangible assets	**0.6**	(0.8)
Tax-exempt investment income and capital gains and write-down of short-term investments	**(2.3)**	0.1
Other	**0.5**	0.7
Effective income tax rate	**62.5%**	**26.7%**

The Corporation's effective income tax rate for fiscal 2003 was 62.5% versus the corporate statutory rate of 36.7%. The increase in the effective income tax rate related primarily to the repeal of scheduled Ontario income tax rate reductions for 2004 to 2006 and the increase in the Ontario corporate income tax rate to 14% effective January 1, 2004. This resulted in an increase in future income tax expense of $40.2 million, which was recorded in the fourth quarter of the year ended November 30, 2003, and increased the effective income tax rate by 34.3%.

As at November 30, 2003, the future income tax liability was $285.2 million, as compared with $272.2 million as at November 30, 2002. Approximately 47% (2002 - 52%) of the future income tax liability balance arose from the deduction for income tax purposes of the full amount of selling commissions paid in a year as compared with the amortization of such selling commissions for accounting purposes over six to eight years. The remaining future income tax liability balance relates primarily to the impact of business combinations where the accounting values of the acquired assets and liabilities differ from their tax values.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow generated from operating activities (before net change in non-cash balances related to operations) was $208.5 million for the year ended November 30, 2003, compared to $267.0 million in the prior year, a decrease of $58.5 million or 21.9%.

The Corporation's free cash flow (defined as cash flow from operations less selling commissions paid) was $162.8 million for the year ended November 30, 2003, compared to $166.2 million in the prior year. In fiscal 2003, AGF paid $45.8 million in selling commissions compared to $100.9 million in 2002. The Corporation's free cash flow was used primarily to fund the following:

($ MILLIONS)		
Decrease in long-term debt	**$**	**114.0**
Payment of dividends		**27.2**
Purchase of property, equipment and other intangible assets		**14.5**
Repurchase of Class B shares		**8.6**
Acquisitions and investments (net)		**4.6**

The Corporation's strong free cash flow during fiscal 2003 permitted a substantial reduction of long-term debt by $114.0 million. As a result, the long-term debt to equity ratio decreased significantly from 0.25:1 as at November 30, 2002 to 0.13:1 as at November 30, 2003.

During fiscal 2003, the Corporation used $8.6 million of its free cash flow to repurchase 503,300 Class B shares of AGF at an average price of $17.02 per share.

Consolidated cash and short-term investments amounted to $108.0 million as at November 30, 2003, down from $144.7 million a year ago. Most of the decline is due to a $33.3 million decrease in cash in the Trust Company, which continues to rapidly grow its consumer loan programs. Cash levels prior to the RSP season can fluctuate substantially from year to year in anticipation of funding requirements for these loans.

The Corporation has a 10-year, prime rate-based revolving term loan facility to a maximum of $150.0 million, of which $95.7 million was available to be drawn as at November 30, 2003. This debt is drawn on the basis of floating interest rates of which a portion has been converted to fixed rates (see section entitled "Hedging Activities"). This facility will be available to meet future operational or investment needs. The Corporation anticipates that cash flow from operations, together with the available loan facility, will be sufficient in the foreseeable future to implement its business plan, to finance selling commissions, to satisfy regulatory requirements, to service debt repayment obligations, to meet capital spending needs and to pay quarterly dividends.

HEDGING ACTIVITIES

The Corporation has entered into three interest rate swap transactions, which expire between October 28, 2007 and January 27, 2008. These swap transactions convert the floating interest rates paid by the Corporation on $39.8 million of its outstanding bank loans into fixed interest rates of 5.47% to 5.56% per annum. The Corporation would have to pay approximately $1.7 million to the counter-party if these swap transactions were terminated at November 30, 2003.

The Corporation has also entered into the following derivative contracts to hedge the currency exposure in respect of its foreign investments:

› Foreign exchange forward contracts to sell U.K. £50.0 million on November 29, 2004 at an average exchange rate of 2.1820 for CDN$109,102,000; and

› A cross-currency swap transaction expiring on November 29, 2004 that involves the exchange of three-month bankers' acceptance floating interest rates on CDN$3.3 million for a fixed interest rate of 0.67% per annum on Japanese ¥256.0 million.

FOREIGN EXCHANGE RISK

The Corporation's main foreign exchange risk derives from the U.S. and international portfolio securities held in the mutual funds under management. 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 the Corporation's management fees are calculated. The Corporation monitors this risk but, due to the active management of these funds, does not believe that hedging the movements of the Canadian dollar for this risk is appropriate. From time to time, an AGF fund itself may enter into foreign exchange contracts to hedge foreign exchange exposure on U.S. and international securities held by the fund.

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

The Corporation does actively hedge its net U.K. pound exposure on the investment in an associated company, as described in the previous section, Hedging Activities.

INTEREST RATE RISK

Excluding the AGF Trust operations, the Corporation is exposed to the risk related to changes in interest rates on $90.3 million of floating rate debt at November 30, 2003. The effect of a 1% change in variable interest rates on this debt in fiscal 2003 would have resulted in a change of approximately $0.9 million in interest expense for the year ended November 30, 2003. As the amount of interest paid is small relative to the Corporation's operating cash flow, such a change in interest rates would not have a material impact on the results of operations of the Corporation or the fair value of the related debt.

For the AGF Trust operations, the impact of a 1% change in interest rates will be a change of annual net interest income of approximately $0.1 million.

MARKET RISK

The Corporation's revenue stream from net management and advisory fees is subject to market risk, as these management and advisory fees are based on the value of assets under management. In fiscal 2003, average daily mutual fund AUM declined by 16.2% and net management and advisory fee revenue declined by 18.6%. The Corporation does not hedge this risk as the mutual fund portfolios are actively managed with a goal to maximizing their value for unitholders.

The Corporation is exposed to equity market risk on the $19.1 million in short-term investments, which are comprised primarily of seed capital for certain mutual funds launched by the Corporation. These are recorded at the lower of cost and market value.

BUSINESS STRATEGY

The focus of the Corporation's strategy for 2004 is to strengthen the core wealth management business, while at the same time, actively continuing the diversification of revenue sources, both by industry and geographically.

The objective of market share growth in the core mutual fund business will be supported by the strengthening of the internal investment management team, the above-average investment performance results achieved by the AGF funds over the past year, reinforcement of the AGF brand, high client service levels, various asset retention and sales focus strategies and the building of strategic partnerships with key distributors. Products and services, including Trust Company offerings, will continue to be expanded along the wealth continuum to meet the needs of investors and advisors at all stages of their investment lives.

The continuing diversification of the Corporation's revenue sources will focus primarily on the integration of administration and systems capabilities within Unisen, so as to be positioned to take full advantage of the trend in the investment fund industry towards outsourcing of administrative functions. Global initiatives will be concentrated on wealth management and third-party administration activities in markets, which management believes to have above-average growth potential.

SUBSEQUENT EVENT

On January 15, 2004, the Corporation completed the acquisition of 100% of the shares of P.J. Doherty & Associates Co. Ltd., an investment counselling firm for high-net-worth individuals and institutions based in Ottawa, Ontario. Cash consideration paid was $10.4 million, with potential future payments of up to $1.3 million due January 2005 contingent on the business achieving certain revenue targets.

OUTLOOK

The Corporation has taken steps to improve its mutual fund sales performance and maintain redemption levels within historical ranges. Merging funds and streamlining external investment managers will help to focus sales efforts to products that will have the greatest potential for increased sales.

Global equity markets have improved considerably in recent months, which have resulted in an increase in the Corporation's assets under management. Net management fee revenue is directly related to the level of AUM. Though the Corporation has experienced net redemptions of mutual funds over the past 12 months, gross redemptions have declined $523 million or 11.5% from the prior year. Management believes that continued gains by global equity markets will lead to improved sales of AGF's equity mutual funds.

There were a number of highlights in the Corporation's fund management area that occurred during 2003, which should provide a solid foundation for strong asset growth during 2004. First, continuing strong performance from AGF International Advisors on its international portfolio mandates helped AGF European Equity Class receive the "European Equity Fund of the Year" award for the third straight year. Second, AGF Global Government Bond Fund won "Fund of the Year" in its category for the second straight year, reflecting AGF's strong fixed income team. Third, AGF's equity and balanced managers, employing the growth style, were well positioned for the significant equity market rebound fuelled by very low U.S. interest rates and a rapidly expanding economy. Fourth, AGF's specialty funds continued to perform well. The fiscal 2003 performance numbers of AGF China Focus Class (+45.2%), AGF Canadian Resources Fund (+49.3%), and AGF Precious Metals Fund (+112.2%) reflect the impact that the Chinese economy is having on world markets. For the year, 85% of AGF fund assets performed above the median.

In planning for the future, a number of funds were merged in 2003 and manager changes enacted. AGF has broadened its Canadian equity offering to include value style products, which complement the Canadian growth style. In addition, AGF continues to make enhancements to its highly successful Harmony product, which is expected to continue as one of the industry leaders in its market segment.

Management believes these positive changes place the Corporation's products in a strong position with fund distributors, once investors begin to increase their level of mutual fund investing. Notwithstanding the benefit of new mutual fund sales, appreciation in the market value of AGF funds has a much greater positive impact on the Corporation's profitability and cash flows. Operationally, AGF is well positioned to take advantage of favourable market conditions through its consolidation of investment managers, focusing resources on continuing to build on its successful investment management strength and achieving efficiencies in transfer agency operations by moving to one technology platform to reap the benefits of greater scale. AGF is particularly well positioned to take advantage of a likely recovery of investor interest in U.S. and international equity funds.

The trend to outsourcing presents market opportunities for Unisen. In 2004, Unisen will focus on revenue growth through new client acquisition and by providing additional services to the existing client base. Unisen is also expected to achieve further cost synergies once the migration of all third-party unitholder record-keeping clients onto Unitrax is completed by mid-2004.

Industry consolidation is expected to continue, especially in the high-net-worth investment management business, as companies seek to achieve greater economies of scale and benefit from access to additional distribution channels to meet the strong growth in this market segment. The Corporation believes it is well positioned to meet the challenges of a changing marketplace as it has embraced the concept of the wealth continuum and has taken steps to provide the services and products to meet evolving investor preferences.

RECENT ACCOUNTING PRONOUNCEMENTS

Hedging Relationships

The CICA has issued Accounting Guideline 13 "Hedging Relationships" ("AcG 13"), which will be effective for the Corporation's fiscal year beginning December 1, 2003. AcG 13 addresses the identification, designation, documentation and assessment of effectiveness of hedging transactions for the purpose of applying hedge accounting.

Under the new guideline the Corporation will be required to document its hedging transactions and demonstrate that the hedges are sufficiently effective in order to continue to be able to use hedge accounting for positions hedged with derivatives.

The Corporation reviewed its hedging relationships as of December 1, 2003, and determined that its cross-currency swap transaction and certain interest rate swap transactions will not qualify for hedge accounting. As such, the Corporation will record these derivatives at fair value, which will increase both assets and liabilities as at December 1, 2003 by $1.4 million. The deferred asset will be amortized over the remaining term of the hedge. In each subsequent reporting period, the change in fair value of these derivatives will be recorded as income or expense for the period.

Certain other interest rate swaps entered into by the AGF Trust Company are designated as hedges, and the interest payable or receivable under the swap transactions will be accrued and recorded as interest expense.

The foreign exchange forward contracts used to hedge the investment in Smith & Williamson Holdings Limited ("S&WHL") are designated as hedges and will qualify for hedge accounting. The unrealized foreign exchange gains or losses on the forward contracts will be recorded in a separate component of shareholders' equity as a foreign currency translation adjustment.

Consolidation of Variable Interest Entities (VIEs)

In June 2003, the CICA issued AcG 15, "Consolidation of Variable Interest Entities". AcG 15 provides guidance for applying consolidation principles to certain entities that are subject to control on a basis other than ownership of voting interests. AcG 15 is effective for all annual and interim periods beginning on or after November 1, 2004. The CICA is continuing to assess a variety of issues related to this guideline, including its applicability to the mutual fund industry. The resolution of these issues could influence the estimated impact of implementing this guideline.

The Corporation is currently evaluating the impact of applying AcG 15 and has not yet completed its analysis.

FORWARD-LOOKING STATEMENTS

This MD & A contains certain forward-looking statements that are made based on management's judgment and expectations, but are inherently subject to risks and uncertainties beyond management and the Corporation's control. These risks and uncertainties include economic conditions, market fluctuations, interest rate and foreign exchange movements, political events, regulatory change and competitive developments. Actual results may differ materially from those anticipated in the forward-looking statements.

corporate governance practices

The corporate governance practices established by the Corporation are consistent with the Toronto Stock Exchange's Guidelines for Corporate Governance. The Corporation will continue to review its corporate governance practices in light of ongoing developments in this area. In particular, the Corporation will monitor recent guideline changes proposed by the securities regulatory authorities. The Corporation and its subsidiaries are engaged in highly regulated businesses and must comply with all the legislative and regulatory requirements for such businesses, including those of securities commissions and regulators of financial institutions.

THE BOARD OF DIRECTORS

Mandate of the Board

The Corporation's Board has responsibility for the stewardship of the Corporation and discharges that responsibility by supervising the management of the business and affairs of the Corporation. The Board has a written mandate, which is reviewed annually. The Board reviews and discusses with management, at least annually, all material relating to the strategic plan, which takes into account the risks and opportunities of the business. The Board also approves any transaction having a significant impact on the strategic plan and other significant decisions that affect the Corporation and its subsidiaries. The Board assesses the effectiveness of the Board Committees based on reports from the Committees. The Board appoints the Chief Executive Officer and other senior management, and discusses succession planning with management. In order to monitor the affairs of the Corporation, the Board meets with senior executives on a regular basis to receive and consider reports on the affairs of the Corporation. The Board expects these reports to be comprehensive, accurate and timely. The Board approves all material communications to shareholders including press releases. The Board receives and approves annual and interim reports to shareholders, including annual and interim financial statements and management discussion and analysis. In the year ended November 30, 2003, the Board met 10 times.

Board Representation and Independence from Management

The majority of the members of the Board are unrelated to the Corporation and its subsidiaries, meaning they are free from any interest and any business or other relationship that could reasonably be perceived to materially interfere with their ability to act with a view to the best interest of the Corporation, other than interest arising from shareholding. These directors are Douglas L. Derry, Stuart E. Eagles, David King, Winthrop H. Smith, Jr. and William Morneau. Mr. Walter A. Keyser is an outside director and is "independent" from the Corporation, apart from membership on the boards of directors of other companies controlled directly or indirectly by Mr. C. Warren Goldring.

Representatives of management on the Board are Mr. C. Warren Goldring, Mr. W. Robert Farquharson and Mr. Blake C. Goldring, all of whom are "significant shareholders". Mr. C. Warren Goldring, the Corporation's Chairman, together with trusts for the benefit of the Goldring family, owns, directly or indirectly, 80% of the outstanding Class A voting common shares of the Corporation. Mr. W. Robert Farquharson, the Corporation's Vice-Chairman and Chief Investment Officer, owns, directly or indirectly, the remaining 20% of the Class A voting common shares. Each of Messrs. C. W. Goldring and W. R. Farquharson also owns a significant number of Class B non-voting shares.

Committees of the Board

The Board has established three Committees: the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee. The mandate of each Committee is described below. Each independent director who serves as Chairman of a Committee is responsible for directing the meetings of the Committee and is responsible for ensuring that the roles and responsibilities of the Committee have been met. Each Committee examines its effectiveness in fulfilling its roles and responsibilities on an annual basis and reports its findings to the Board. The Committees may convene meetings without management present whenever the Committees feel it is necessary. Each Chairman also acts as a liaison between management and the Board.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee has six members: Stuart E. Eagles (Chair), Douglas L. Derry, Walter A. Keyser, David King, William Morneau and Winthrop H. Smith, Jr., all of whom are outside directors and five of whom are unrelated. The Nominating and Corporate Governance Committee is responsible for developing the Corporation's approach to governance issues and is actively involved in assessing the Corporation's compliance with corporate governance guidelines, including evaluating the size of the Board, its Committees and the members of the Board. The Nominating and Corporate Governance Committee regularly reviews corporate governance developments and makes recommendations to the Board on all such matters. It also develops the mandate for the Board and for each Board Committee, which are reviewed annually by the Committee in order to make recommendations for any changes to the Board. The Nominating and Corporate Governance Committee is also responsible for reviewing and approving all individual directors' requests to engage an outside advisor at the Corporation's expense.

The Nominating and Corporate Governance Committee is responsible for recommending to the Board proposed new directors for the Board, including establishing appropriate criteria for directors. The Nominating and Corporate Governance Committee reviews director compensation for adequacy and form of compensation, ensuring the compensation is appropriate for the responsibilities and risks assumed by the directors. The Nominating and Corporate Governance Committee approves the Corporation's disclosure policy, which includes standards for communicating with analysts and the public. Additionally, the Nominating and Corporate Governance Committee has developed a position description for the Chief Executive Officer, which is reviewed every three years. During the year ended November 30, 2003, the Nominating and Corporate Governance Committee met three times. These meetings included sessions at which management was not present.

Audit Committee

The Audit Committee has five members: Douglas L. Derry (Chair), Stuart E. Eagles, David King, William Morneau and Winthrop H. Smith, Jr., all of whom are outside and unrelated directors. All members of the Audit Committee are financially literate. The Audit Committee is directly responsible for the oversight of the work of the external auditors and has the responsibility to recommend the appointment, subject to shareholder approval, and to review the independence of the Corporation's external auditors. The Audit Committee is responsible for conducting such review and inquiry of management and the internal and external auditors as it deems necessary towards establishing that the Corporation and its subsidiaries are applying appropriate systems of internal controls to address the principal risks of the Corporation, and to fulfill legislative and regulatory requirements. The effectiveness of internal controls in managing principal risk exposures are reviewed and evaluated by the Corporation's internal auditors, who report to the Audit Committee at least quarterly. The Audit Committee reviews and makes a report to the Board before the approval of the annual and interim financial statements and MD & A. The Audit Committee routinely meets with the internal and external auditors without management's presence. During the year ended November 30, 2003, the Audit Committee met four times.

Compensation Committee

The Compensation Committee has six members: William Morneau (Chair), Douglas L. Derry, Stuart E. Eagles, Walter A. Keyser, David King and Winthrop H. Smith, Jr., all of whom are outside directors and five of whom are unrelated. The Compensation Committee is responsible for reviewing and approving base salaries, bonuses, long-term incentives, retirement benefits and other compensation for executive officers. The Compensation Committee also reviews processes and policies for establishing compensation and benefit levels, including the granting of stock options. Directors are encouraged to own Class B non-voting shares, including by participating in the AGF Share Purchase Plan. Executive Officers of AGF who are also directors do not receive any compensation for their services in their capacities as directors. For further information refer to AGF's Annual Filing of Reporting Issuer Form 28, which can be accessed at www.sedar.com. During the year ended November 30, 2003, the Compensation Committee met three times.

Orientation and Education

The Corporation has established a system of orientation and ongoing education for its directors. As part of this program, the Corporation provides directors with updates on the mutual fund and financial services industries and briefings on industry practices relating to corporate governance and other relevant issues.

Shareholder Communication

The Corporation believes that shareholder communication and feedback are essential. This belief is based on the stake shareholders have in the Corporation's business and the importance to shareholders of ensuring that trading prices and volumes of the Corporation's Class B non-voting shares are not adversely affected by a lack of information in the marketplace. The Chief Executive Officer or another senior officer of the Corporation promptly responds to shareholder inquiries.

Code of Ethics

All directors, officers and employees of the Corporation and its subsidiaries are subject to a Code of Ethics that outlines the standards by which they must conduct themselves in their business dealings. Compliance with the Code is a matter of utmost importance and a breach of any of its provisions is grounds for a warning, revision of responsibilities, suspension or dismissal with or without notice, depending on the particular circumstances. The Code sets out specific rules dealing with conflicts of interest, confidential information, insider trading, personal trading by investment managers and others with access to information used in making investment decisions, and a variety of other matters. From time to time, as appropriate, the Code is supplemented by memoranda delivered to directors, officers and employees clarifying or expanding provisions of the Code.

auditors' report

JANUARY 23, 2004

To the Shareholders of AGF Management Limited:

We have audited the consolidated balance sheets of AGF Management Limited as at November 30, 2003 and 2002 and the consolidated statements of income, retained earnings and cash flows for each of the years in the two-year period ended November 30, 2003. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at November 30, 2003 and 2002 and the results of its operations and its cash flows for each of the years in the two-year period then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Toronto, Canada

AGF MANAGEMENT LIMITED
CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS OF DOLLARS)

November 30		**2003**		2002
ASSETS				
Current Assets				
Cash and term deposits	**$**	**5,838**	$	8,501
Short-term investments		**19,065**		19,884
Accounts receivable and prepaid expenses		**55,835**		55,911
		80,738		84,296
Investment in associated company (note 7)		**108,692**		35,909
Other investments		**8,811**		78,806
Management contracts		**473,670**		473,670
Customer contracts, relationships and investment advisory contracts, net of accumulated amortization of $37,051 (2002 - $18,913)		**101,918**		126,611
Deferred selling commissions, net of accumulated amortization of $570,900 (2002 - $453,907)		**394,839**		466,050
Property, equipment and other intangible assets, net of accumulated amortization (note 11)		**59,769**		53,850
Goodwill (notes 4 and 6)		**148,165**		144,015
		1,376,602		1,463,207
Trust Company Assets				
Cash and term deposits		**83,067**		116,324
Accounts receivable and other assets		**7,216**		7,755
Investments		**5,793**		4,855
Mortgages and consumer loans		**494,318**		382,779
		590,394		511,713
	$	**1,966,996**	$	1,974,920

AGF MANAGEMENT LIMITED
CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS OF DOLLARS)

November 30		**2003**		2002
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**46,335**	$	52,867
Long-term debt due within one year (note 14)		**41,371**		40,369
Income taxes payable		**18,148**		8,984
		105,854		102,220
Long-term debt (note 14)		**114,114**		225,403
Participation units (note 15)		**6,157**		6,157
Future income taxes (note 10)		**285,207**		272,197
Leasehold inducements		**1,493**		1,441
		512,825		607,418
Trust Company Liabilities				
Accounts payable and accrued liabilities		**15,661**		10,868
Deposits		**535,200**		469,068
		550,861		479,936
Shareholders' Equity				
Capital stock (note 8)		**395,168**		390,840
Retained earnings		**506,274**		495,819
Foreign currency translation adjustment		**1,868**		907
		903,310		887,566
	$	**1,966,996**	$	1,974,920

Approved by the Board:

C. Warren Goldring
Director

Douglas L. Derry
Director

AGF MANAGEMENT LIMITED
CONSOLIDATED STATEMENTS OF INCOME

(IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE AMOUNTS)

Years ended November 30	**2003**	2002
Revenue		
Net management and advisory fees	**$ 405,740**	$ 498,400
Administration fees and other revenue	**106,022**	86,071
Deferred sales charges	**40,543**	43,477
Gain on sale of investment in associated company (note 7)	**12,758**	–
Investment income	**1,082**	2,200
	566,145	630,148
Trust Company interest, dividends and administration fees	**34,687**	23,955
	600,832	654,103
Expenses		
Selling, general and administrative	**150,410**	130,502
Trailing commissions	**102,758**	127,873
Investment advisory fees	**30,591**	45,057
Amortization of deferred selling commissions	**116,993**	114,209
Amortization of customer contracts, relationships and investment advisory contracts	**18,138**	15,702
Amortization of property, equipment and other intangible assets (note 11)	**21,414**	17,270
Interest expense	**9,663**	9,256
Integration costs (note 20)	**5,400**	6,500
Write-down of short-term investments	**643**	1,364
	456,010	467,733
Trust Company Expenses		
Interest on deposits	**18,570**	14,143
General and administrative	**7,062**	7,402
Provision for loan losses	**1,967**	1,424
	27,599	22,969
	483,609	490,702
Income before income taxes and non-controlling interest	**117,223**	163,401
Income Taxes (note 10)		
Current	**62,052**	52,695
Future	**11,155**	(9,050)
	73,207	43,645
Net income before non-controlling interest	**44,016**	119,756
Non-controlling interest share of loss of subsidiary	**–**	83
Net income for the year	**$ 44,016**	$ 119,839
Earnings Per Share		
Basic	***$ 0.48***	*$ 1.34*
Diluted	***$ 0.47***	*$ 1.30*

AGF MANAGEMENT LIMITED
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE AMOUNTS)

Years ended November 30	2003	2002
Retained earnings, beginning of year	$ 495,819	$ 402,964
Net income for the year	44,016	119,839
	539,835	522,803
Deduct:		
Dividends on Class A and Class B shares (29.5¢ per share; 2002 - 25.5¢ per share)	27,150	22,967
Excess paid over average issue price of Class B shares purchased for cancellation	6,411	4,017
	33,561	26,984
Retained earnings, end of year	$ 506,274	$ 495,819

AGF MANAGEMENT LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOW

(IN THOUSANDS OF DOLLARS)

Years ended November 30	**2003**	2002
Operating Activities		
Net income for the year	**$ 44,016**	$ 119,839
Items not affecting cash -		
Amortization of deferred selling commissions	**116,993**	114,209
Amortization of customer contracts, relationships and investment advisory contracts	**18,138**	15,702
Amortization of property, equipment and other intangible assets	**22,326**	17,835
Future income taxes	**11,155**	(9,050)
Gain on sale of investment in associated company (note 7)	**(12,758)**	–
Other	**8,674**	8,478
	208,544	267,013
Net (increase) decrease in non-cash balances related to operations	**4,455**	(236)
	212,999	266,777
Financing Activities		
Net change in Class B shares	**(2,083)**	(2,950)
Dividends	**(27,150)**	(22,967)
Net (decrease) increase in bank loan	**(104,900)**	69,600
Decrease in notes and instalment payable	**(9,092)**	(15,236)
Increase in leasehold inducements	**160**	1,441
Increase in Trust Company deposits	**66,132**	250,622
	(76,933)	280,510
Investing Activities		
Deferred selling commissions paid	**(45,782)**	(100,850)
Investment in associated company	**(604)**	(77,946)
Settlement of hedge of investment in associated company	**6,528**	(1,030)
Acquisition of third-party administration business	**6,555**	(25,506)
Acquisition of subsidiaries, net of cash acquired	**(10,530)**	(42,822)
Purchase of property, equipment and other intangible assets	**(14,528)**	(26,057)
Purchase of investments	**–**	(575)
Purchase of investments-Trust Company	**(938)**	–
Increase in Trust Company mortgages and consumer loans	**(113,506)**	(180,613)
	(172,805)	(455,399)
Increase (decrease) in cash and cash equivalents during the year	**(36,739)**	91,888
Balance of cash and cash equivalents, beginning of year	**144,709**	52,821
Balance of cash and cash equivalents, end of year	**$ 107,970**	$ 144,709
Represented by:		
Cash and term deposits	**$ 5,838**	$ 8,501
Trust Company cash and term deposits	**83,067**	116,324
Short-term investments	**19,065**	19,884
	$ 107,970	$ 144,709

notes to consolidated financial statements

FOR THE YEARS ENDED NOVEMBER 30, 2003 AND 2002 (IN DOLLARS, EXCEPT AS OTHERWISE STATED)

DESCRIPTION OF BUSINESS

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

1.
SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Certain comparative amounts have been reclassified to conform with the current year's presentation.

Consolidation

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

AGF Funds Inc.
AGF International Advisors Company Limited
AGF Asset Management Asia Ltd.
AGF Private Investment Management Limited
AGF Trust Company ("Trust Company")
AGF Securities (Canada) Limited
AGF Securities, Inc.
AGF Limited Partnership 1998
AGF International Company Limited
Consort Information Systems Limited
Investmaster Group Limited
Jewelstone Systems Inc. ("Jewelstone")
Unisen Inc.
20/20 Financial Corporation

Revenue Recognition

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

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

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

Income Taxes

The Corporation uses the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities. These differences are remeasured at each period end using the substantively enacted tax rates and laws that are expected to be in effect in the periods in which the future income tax assets or liabilities are expected to be realized or settled.

Foreign Currency Translation

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

Investments in foreign associated companies and any related debt and foreign exchange forward contracts are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Unrealized translation gains and losses are reported in a separate component of shareholders' equity as a foreign currency translation adjustment. See note 3, Future Accounting Policy Changes.

Investments

Short-term investments are carried at the lower of cost and market value. Long-term investments are carried at cost and are written down when there has been a loss in value that is other than a temporary decline.

Deferred Selling Commissions

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

Property and Equipment

Property and equipment, which is comprised of furniture and equipment, computer hardware, leasehold improvements and equipment under capital lease, is stated at cost, net of accumulated amortization. Amortization is computed on 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 equipment under capital lease	straight-line over term of lease

Goodwill and Management Contracts

On December 1, 2001, AGF adopted CICA Handbook section 3062, "Goodwill and Other Intangible Assets". The purchase price of acquisitions accounted for under the purchase method and the purchase price of investments accounted for under the equity method are allocated based on the fair values of the net identifiable assets acquired, including management contracts. The excess of the purchase price over the values of such assets is recorded as goodwill. Management contracts have been determined to have an indefinite life.

Goodwill and management contracts are not amortized, but are subject to impairment tests on at least an annual basis. 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. As of November 30, 2003, AGF has completed its annual impairment testing on the carrying values of goodwill and management contracts. No impairment losses were required to be recognized as a result of this testing.

Finite Life Intangible Assets

Finite life intangible assets, which are comprised of customer contracts, relationships and investment advisory contracts, computer software, television production and program rights, are stated at cost, net of accumulated amortization. Amortization is computed on the following methods based on the estimated useful lives of these assets:

Customer contracts and relationships	straight-line over seven to 15 years
Investment advisory contracts	straight-line over five years
Computer software	straight-line over three to five years
Television production	straight-line over two years
Program rights	straight-line over five years

Mortgages, Consumer Loans and Allowances

Mortgage loans are carried at amortized cost less principal repayments less any holdbacks, net of an allowance for mortgage losses. Interest income from mortgages is recorded on an accrual basis. Accrued but uncollected interest on uninsured mortgages is reversed when loans are placed on a non-accrual basis.

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

The allowance for mortgage and consumer loan losses consists of both specific and general provisions. Specific provisions relate to individual loans that, in the opinion of management, are necessary to reflect the estimated realizable value of the particular loan. General provisions are based on management's assessment of probable, unidentified losses in the portfolio that have not been captured in the determination of the specific provisions. The assessment includes general economic factors and geographic exposure.

Stock Option Plans

The Canadian Institute of Chartered Accountants ("CICA") issued a new accounting standard requiring the use of the fair value-based method of accounting for stock-based compensation. The Corporation adopted this standard for the year ended November 30, 2003 on a prospective basis. Stock option plans are described in note 8(d) and a description of the change in accounting policy is outlined in note 2.

Earnings Per Share (EPS)

On December 1, 2001, AGF adopted CICA Handbook section 3500, "Earnings Per Share." Basic and diluted earnings per share have been computed using the weighted average number of Class A and Class B shares outstanding during the year. Diluted earnings per share reflects the potential dilutive effect of outstanding stock options as computed using the treasury stock method.

Use of Estimates

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

2. CHANGE IN ACCOUNTING POLICY

Stock-Based Compensation

On December 1, 2002, AGF adopted the CICA Handbook Section 3870, "Stock-Based Compensation and Other Stock-Based Payments" for stock options granted on or after that date. Under this standard, the fair value of stock options are determined on their grant date and recorded as compensation expense over the period that the stock options vest. During 2003 the Corporation granted 130,000 options and recorded $50,000 in compensation expense in respect of the options granted during the year. The fair value of options granted during 2003 has been estimated at $6.10 per share using the Black-Scholes option-pricing model. The following assumptions were used to determine the fair value of the options on the date of grant:

Risk-free interest rate	4.63%
Expected dividend yield	1.68%
Expected share price volatility	33.19%
Option term	7.0 years

3. FUTURE ACCOUNTING POLICY CHANGES

Hedging Relationships

The CICA has issued Accounting Guideline 13 "Hedging Relationships" ("AcG 13"), which will be effective for the Corporation's fiscal year beginning December 1, 2003. AcG 13 addresses the identification, designation, documentation and assessment of effectiveness of hedging transactions for the purpose of applying hedge accounting.

Under the new guideline the Corporation will be required to document its hedging transactions and demonstrate that the hedges are sufficiently effective in order to continue to be able to use hedge accounting for positions hedged with derivatives.

The Corporation reviewed its hedging relationships as of December 1, 2003, and determined that its cross-currency swap transaction and certain interest rate swap transactions will not qualify for hedge accounting. As such, the Corporation will record these derivatives at fair value, which will increase both assets and liabilities as at December 1, 2003 by $1.4 million. The deferred asset will be amortized over the remaining term of the hedge. In each subsequent reporting period, the change in fair value of these derivatives will be recorded as income or expense for the period.

Certain other interest rate swaps entered into by the AGF Trust Company are designated as hedges, and the interest payable or receivable under the swap transactions will be accrued and recorded as interest expense.

The foreign exchange forward contracts used to hedge the investment in Smith & Williamson Holdings Limited ("S&WHL") are designated as hedges and will qualify for hedge accounting. The unrealized foreign exchange gains or losses on the forward contracts will be recorded in a separate component of shareholders' equity as a foreign currency translation adjustment.

Consolidation of Variable Interest Entities (VIEs)

In June 2003, the CICA issued AcG 15, "Consolidation of Variable Interest Entities". AcG 15 provides guidance for applying consolidation principles to certain entities that are subject to control on a basis other than ownership of voting interests. AcG 15 is effective for all annual and interim periods beginning on or after November 1, 2004. The CICA is continuing to assess a variety of issues related to this guideline including its applicability to the mutual fund industry. The resolution of these issues could influence the estimated impact of implementing this guideline.

The Corporation is currently evaluating the impact of applying AcG 15 and has not yet completed its analysis.

4.
ACQUISITION OF CONSORT INFORMATION SYSTEMS LIMITED

On April 17, 2003, the Corporation, through its wholly-owned subsidiary, Investmaster Group Limited, acquired all of the outstanding shares of Consort Information Systems Limited ("CISL") for consideration of $9.4 million, including acquisition costs of $0.4 million. Cash consideration paid, including acquisition costs, amounted to $8.3 million with a future payment of $1.1 million due on January 31, 2006. CISL is based in the U.K. and is a supplier of customized software to the U.K. private client stockbroking industry. The acquisition is being accounted for by the purchase method of accounting with the results of operations of CISL included in the consolidated financial statements from the date of acquisition. The value attributed to the acquired software is being amortized on a straight-line basis over five years.

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

		$(000s)
Net Assets Acquired		
Cash	$	809
Other current assets		1,889
Property and equipment		264
Software		9,473
Goodwill		1,150
Liabilities		(1,337)
Future income taxes		(2,842)
	$	9,406
Consideration Paid (including acquisition costs)		
Cash	$	8,339
Payment due January 31, 2006		1,067
	$	9,406

5.

ACQUISITION OF THIRD-PARTY ADMINISTRATION BUSINESS FROM THE TORONTO-DOMINION BANK

On January 31, 2002, the Corporation acquired The Toronto-Dominion Bank's third-party shareholder record-keeping and fund valuation business for cash consideration of $25.5 million, including acquisition costs of $0.5 million.

The transaction was an asset purchase and the entire purchase price was assigned to the intangible asset, customer contracts and relationships. The intangible asset is being amortized over its estimated useful life of seven years. The acquired business, which is based in Toronto, provides shareholder record-keeping and fund valuation services to a variety of investment management firms. The results of operations of the acquired business have been included in these consolidated financial statements since the closing date of the transaction.

The purchase price was subject to a clawback based on client revenues received during the 12-month period ending January 31, 2003. Based on this provision, a repayment of purchase price in the amount of $6.6 million was received by the Corporation in the third quarter of fiscal 2003 and was recorded as a reduction in the value of customer contracts and relationships acquired.

6.

ACQUISITION OF JEWELSTONE SYSTEMS INC.

On September 15, 2002, the Corporation acquired all of the outstanding shares of Jewelstone Systems Inc. for consideration of $59.7 million, including acquisition costs of $0.5 million, with potential additional payments to a maximum of $5.0 million payable on or before December 31, 2004, conditional on the achievement of certain operational targets. Jewelstone is based in Toronto and is a provider of transfer agency software to the Canadian investment fund industry. The acquisition has been accounted for by the purchase method of accounting with the results of operations of Jewelstone included in the consolidated financial statements from the date of acquisition. The value attributed to customer contracts is being amortized on a straight-line basis over 10 years and the value attributed to the acquired software is being amortized on a straight-line basis over five years.

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

		$(000s)
Net Assets Acquired		
Current assets	$	**3,252**
Property and equipment		**1,958**
Software		**9,274**
Customer contracts		**34,738**
Goodwill		**29,754**
Liabilities		**(5,318)**
Future income taxes		**(14,007)**
	$	**59,651**
Consideration Paid (including acquisition costs)		
Cash	$	**42,822**
Receivable from vendors		**(871)**
1,026,682 Class B shares issued		**17,700**
	$	**59,651**

Subsequent to the determination of the above purchase equation, additional payments of $3.0 million were made to the vendors during 2003 based on the achievement of one of the operational targets set out in the share purchase agreement. These payments were attributed to goodwill.

7.
INVESTMENT IN ASSOCIATED COMPANY

During 2002, the Corporation increased its ownership interest in NCL (Securities) Limited ("NCL") through the purchase of additional shares to hold a 43.5% interest as at November 30, 2002. The investment was accounted for by the equity method. The purchase price allocation and consideration paid for the additional interest acquired during fiscal 2002 are summarized as follows:

		$(000s)
Net Assets Acquired		
Customer contracts	$	6,170
Other net assets		1,781
	$	7,951
Consideration Paid		
Cash	$	7,951

On December 2, 2002, the merger of NCL and Smith & Williamson Holdings Limited ("S&WHL") and the cash subscription by the Corporation of $70.0 million of new capital in the enlarged business were completed. With the completion of the merger and subscription, the Corporation holds a 30.0% interest in S&WHL. S&WHL provides independent private client investment management, financial advisory and accounting services in the U.K.

The Corporation recognized a pre-tax capital gain of $12.8 million in the year ended November 30, 2003, on the disposition of its investment in NCL with respect to the completion of the above transaction.

The investment is being accounted for by the equity method, with the Corporation's share of the results of operations of S&WHL included in the consolidated financial statements from the date of purchase. The purchase price allocation and consideration paid are summarized as follows:

		$(000s)
Net Assets Acquired		
Net tangible assets	$	22,453
Customer contracts and relationships		107,777
Goodwill		21,369
Future income taxes		(32,334)
	$	119,265
Consideration Paid (including acquisition costs)		
Cash	$	70,598
Shares in NCL		48,667
	$	119,265

For the year ended November 30, 2003, the Corporation's share of the net earnings of S&WHL, net of amortization of customer contracts and relationships, amounted to $110,000.

8.
CAPITAL STOCK

(a) Authorized Capital
The authorized capital of AGF consists of an unlimited number of Class B Non-Voting Shares ("Class B shares") and an unlimited number of Class A Voting Common Shares ("Class A shares"). The Class B shares are listed for trading on The Toronto Stock Exchange.

(b) Movement During the Year
The movement in capital stock during 2002 and 2003 is summarized as follows:

	Number of shares issued		Amount $(000s)
Class B Shares			
Balance, November 30, 2001	**89,280,587**	**$**	**361,401**
Issued on acquisition of subsidiary (note 6)	**1,026,682**		**17,700**
Issued on purchase of investment	**319,614**		**7,261**
Issued on repayment of instalment payable	**200,876**		**3,411**
Issued through dividend reinvestment plan	**1,873**		**36**
Stock options exercised	**524,977**		**2,296**
Purchased for cancellation	**(311,500)**		**(1,265)**
Balance, November 30, 2002	**91,043,109**	**$**	**390,840**
Issued through dividend reinvestment plan	**9,047**		**141**
Stock options exercised	**1,665,867**		**6,343**
Purchased for cancellation	**(503,300)**		**(2,156)**
Balance, November 30, 2003	**92,214,723**	**$**	**395,168**
Class A Shares			
Balance, November 30, 2003, 2002, and 2001	**57,600**		**–**
Total stated capital		**$**	**395,168**

(c) Class B Shares Purchased For Cancellation
AGF has obtained applicable regulatory approval to purchase for cancellation, from time to time, certain of its Class B shares through the facilities of The Toronto Stock Exchange. Present approval for such purchases extends through to February 2004. It is the Corporation's intention to file for a one-year extension of the regulatory approval to purchase Class B shares for cancellation.

(d) Stock Option Plans
AGF has established stock option plans for senior employees under which stock options to purchase an aggregate maximum of 4,097,670 Class B shares could have been granted as at November 30, 2003. Stock options are vested to the extent of 25% to 33% of the individual's entitlement per annum.

The movement in stock options during 2002 and 2003 is summarized as follows:

	Number of options	Weighted average exercise price
Class B Share Options		
Balance outstanding, November 30, 2001	4,066,457	$ 9.61
Options granted	1,461,800	$ 18.18
Options cancelled	(19,333)	$ 21.38
Options exercised	(524,977)	$ 4.38
Balance outstanding, November 30, 2002	4,983,947	$ 12.60
Options granted	130,000	$ 17.24
Options cancelled	(178,000)	$ 20.54
Options exercised	(1,665,867)	$ 3.81
Balance outstanding, November 30, 2003	3,270,080	$ 16.84

The following summarizes information about stock options outstanding as at November 30, 2003:

Range of exercise prices	Number of options outstanding	Weighted average remaining life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
$ 2.73 to $ 8.31	251,000	0.6 years	$ 6.44	251,000	$ 6.44
$ 10.71 to $ 11.81	766,630	2.2	$ 11.07	750,130	$ 11.06
$ 13.02 to $ 14.52	747,000	5.8	$ 14.49	16,000	$ 13.17
$ 16.87 to $ 20.73	414,700	4.7	$ 17.83	207,775	$ 18.03
$ 22.53 to $ 23.53	686,300	5.3	$ 22.62	219,400	$ 22.80
$ 27.73	404,450	4.6	$ 27.73	202,225	$ 27.73
	3,270,080	4.1	$ 16.84	1,646,530	$ 14.87

The outstanding stock options have expiry dates ranging from June 2004 to November 2010.

9.
AGREEMENTS WITH MUTUAL FUNDS

The Corporation acts as manager for the AGF Funds and receives management and advisory fees from the AGF Funds in accordance with the respective agreements between the funds and the Corporation. In return, the Corporation is responsible for management and investment advisory services and all costs connected with the distribution of securities of the funds. Substantially all the management and advisory fees the Corporation earned in 2003 and 2002 were from the AGF Funds. As at November 30, 2003, the Corporation had $22,409,000 (2002 - $23,488,000) receivable from the AGF Funds. The Corporation also acts as trustee for the AGF Funds that are mutual fund trusts.

The Corporation directly provides unitholder services to the funds and is compensated for such services. These services are provided in the normal course of operations and are recorded at the amount of consideration agreed to by the parties. The aggregate unitholder services costs absorbed and management and advisory fees waived by the Corporation during the year were approximately $4,842,000 (2002 - $4,015,000).

10.
INCOME TAXES

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

Years ended November 30	**2003**	2002
Canadian corporate tax rate	**36.7%**	38.8%
Change in future federal and provincial income tax rates	**34.3**[(2)]	(1.4)
Deductible charitable donations	**–**	(5.7)[(1)]
Rate differential on earnings of subsidiaries	**(8.2)**	(6.4)
Tax benefit of losses of foreign subsidiaries not recognized	**0.9**	1.4
Amortization of management contracts and goodwill	**–**	(2.7)
Amortization of customer contracts and relationships	**0.6**	1.9
Tax-exempt investment income and capital gains and write-down of short-term investments	**(2.3)**	0.1
Other	**0.5**	0.7
Effective income tax rate	**62.5%**	26.7%

(b) Significant components of the provision for future income tax expense attributable to continuing operations are as follows:

$(000s) Years ended November 30		2003		2002
Change in temporary differences	$	**(29,012)**	$	(13,516)
Tax rate changes		**40,167**[(2)]		4,466
Future income tax expense (benefit)	$	**11,155**	$	(9,050)

(1) DURING FISCAL 2002, THE CORPORATION ACQUIRED ACCESS TO DEDUCTIBLE CHARITABLE DONATIONS GENERATING NET TAX BENEFITS OF $9.3 MILLION.

(2) THIS IS A RESULT OF THE REPEAL OF SCHEDULED ONTARIO INCOME TAX RATE REDUCTIONS FOR 2004 TO 2006 AND THE INCREASE IN THE ONTARIO CORPORATE INCOME TAX RATE TO 14% EFFECTIVE ON JANUARY 1, 2004.

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

$(000s) November 30		2003		2002
Future Tax Asset (Liability)				
Deferred sales commissions	$	**(133,930)**	$	(142,761)
Deferred revenue		**2,206**		1,872
Undepreciated capital cost less than carrying values		**(1,409)**		(2,817)
Loss carryforwards		**2,006**		2,558
Ontario corporate minimum tax		**–**		222
Integration costs		**1,753**		1,620
Share issue costs		**862**		1,211
Goodwill and management contracts		**(156,783)**		(134,055)
Other		**88**		(47)
Future income tax liability	$	**(285,207)**	$	(272,197)

(d) As at November 30, 2003, certain subsidiaries of the Corporation have accumulated aggregate income tax losses of approximately $18.2 million (2002 - $16.7 million) that may be used to reduce taxable income in the future. These tax loss carry-forwards expire as follows:

$5.7 million	2007 to 2010
$12.5 million	no expiry date

The potential tax benefits of $12.5 million of these losses have not been recognized in the consolidated financial statements.

11.
PROPERTY, EQUIPMENT AND OTHER INTANGIBLE ASSETS

$(000s)

November 30, 2003	**Cost**	**Accumulated Amortization**	**Net**
Property and Equipment			
Furniture and equipment	**$ 21,705**	**$ 11,912**	**$ 9,793**
Leasehold improvements	**19,255**	**9,242**	**10,013**
Computer hardware	**46,840**	**32,673**	**14,167**
Computer equipment under capital lease	**4,191**	**837**	**3,354**
Total property and equipment	**91,991**	**54,664**	**37,327**
Other Intangible Assets			
Computer software	**48,675**	**26,233**	**22,442**
Television production and program rights	**6,955**	**6,955**	**–**
Total other intangible assets	**55,630**	**33,188**	**22,442**
	$147,621	**$ 87,852**	**$ 59,769**

$(000s)

November 30, 2002	Cost	Accumulated Amortization	Net
Property and Equipment			
Furniture and equipment	$ 19,630	$ 9,729	$ 9,901
Leasehold improvements	14,492	7,416	7,076
Computer hardware	44,846	27,008	17,838
Total property and equipment	78,968	44,153	34,815
Other Intangible Assets			
Computer software	34,365	17,371	16,994
Television production and program rights	6,955	4,914	2,041
Total other intangible assets	41,320	22,285	19,035
	$ 120,288	$ 66,438	$ 53,850

12.
COMMITMENTS

The Corporation is committed under operating leases for office premises and equipment, which require approximate minimum annual cash rental payments as follows:

		$(000s)
2004	$	7,578
2005		7,646
2006		6,478
2007		6,350
2008		4,770
Thereafter		32,997

AGF Trust Company has outstanding mortgage commitments of $14.3 million as at November 30, 2003 (2002 - $22.3 million) at rates of interest prevailing at the time the commitments were issued. Any interest rate commitment has a term of less than 60 days.

13.
LIMITED PARTNERSHIP FINANCINGS

Selling commissions paid on certain sales of mutual fund securities of the AGF Funds made on the DSC basis ("DSC securities") have been financed by limited partnerships held by third-party investors. Up to November 30, 2003, such limited partnerships have financed selling commissions of approximately $440 million in respect of such DSC securities. The Corporation is obligated to pay the relevant limited partnership an annual fee of 0.47% to 0.90% of the net asset value of DSC securities. The limited partnerships also receive any deferred sales charges resulting from the redemption of such securities. These obligations continue as long as such DSC securities remain outstanding except for certain of the limited partnerships, in which case the obligation terminates at various dates from December 31, 2006 to December 31, 2020. For certain limited partnerships the obligation is secured by the Corporation's mutual fund management contracts to the extent of the particular obligation.

The Corporation is responsible for the management and administration of the limited partnerships. These services are provided in the normal course of operations and are recorded at the amount of consideration agreed to by the parties. The amount of fees received in 2003 was $943,000 (2002 - $1,025,000). As at November 30, 2003, the net asset value of DSC securities financed by the limited partnerships was $2.7 billion (2002 - $3.1 billion).

14.
LONG-TERM DEBT

$(000s)

November 30		2003		2002
Bank Loans				
Fully amortizing term loan	$	70,800	$	106,200
Revolving term loan		54,300		123,800
Notes payable due November 22, 2004		4,970		9,938
Notes payable due April 30, 2013		21,230		25,140
Payment re CISL due January 31, 2006 (note 4)		1,067		–
Capital lease obligations		2,883		408
Loan notes due September 30, 2004		235		286
		155,485		265,772
Less: amount included in current liabilities		41,371		40,369
	$	114,114	$	225,403

(a) Bank Loans

Fully Amortizing Term Loan

The Corporation has arranged a fully amortizing five-year term loan with a Canadian chartered bank, which is repayable in equal quarterly instalments over the period of 20 quarters following advance plus interest payable. The facility can be funded by direct advances and/or bankers' acceptances ("BAs"). At November 30, 2003, the Corporation has drawn the facility in the form of a 92-day BA at an effective interest rate of 3.21% per annum.

Revolving Term Loan

The Corporation has arranged a 10-year prime rate-based revolving term loan to a maximum of $150.0 million with a Canadian chartered bank. Under the loan agreement, the Corporation is permitted to avail the revolving term loan by direct advances and/or bankers' acceptances. The revolving term loan is available at any time for a period of 364 days from commencement of the loan (the "Commitment Period"). The expiration of the current Commitment Period is June 30, 2004. However, the Corporation may request by April 15, 2004, and prior to April 15 in any calendar year thereafter, a recommencement of the 10-year term at the expiry of the then current Commitment Period. No repayment of the principal amount outstanding pursuant to the revolving term loan is required during the first three years of the then applicable term. Thereafter, the loan balance shall be repaid in minimum monthly instalments of at least one-eighty-fourth of the amount of principal outstanding.

As at November 30, 2003, the Corporation has drawn $54.3 million against the available loan amount in the form of five to 91 day BAs at an effective interest rate of 3.18% per annum.

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

(b) Notes Payable Due November 22, 2004

Amortizing notes payable relate to the acquisition of Global Strategy Holdings Inc. and are repayable in equal annual instalments of $5.0 million. Interest is payable monthly based on the 30-day BA rate plus 0.40% per annum. The notes are secured by irrevocable letters of credit from a Canadian chartered bank.

(c) Notes Payable Due April 30, 2013

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

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

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

(d) Capital Lease Obligations

The capital lease is based on an interest rate of 5.35% per annum and expires August 31, 2007. Minimum annual lease payments are as follows:

2004	$ 848,000
2005	$ 848,000
2006	$ 848,000
2007	$ 636,000

(e) Loan Notes Due September 30, 2004

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

15.
PARTICIPATION UNITS

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

After the notes payable referred to in note 14(c) are repaid in full and prior to April 30, 2013, Multi-Fund will be entitled to up to 0.52% per annum of the net asset value of then outstanding Distributed Securities (together with all contingent deferred sales charges relating to the Distributed Securities, if any) under the terms of the participation fee agreement.

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

16.
INTEREST RATE SWAP AND FOREIGN EXCHANGE HEDGE TRANSACTIONS

To fix the interest rate paid on a portion of its long-term debt, the Corporation has entered into three interest rate swap transactions (the “Swap Transactions”) with a Canadian chartered bank. The Swap Transactions expire between October 28, 2007 and January 27, 2008. They involve the exchange of three-month bankers’ acceptance floating interest rates for fixed interest rates of 5.47% to 5.56% per annum. As at November 30, 2003, the aggregate notional amount of the Swap Transactions was $39.8 million (2002 - $49.5 million). The aggregate fair value of the Swap Transactions, which represents the amount that would be paid by the Corporation if the transactions were terminated at November 30, 2003, was $1,662,000 (2002 - $2,036,000).

To hedge its currency exposure and to fix the interest rate on borrowings in connection with a Japanese yen-denominated investment, the Corporation has entered into a cross-currency swap transaction, which expires on November 29, 2004. It involves the exchange of three-month bankers’ acceptance floating interest rates on a notional amount of CDN$3,293,000 for a fixed interest rate of 0.67% per annum on a notional amount of JPY ¥256,000,000. The aggregate fair value of the cross-currency swap transaction, which represents the amount that would be received by the Corporation if the transaction was terminated at November 30, 2003, was $254,000 (2002 - $11,000).

To hedge its currency exposure in connection with its investment in U.K.-based S&WHL, an associated company, the Corporation has entered into foreign exchange forward contracts to sell U.K.£50,000,000 on November 29, 2004, at an average exchange rate of 2.1820 for CDN$109,102,000. The fair value of the forward contracts at November 30, 2003, have been recorded in a separate component of shareholders’ equity as a foreign currency translation adjustment.

To hedge its exposure to fluctuating interest rates, AGF Trust Company has entered into interest rate swap transactions with three Canadian chartered banks as noted below. The swap transactions expire between December 19, 2003 and November 30, 2008, and involve the exchange of either the one-month bankers' acceptance rate or the three-month bankers' acceptance rate, to receive fixed interest rates. As at November 30, 2003, the aggregate notional amount of the swap transactions was $328,700,000. The aggregate fair value of the swap transactions, which represents the amount that would be received by AGF Trust Company if the transactions were terminated at November 30, 2003, was $2,397,000 (2002 - $1,747,000).

Notional Amount of Swap	Maturity Date	Fixed Interest Rate Received
$ 16,000,000	2003	3.90%
94,500,000	2004	2.63% - 4.41%
53,500,000	2005	3.06% - 4.17%
42,000,000	2006	3.64% - 4.57%
76,700,000	2007	3.74% - 5.11%
46,000,000	2008	4.13% - 4.32%

17.

INTEREST RATE SENSITIVITY

The effect of a 1% change in interest rates will increase or decrease annual pre-tax income of the Corporation by approximately $838,000.

18.

FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Wealth Management Operations

$(000s)	November 30, 2003		November 30, 2002	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Short-term investments	$ 19,065	$ 21,453	$ 19,884	$ 19,894
Other investments	8,811	10,099	78,806	78,380
	$ 27,876	$ 31,552	$ 98,690	$ 98,274

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

Short-term investments include $18,270,000 (2002 - $18,615,000) in investments in various AGF Funds.

(b) Trust Company Operations

$(000s)	November 30, 2003		November 30, 2002	
	Carrying Value	**Estimated Fair Value**	Carrying Value	Estimated Fair Value
Investments	**$ 5,793**	**$ 6,451**	$ 4,855	$ 5,267
Mortgages and consumer loans	**494,318**	**497,174**	382,779	387,241
	$ 500,111	**$ 503,625**	$ 387,634	$ 392,508
Deposits	**$ 535,200**	**$ 540,606**	$ 469,068	$ 475,491

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

As at November 30, 2003, the Corporation's mortgage portfolio was comprised substantially of fixed rate residential mortgages, of which $140.0 million is insured, with a weighted average term to maturity of 1.8 years and a weighted average yield of 6.52% per annum. Consumer loans have floating interest rates based on prime.

The carrying value of mortgages is net of an allowance for mortgage losses of $860,000 (2002 - $735,000). The carrying value of the consumer loans is net of an allowance for loan losses of $2,084,000 (2002 - $1,473,000).

As at November 30, 2003, deposits were comprised substantially of guaranteed investment certificates with a weighted average term to maturity of 1.8 years and a weighted average interest rate of 4.12% per annum.

(c) Other financial assets and financial liabilities of the Corporation are recorded at cost, which approximates fair value.

19.

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest payments in 2003 were $28,333,000 (2002 - $23,399,000).
Income tax payments in 2003 were $52,888,000 (2002 - $51,473,000).

20.
INTEGRATION COSTS

During fiscal 2002, AGF, through its wholly-owned subsidiary Unisen Inc., acquired The Toronto-Dominion Bank's third-party shareholder record-keeping and fund valuation business and Jewelstone Systems Inc.'s transfer agency system for the investment fund industry (see notes 5 and 6). Also, during 2002, a decision was made to commence migrating the transfer agency functions for the AGF Funds to Unisen early in fiscal year 2003.

As a result, the Corporation commenced the process of consolidating the various third-party record-keeping and fund valuation businesses in one location and developing plans to move all its transfer agency operations onto one information technology platform. In fiscal 2002, the Corporation recorded an integration charge of $6.5 million in respect of this process, which included $3.8 million relating to the write-down of certain leasehold improvement and computer hardware assets, $1.3 million in lease termination and other costs and $1.4 million in costs for the integration of The Toronto-Dominion Bank's third-party administration business.

During fiscal 2003, Unisen Inc. moved the majority of its staff to one location and reviewed its staffing requirements. Also, the Corporation reassessed its lease termination costs in light of a change in the condition of the Toronto office real estate market. Based on this review, the Corporation recorded a $5.4 million integration charge for the year ended November 30, 2003, consisting of $4.6 million in lease termination costs and $0.8 million in severance costs.

21.
SEGMENT INFORMATION

AGF has three reportable segments: wealth management operations, fund administration operations and trust company operations. The wealth management segment provides investment management and advisory services and is responsible for the management and distribution of the AGF investment products. Fund administration offers fund administrative services and transfer agency solutions to institutional clients including the Corporation's group of mutual funds. AGF Trust Company offers a wide range of trust services, including GICs, mortgages, investment loans and RRSP loans. AGF's reportable segments are strategic business units that offer different products and services.

The results of the reportable segments are based upon the internal financial reporting systems of AGF. The accounting policies used in these segments are generally consistent with those described in the summary of significant accounting policies detailed in note 1.

$(000s)

For the year ended November 30, 2003	Wealth Management Operations	Fund Administration Operations	Trust Company Operations	Other	Inter-Segment Elimination	Total
External revenue	$ 476,838	$ 76,583	$ 34,687	$ 12,724	$ –	$ 600,832
Intersegment revenue	4,808	51,917	1,192	–	(57,917)	–
Segment revenue	481,646	128,500	35,879	12,724	(57,917)	600,832
Operating expenses	223,125	116,323	29,481	9,740	(57,917)	320,752
Amortization	140,037	14,462	912	2,046	–	157,457
Integration costs	–	5,400	–	–	–	5,400
Segment income (loss) before taxes	$ 118,484	$ (7,685)	$ 5,486	$ 938	$ –	$ 117,223
Included in External Revenue						
Interest revenue	$ 885	$ 96	$ 30,536	$ 6	$ –	$ 31,523
Total Assets	$1,123,788	$ 144,122	$ 590,394	$ 108,692	$ –	$1,966,996

$(000s)

For the year ended November 30, 2002	Wealth Management Operations	Fund Administration Operations	Trust Company Operations	Other	Inter-Segment Elimination	Total
External revenue	$ 586,755	$ 45,593	$ 23,954	$ (2,199)	$ –	$ 654,103
Intersegment revenue	(1,173)	–	1,173	-	–	–
Segment revenue	585,582	45,593	25,127	(2,199)	–	654,103
Operating expenses	256,311	46,912	22,404	10,829	–	336,456
Amortization	137,866	6,582	565	2,733	–	147,746
Integration costs	–	6,500	–	–	–	6,500
Segment income (loss) before taxes	$ 191,405	$ (14,401)	$ 2,158	$ (15,761)	$ –	$ 163,401
Included in External Revenue						
Interest revenue	$ 1,567	$ 9	$ 22,703	$ –	$ –	$ 24,279
Total Assets	$ 1,226,352	$ 130,951	$ 511,713	$ 105,904	$ –	$ 1,974,920

22.

SUBSEQUENT EVENT

On January 15, 2004, the Corporation completed the acquisition of 100% of the shares of P.J. Doherty & Associates Co. Ltd., an investment counselling firm for high-net-worth individuals and institutions based in Ottawa. Cash consideration paid was $10.4 million, with potential future payments of up to $1.3 million due January 2005 contingent on the business achieving certain revenue targets.

AGF TRUST COMPANY
BALANCE SHEETS

(IN THOUSANDS OF DOLLARS)

December 31		**2003**		2002
ASSETS				
Cash and short-term investments	**$**	**97,429**	$	121,114
Securities		**5,779**		4,183
Mortgages receivable		**215,935**		205,576
Consumer loans receivable		**108,606**		68,965
RSP loans receivable		**179,244**		113,640
Accrued interest receivable		**2,261**		2,420
Accounts receivable		**1,110**		1,701
Income taxes recoverable		**–**		438
Deferred charges		**2,847**		2,116
Other assets		**1,849**		2,353
TOTAL ASSETS	**$**	**615,060**	$	522,506
LIABILITIES				
Deposits				
Demand deposits	**$**	**3,429**	$	3,338
Short-term deposits		**4,849**		4,129
Guaranteed investment certificates		**550,744**		467,491
		559,022		474,958
Income taxes payable		**1,177**		–
Accounts payable and accrued liabilities		**15,277**		11,395
Future income taxes		**115**		379
Deferred income		**197**		62
		575,788		486,794
SHAREHOLDER'S EQUITY				
Capital stock		**25,358**		25,358
Retained earnings		**13,914**		10,354
		39,272		35,712
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**$**	**615,060**	$	522,506

	2003	2002	2001	2000
Operations $(000s)				
Total revenue	**600,832**	654,103	639,994	508,681
Net income	**44,016**	119,839	163,754	95,931
Dividends	**27,150**	22,967	19,577	14,092
Financial Position $(000s)				
Working capital (deficit)	**49,506**	95,287	(9,950)	(86,692)
Long-term debt	**114,114**	225,403	165,481	278,051
Shareholders' equity	**903,310**	887,566	764,707	480,091
Return on equity[1]	**4.9%**	14.5%	26.3%	25.1%
Per Share ($)				
Net income – basic	**0.48**	1.34	1.84	1.23
Dividends	**0.295**	0.255	0.22	0.18
Book value	**9.79**	9.74	8.56	5.78
Mutual fund assets under management at year end $(000,000s)[2]	**23,168**	23,549	27,827	26,979

[1] AS PERCENTAGE OF AVERAGE SHAREHOLDERS' EQUITY FOR THE YEAR.

[2] HARMONY POOLS INCLUDED FOR YEARS 2001 AND LATER.

1999	1998	1997	1996	1995	1994
356,703	288,822	236,759	178,993	87,628	79,938
61,710	48,777	40,489	22,403	16,896	15,898
11,642	9,970	6,491	6,272	6,159	3,916
55,348	40,186	30,903	5,476	84,638	67,455
72,048	81,422	38,000	60,000	72,950	72,950
284,244	233,383	192,173	115,565	62,366	52,164
23.8%	22.9%	26.3%	25.2%	29.5%	34.5%
0.80	0.64	0.55	0.37	0.34	0.33
0.15	0.13	0.09	0.10	0.13	0.08
3.64	3.03	2.53	1.85	1.26	1.06
18,705	15,015	12,429	10,075	4,471	4,076

BOARD OF DIRECTORS

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Walter A. Keyser
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Brian S. Perry
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[1] CHAIRMAN OF THE BOARD OF AGF MANAGEMENT LIMITED
[2] CHAIRMAN OF THE BOARD OF AGF TRUST COMPANY
[3] CHAIRMAN OF THE BOARD
[4] CHAIRMAN OF THE AUDIT COMMITTEE
[5] CHAIRMAN OF THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE OF AGF MANAGEMENT LIMITED
[6] CHAIRMAN OF THE CONDUCT REVIEW COMMITTEE OF AGF TRUST COMPANY
[7] CHAIRMAN OF THE COMPENSATION COMMITTEE OF AGF MANAGEMENT LIMITED

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PRESIDENT & CHIEF OPERATING OFFICER

Unisen Inc.
Robert Smuk
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Investmaster Group Limited
Tom Brady
MANAGING DIRECTOR

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A look at AGF

Founded in 1957, AGF is one of Canada's premier investment management companies with offices across Canada and subsidiaries around the world.

With about $28 billion in total assets under management, AGF serves more than one million investors with offerings across the wealth continuum. AGF's products and services include a diversified family of more than 50 mutual funds, AGF Harmony tailored investment program, AGF Private Investment Management and AGF Trust GICs, loans and mortgages.

AGF is committed to offering great products and services backed up by outstanding support to clients. Serving nearly 40,000 investment advisors across Canada in full-service brokerages and planning firms, AGF has also broadened its distribution platform through banks, discount brokerages and insurance companies.

AGF has exported its success to become a global company with a Canadian home.
In addition to offices across Canada, AGF has international operations in London, Dublin, Singapore, Tokyo and Beijing.

An independent, Canadian-owned company, AGF Management Limited is listed on the Toronto Stock Exchange (AGF.B).

To learn more, visit us at AGF.com.

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