Positioned for the future

What are you doing after work?

CORPORATE PROFILE

AGF Management Limited is one of Canada's premier independent financial services companies, with strong investment management roots dating back to 1957. Through its operations and investments in Canada, the United Kingdom, Ireland and Asia, AGF has a proud history of delivering top-quality, innovative products and services through a broad distribution network to more than one million investors. With approximately $35.6 billion in total assets under management and over $4.4 billion in loan assets as of November 30, 2008, AGF provides investment management and financial solutions to retail, institutional and high-net-worth clients.

AGF's products and services include a diversified family of more than 50 mutual funds, the evolutionary AGF Elements portfolios, the Harmony managed asset program, AGF Asset Management Group services, as well as AGF Trust GICs, loans and mortgages. AGF trades on the Toronto Stock Exchange under the symbol AGF.B.

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AGF Management Limited will foster the development of best-in-class operating segments to provide world-class financial services to clients in Canada and internationally. We will continue to identify opportunities within our business segments, ensuring that the appropriate resources are allocated to each of these segments so that shareholder value is maximized over the long term.

AGF

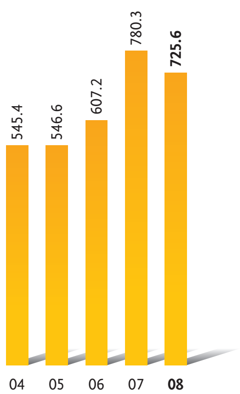
- **Investment Management**
  - AGF Funds Inc.
  - AGF International Advisors Company Limited
  - AGFIA Limited
  - AGF Asset Management Group Limited
  - Cypress Capital Management Limited
  - Highstreet Asset Management Inc.
  - Doherty & Associates
  - Magna Vista Investment Management Limited
  - AGF Asset Management Asia Limited
- **AGF Trust Company**
- **Smith & Williamson Holdings Limited***

* As at November 30, 2008, AGF Investment Management Limited owned 30.4% of Smith & Williamson Holdings Limited.

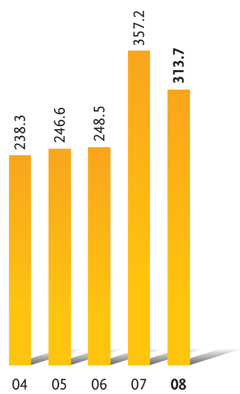
Investment Management			AGF Trust Company	Smith & Williamson Holdings Limited
Retail	**Institutional**	**High-Net-Worth**		
AGF Funds Inc. provides investment management and advisory services and is responsible for the sales and marketing of AGF mutual funds. It manages more than 50 mutual funds, the evolutionary AGF Elements portfolios, the Harmony managed asset program, as well as institutional mandates.	**AGF Asset Management Group Limited** provides investment management services to institutional clients globally and targets pension, sub-advisory and sovereign wealth funds. Its sales and marketing reach extends beyond Canada and into the U.S., Europe and Asia.	**AGF** provides investment management and counselling services to high-net-worth clients interested in investing between $1 million and $5 million. Our high-net-worth business has a regional focus, with offices located in Vancouver, London, Ottawa and Montreal.	**AGF Trust** offers GICs, term deposits, real estate secured loans and investment loans. AGF Trust distinguishes AGF from other investment management firms and enhances our overall value proposition to advisors, insurance agents and mortgage brokers who can meet more of their clients' needs through a single, non-bank source.	**Smith & Williamson Holdings Limited (S&WHL)** is an independent U.K.-based company providing private client investment management, financial advisory, tax and accounting services. AGF Management Limited holds a 30.4% interest in S&WHL.

2008 OPERATING AND FINANCIAL HIGHLIGHTS

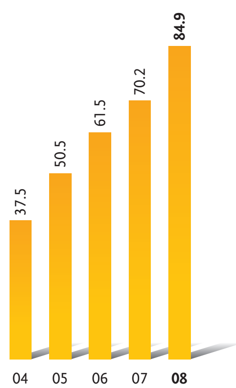
Total Revenue from Continuing Operations
($ millions)



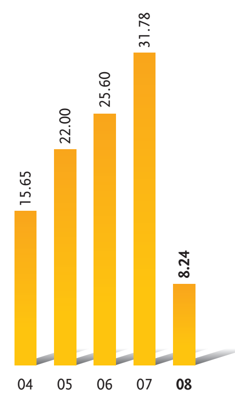
EBITDA
($ millions)



Dividends
($ millions)



Share Price AGF.B
As at November 30 ($)



What we did to position AGF for the future.

> **Paid down $65.2 million** of total debt, significantly strengthening our balance sheet

- Improved our long-term debt/EBITDA ratio to 39.4%
- Ensured AGF Trust was well-capitalized and its operations aligned with the current economic environment
- Increased loan loss provisions at AGF Trust to prepare for a potential prolonged economic downturn
- Reduced expenses across the AGF Group of Companies with further cost rationalization to come
- Leveraged our investment management expertise across retail and institutional businesses
- Focused on growing our institutional business and made in-roads in different international markets
- Maintained and enhanced close relationships with our advisors in independent distribution channels
- Remained committed to our long-term strategy and delivering value to our clients and shareholders

POSITIONED FOR THE FUTURE

strength AND ability

While the past year was a challenging one for every company in the investment management industry, AGF was well-served by its strategy of focusing on the fundamentals while emphasizing cost control and operational efficiencies. As a result, we have managed to reinforce our financial strength and put the Company on a solid footing that positions us well for the future.

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

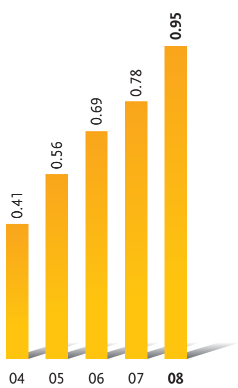
2008 – An Unprecedented Year for the Industry

2008 will be remembered as the year in which a worldwide financial crisis saw stock markets lose considerable value and financial systems shaken to their cores. Unlike 2007 in which AGF Management Limited experienced the most successful financial year in its history, 2008 posed industry-wide challenges that left no one immune, including our firm.

The chain of global economic events that transpired over the past year and a half would likely never have been thought possible, and Canada – even with its strong banking system – was significantly impacted. The negative consequences for both global and Canadian capital markets were substantial. Financial services stocks experienced significant declines and mutual fund sales dropped to new lows as nervous Canadian investors reacted to the uncertainty. They began pulling large amounts of money away from the equity markets and seeking safe haven investments, such as money market funds and guaranteed investment certificates (GICs).

The Investment Funds Institute of Canada (IFIC) reported long-term mutual fund net redemptions, excluding reinvested distributions and transfers, of $7.7 billion for the 12 months ended November 2008. Mutual fund redemptions, combined with falling equity markets, reduced overall industry mutual fund assets under management (AUM) by 20% to $552 billion over the same period.

Dividends per Share
($)



Like the industry and the majority of our competitors, we too experienced net redemptions of long-term funds in fiscal 2008. Similar to other financial services stocks, we also experienced a sharp decline. For example, AGF Class B Non-Voting shares closed at $31.78 on November 30, 2007. A year later, on November 30, 2008, our share price had fallen to $8.24.

Focused on Our Fundamentals

While the magnitude of global economic events of the past year was great, AGF has – with over five decades of experience – faced many challenges over the years and come out stronger each time. For AGF, 2008 drove home the importance of having a long-term vision and a solid financial footing that will enable us to continue to execute our strategy even in the most difficult times.

In fact, we chose to remain focused on the strong fundamentals of our business. We continued to concentrate on our core building blocks – namely the right investment products and performance, an unwavering commitment to client service and relationship building and excellence in money management. We also renewed our emphasis on cost control, operational efficiencies and strengthening our balance sheet.

We achieved a 12.4% decline in selling, general and administrative (SG&A) expenses in our investment management business in fiscal 2008 as compared to 2007. This reduction demonstrates the progress we continue to make in aligning our cost structure with our revenue structure. In addition, we paid down $65.2 million of debt during the year. Ensuring that AGF maintains a strong financial position during this downturn is vital to position us to capitalize on opportunities as the economy recovers.

Maintaining and enhancing our client relationships is a critical component of our strategy. Even as investors remain on the sidelines, we continue to proactively engage advisors and work diligently to deliver higher levels of service. We were extremely proud and humbled to be acknowledged for our efforts in 2008 with the Advisors' Choice Investment Fund Company of the Year Award at the Canadian Investment Awards. This honour recognizes the inherent value of AGF's client service model and is a testament to our long-term commitment to excellence in relationship management. During these tumultuous times, Canadian investors are counting on us and their advisors to help them preserve and build wealth over the long term, and at AGF, we are committed to helping investors succeed.

Our Trust Company Operations complement our investment management business and, although tightening credit markets posed challenges for all lenders in 2008, we fundamentally believe that lending is a good business. AGF Trust is a relatively straightforward, low-cost lending institution focused primarily on two lending products – real estate secured loans and investment loans. In the latter part of 2008, in response to the current economic situation, we made a strategic decision to reduce the amount of new loan business and to slow down growth. For example, we decided to cease new originations of the Home Equity Line of Credit product.

In the short term, we intend to focus on higher-margin products, tighten credit availability and preserve regulatory capital. As prudent operators, we recognize that as we manage through this down cycle, we may see a higher default ratio. That is why we revisited our loan loss provisioning methodology in the fourth quarter of 2008 and refined our formula to ensure we have more than adequate provisions to cover the potential risk of future uncollectable loan accounts.

Even with the strategic slowing of our growth and increased provisioning, AGF Trust remains a profitable business. We remain committed to our lending business and managing it in a risk-averse manner.

There are predictions that difficult economic conditions are likely to prevail into late 2009 or early 2010. As such, we continue to thoroughly review our businesses and make appropriate and necessary operational adjustments to strategically grow the business while continuing to reduce costs. We do so in a thoughtful and disciplined manner that emphasizes our core strengths, positions us well for the future and delivers long-term value for our stakeholders.

In closing, I would like to thank everyone for their support in 2008 – our clients, unit holders, employees and advisor partners. I also wish to acknowledge the contribution of our Board of Directors, whose strong counsel and oversight are critical to our corporate success. Finally, I would like to thank you, our shareholders, for your continuing support.

Yours sincerely,

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

Financial Management

The tumultuous economic and market environment that developed in 2008 made it clear that our strategy of managing our capital in a prudent manner was well-founded. Our priorities for 2009 will be to realize greater cost efficiencies across our businesses and continue to utilize our capital prudently.

Greg Henderson, CA
Chief Financial Officer

Total Debt Reduction
($ millions)

$65.2

Long-term Debt to EBITDA Ratio

39.4%

Financial Review

In 2008, AGF Management Limited – like much of the industry – was challenged by unprecedented turmoil in global financial markets. Assets under management (AUM) decreased with declines in the equity markets and mutual fund sales. Loan growth in our trust business was tempered by the tightening in credit markets and credit quality concerns. This environment reinforced that our strategy of managing our capital in a very prudent and disciplined manner was well-founded.

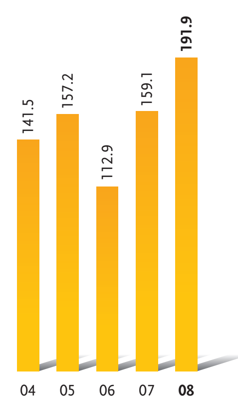
Despite the effects of the market turmoil on AUM and the related impact to revenues in the investment management business, we finished the year with net income from continuing operations of $128.5 million, or $1.41 per share diluted. We were also able to increase free cash flow from operations 20.6% to $191.9 million.

We continued to make cost control a priority in 2008, and we worked diligently to align the decrease in our investment management revenues with a corresponding reduction in expenses.

Consolidated revenue from continuing operations declined 7.0% to $725.6 million in fiscal 2008 compared to $780.3 million in the prior year. Revenue in the Investment Management Operations segment declined 10.1% for the year ended November 30, 2008, corresponding to lower average levels of AUM, offset by slightly higher deferred sales charges revenue. The Trust Company Operations segment reported a 12.0% increase in revenue in fiscal 2008 as compared to 2007 (or a 22.1% increase excluding an $8.0 million securitization gain in the fiscal year ended November 30, 2007).

EBITDA (defined as earnings before interest, taxes, depreciation and amortization, non-controlling interest, impairment of goodwill and customer contracts and impairment of asset available for sale) from continuing operations declined 12.2% to $313.7 million in fiscal 2008, compared with $357.2 million in fiscal 2007. EBITDA margin was modestly lower at 43.2% compared with 45.8% in fiscal 2007. Excluding the $8.0 million securitization gain realized by Trust in fiscal 2007, EBITDA declined 10.2% year-over-year. Approximately half of the year-over-year decline in EBITDA is attributable to the fourth quarter increase in the provision for loan losses in the Trust Company Operations. The increase in the provision for loan losses to $30.4 million in fiscal 2008 from $11.0 million in fiscal 2007 was the result of increases in both the general and specific allowances for credit losses driven by the current macroeconomic environment and assessment of potential losses within the various loan portfolios.

Free Cash Flow from Operations
($ millions)



As a result of declining markets and continuing market weakness, the Company recognized a $46.3 million impairment charge in the fourth quarter consisting of a $7.1 million reduction in the value of goodwill and a $39.2 million ($28.6 million net of tax) reduction in the value of customer contracts in the Company's high-net-worth operations. In addition, the Company took a $2.3 million ($2.0 million net of tax) charge related to an investment available for sale. These impairment charges will not impact the Company's current liquidity, cash flows from operations, debt covenants or future operations.

Net income from continuing operations, including impairment charges, declined 27.0% to $128.5 million, or $1.41 per share diluted, compared with $175.9 million, or $1.93 per share diluted, in fiscal 2007. Excluding non-cash impairment charges and a $19.5 million reduction in income taxes in fiscal 2008 related to substantively enacted tax rates, the Company reported net income from continuing operations of $146.7 million or $1.61 per share diluted.

Strong free cash flow from operations (defined as cash flow from operations before net changes in non-cash balances related to operations less selling commissions paid) of $191.9 million enabled the firm to not only pay down debt but also to repurchase 1,000,000 AGF Class B Non-Voting shares for $7.8 million and pay out cash dividends of $80.2 million which equated to $0.95 per share. This represented a 22% increase compared with the previous year on a per share basis and represented the eleventh consecutive year of increased dividends for shareholders.

Our strong financial position gives AGF Management Limited the ability to work through these difficult times and positions us well for the future.

AGF Investment Management Expertise

The core of our success lies in the excellence of our money management and the trust our clients place in our expertise.

We believe we have a competitive advantage because our investment management teams are committed to delivering continuity in performance while promoting multi-disciplined investment management competencies across our global platform. Through our investment management offices around the world, we are able to bring our clients closer to the companies in which we invest. At the forefront of our investment management capabilities are our people, the processes behind the investment decisions and the promise to deliver consistent, long-term performance in all of our offerings.

In each of our investment management offices, there are five principles that anchor our multi-style approach to investing. These principles are rigorous fundamental analysis, global perspective, focus on longer-term trends, innovative thinking and risk controls.

AGF Funds Inc.

Location > Toronto, Canada
Years in operation > 51
AUM > $19.6 billion
Clients > Retail, Institutional
Investment > The investment team in Toronto has a diversity of investment styles focused on the retail and institutional markets. The primary investment specialties include Canadian equities, Canadian and global resources, U.S. equities, global equities, emerging markets, Japanese equities, domestic and global fixed income, as well as a number of other specialty type investments. Over the years this group has been the recipient of numerous awards for its investment management excellence.

AGF International Advisors Company Limited

Location > Dublin, Ireland
Years in operation > 17
AUM > $7.3 billion
Clients > Retail, Institutional
Investment > Relying on their exclusive 30/30/30 value discipline, AGF International Advisors Company Limited and AGFIA Limited seek quality franchises that are presently out of favour, back their findings with rigorous due diligence and then patiently hold these stocks through to fruition. The retail funds managed by these offices include AGF European Equity Class, AGF Global Financial Services Class, AGF Global Value Fund, AGF Global Perspective Class, and AGF World Balanced Fund.

Doherty & Associates

Location > Ottawa, Canada
Years in operation > 30 (acquired in 2004)
AUM > $1.0 billion
Clients > High-Net-Worth, Institutional
Investment > The core investment style largely focuses on core value stocks and fixed income offerings.

Magna Vista Investment Management

Location > Montreal, Canada
Years in operation > 16 (acquired in 2000)
AUM > $0.7 billion
Clients > High-Net-Worth
Investment > The core investment style largely focuses on core value and large cap stocks.

Accountability for investment decisions remains with each of the investment management offices, using the five principles. Each office is responsible for the selection and relative weightings of specific securities in accordance with the specified investment mandate, and each office is accountable for delivering results.

An exceptionally strong team of associates and analysts work to ensure that extensive due diligence, consisting of research, company visits and timely monitoring of results, occurs to validate the selection of securities in each portfolio. With worldwide reach, our research capabilities are global in nature, which we believe is a competitive advantage. Though AGF is a Canadian company, our focus is certainly global from an investment perspective.

The composition of our mutual fund AUM as at November 30, 2008 was:

Domestic equity funds	**37.2%**
U.S. and international equity funds	**33.9%**
Domestic balanced funds	**9.4%**
U.S. and international balanced funds	**2.3%**
Domestic fixed income funds	**13.9%**
U.S. and international fixed income funds	**3.3%**
	100.0%

In addition, close to 50% of our institutional AUM is invested in global equities. Our investment management expertise positions us well for future growth.

Highstreet Asset Management Inc.

Location > London, Canada
Years in operation > 10 (acquired in 2007)
AUM > $3.6 billion
Clients > Institutional, High-Net-Worth
Investment > The style takes a quantitative approach to investing. To satisfy the risk/return objective of each fund or pool, the team develops a customized formula that is run through a proprietary model. The model generates a report card for each holding in the chosen universe based on characteristics such as growth, earnings and asset quality, depending on the mandate. Highstreet selects only those holdings with the best grades for the applicable fund/pool.

Cypress Capital Management

Location > Vancouver, Canada
Years in operation > 11 (acquired in 2004)
AUM > $3.2 billion
Clients > Institutional, Retail, High-Net-Worth
Investment > The approach is one of growth at a reasonable price. Cypress has the flexibility to go anywhere for diversification, but it will not overpay. This approach involves first assessing the less efficient sectors of the market and then evaluating each company for a sustainable competitive advantage and first-class management team. Cypress believes in buying businesses that can deliver long-term total return – not simply current yield. Noted for its strength in oil and gas and small cap investment styles for institutional and high-net-worth clients, Cypress also manages the retail AGF Diversified Dividend Income Fund and AGF Monthly High Income Fund.

AGF Asset Management Asia Limited

Location > Singapore
Years in operation > 12
AUM > $0.2 billion
Clients > Retail, Institutional
Investment > Local economic and market factors influence the decision-making process, with a growth at a reasonable price approach to investing. The team uses quantitative and qualitative screens to select stocks – financial strength and growth potential are analyzed and fundamental aspects that may trigger a share price increase are considered. This office manages AGF Asian Growth Class as part of our retail offerings.

AGF Asset Management Group Limited

Location > Toronto, Canada
Years in operation > 2
AGF Asset Management Group Limited (AGFAM) provides corporate sales, marketing and administrative support to the seven investment management offices in the institutional and high-net-worth markets.

AGF INVESTMENT MANAGEMENT

Retail

During 2008 we worked diligently to deliver predictable excellence to our clients and differentiate ourselves from our competitors. In 2009 we will focus on ways to build on our client relationships and deliver even greater value more efficiently and cost effectively.

Randy G. Ambrosie
President, AGF Funds Inc.

Distributed across 50 funds

$20 billion

Ranked #1 on the combined measure of Overall Company Rating and Sales Penetration (2008 Environics Advisor Perception Study)

#1

Retail

After experiencing one of AGF's best years ever in 2007, the downturn in the equity markets and reluctance of investors to commit new money to long-term mutual funds led to net redemptions and a decline in assets for much of the mutual fund industry in fiscal 2008. While these results were disappointing, we recognize our business plans and long-term strategies must assume and anticipate both good and bad markets given the cyclical environment in which we operate. Accordingly, it is imperative that we maintain our focus during such downturns and ensure that we are well positioned for the inevitable recovery in the markets.

Given the tumultuous state of the financial markets in 2008, it became more important than ever to communicate with our clients (brokers and advisors) to gain a better understanding of the challenges they face and provide them with the information and perspective to work through these difficult times, as well as reinforcing that they can depend on us for unfailing support. We continued to engage regularly and proactively with advisors and sought their feedback to ensure that we provide access to the products and services that assist them in helping their clients make the best investment choices.

When it comes to relationship management, we have worked diligently to deliver predictable excellence and differentiate ourselves from our competitors. Advisors from across the country recognized our efforts in 2008 by selecting AGF Funds Inc. as the Advisors' Choice Investment Fund Company of the Year at the Canadian Investment Awards. This is the second time in three years we have been humbled by this acknowledgement. In 2007, we were the runner-up in this category.

This award is truly a testament to our tireless dedication to meeting the needs of advisors and one that we accept with great pride. It also reinforces our belief that we must continue to set the bar higher and approach each interaction with our clients in a way that earns the right to do business with them.

We are also proud of the positive results garnered by AGF Funds Inc. in the 2008 Environics Advisor Perception Study, an independent study based on a survey of over 2,000 advisors. We continued to show year-over-year improvement and emerged as the strongest company on the combined measure of overall company rating and sales penetration. We believe that the strong relationships we have built with advisors and our diversified product shelf will position us well when investors regain confidence in the markets.

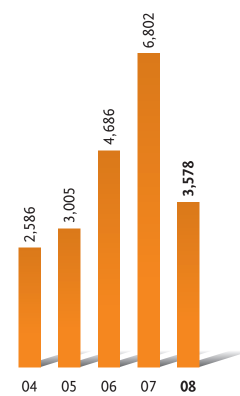
Offering the right products for the economic environment that meet and respond to investor needs is imperative for continued growth and competitiveness. We offer a range of over 50 domestic, international and specialty mutual funds across all asset classes, regions and investment styles. In addition, our firm also offers the evolutionary AGF Elements portfolios and Harmony managed asset program. As advisor preferences increasingly shift toward investment "solutions" for their clients, we have introduced products that offer greater principal protection, diversification, exposure to alternative asset classes and tax efficiency.

In early December, we announced that investors may open a Tax Free Savings Account (TFSA) at AGF and, more recently in January 2009, we launched a new fund – the AGF Dollar Cost Averaging Fund – which is unique to the marketplace. This fund allows investors to make a lump-sum investment into the Fund and over a 12-month period that initial investment is transferred in increments into the designated AGF funds of their choice. It is an ideal investment solution for investors who are concerned about making big purchases right now due to market volatility and prefer to gradually ease back into the markets.

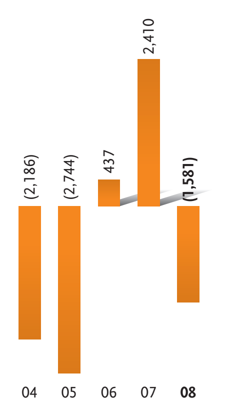
In 2009 we will focus on ways to build on our client relationships and deliver even greater value more efficiently and cost effectively. We are a firm that provides leadership and support to our clients to help investors succeed. We will strive to better match our investment management capabilities with the fund categories that are most in demand. We will continue to work closely with investment management on our product development to ensure we are delivering products that meet our clients' needs.

This is a time of change for our industry, and change generates opportunity. While our core business strategies and values remain constant, we will strive to set ourselves apart with innovation, creativity and a strong client-centric model while using our resources more effectively and efficiently to continue delivering value.

Mutual Fund Gross Sales
($ millions)



Mutual Fund Net Sales
($ millions)



AGF INVESTMENT MANAGEMENT

Institutional and High-Net-Worth

In 2008, we continued to grow the institutional business, expanding geographically and winning new mandates in Asian, European and Canadian markets. In 2009, we will continue to leverage our investment management expertise across the retail mutual fund and institutional markets and further consolidate investment management platforms.

Robert Badun, MBA
Executive Vice-President, Investments and President, AGF Asset Management Group Limited

Institutional AUM

$13 billion

High-Net-Worth AUM

$3 billion

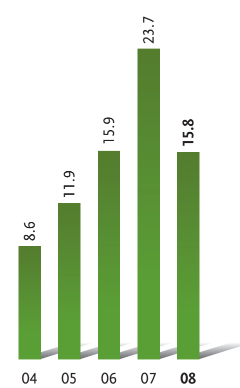
Institutional and High-Net-Worth

Despite the challenges confronting asset managers in 2008, we continued to grow the institutional business, expanding geographically and winning new mandates in Asian, European and Canadian markets. Our vision – to provide investment and client service excellence to institutional investors around the world through our specialized investment managers – remains strongly intact.

We operate through eight investment management firms – five in Canada, two in Ireland and one in Singapore. Each of these firms – Cypress Capital Management (Vancouver), Highstreet Asset Management (London, Ontario), Magna Vista Investment Management (Montreal), Doherty & Associates (Ottawa), AGF International Advisors Company (Dublin), AGFIA Limited (Dublin) and AGF Asset Management Asia (Singapore), as well as the award-winning investment management division of AGF Funds Inc. – has a unique and well-respected set of investment capabilities.

During fiscal 2008, I was appointed Executive Vice-President, Investments of AGF Management Limited with a mandate to developing investment styles that can be further leveraged across all of the markets that AGF serves, namely, the retail mutual fund, institutional and high-net-worth markets. While the retail mutual fund and high-net-worth businesses are focused primarily in Canada, AGF's institutional business has a global perspective.

Institutional and High-Net-Worth AUM
($ billions)



The objectives of all of AGF's investment management teams are to deliver strong performance, attract investors and increase assets under management (AUM). Underlying these objectives are our five core investment principles:

> a commitment to in-depth research and rigorous analysis
> a focus on longer-term trends and opportunities
> a global perspective
> innovative thinking
> the application of strong risk controls at key levels

We achieved recognition at the 2008 Canadian Lipper Awards, getting top honours for two of our funds – AGF Precious Metals Fund and AGF China Focus Class – for their consistent long-term performance. At the 2008 Canadian Investment Awards, Highstreet Canadian Equity won the Canadian Equity Pooled Fund Award, and AGF Canadian Large Cap Dividend Fund received the Silver Award in the Canadian Dividend and Income Equity Fund category.

Focusing on these core principles will continue to reinforce our commitment to predictable excellence in investment management, and we look ahead to the future with enthusiasm.

AGF Trust

After several years of strong growth, our strategy at AGF Trust is to decelerate growth and strengthen capital to mitigate operational risk in the current economic environment and to ensure that AGF Trust remains a profitable contributor to AGF. Our 2009 priorities are to continue to prudently manage our loan book, minimize loan losses and position AGF Trust for growth when the economy returns to a normalized state.

Mario Causarano, CA
President and Chief Operating Officer, AGF Trust Company

Investment loans

$2.4 billion

Real estate secured loans

$2.0 billion

AGF Trust

After several years of growth at AGF Trust, global market volatility and the global credit crisis in fiscal 2008 gave us pause to review operations and take appropriate actions to manage through this down cycle. We deliberately decided to slow down growth and to focus on ensuring our loan book remains current and strong. We believe that our proactive approach to managing our loan book, increasing our provisions and conserving capital serves to mitigate risk and positions AGF Trust for future growth when the economy returns to a more normalized state.

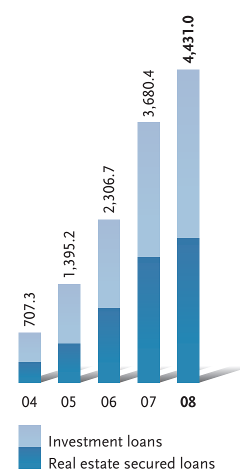
We have a basic business model at AGF Trust consisting of two principal lending products – investment loans and real estate secured loans. We work through financial advisors, insurance agents, and mortgage brokers who sell our products and services and who work with individual investors to help them manage their financial lives and make choices appropriate to their own unique circumstances. With respect to the mortgage business, we operate in the “alt A” or near-prime market, which is not to be confused with sub-prime. Across our remaining lending products, our clients have excellent credit rating scores, high ratios of assets to net worth and are highly motivated to pay. Lending activity is primarily funded through the sale of GICs through financial intermediaries such as the brokerage networks of the major banks.

Toward the end of fiscal 2008, as financial market conditions worsened, we proactively and strategically adjusted certain lending programs and rationalized our workforce to better reflect realities in the marketplace and to mitigate risk. Higher funding costs in the GIC markets rendered certain lending products, such as our Home Equity Line of Credit (HELOC), marginally profitable and as a prudent lender we discontinued writing new business on these marginally profitable product lines. As of the end of fiscal 2008, our capital position was strong and our Tier 1 and total capital ratios were comfortably within the regulatory requirements prescribed by OSFI.

In light of the current economic situation, volatile markets, narrowing interest rate spreads and generally tight credit conditions, we refined our loan loss provisions to ensure that further economic deterioration would be reflected in our provisions. As such, we reviewed our assumptions about the collectability of our loan book. This resulted in an increase in both general and specific loan provisions in the fourth quarter of fiscal 2008. It is our belief that these increases adequately and appropriately reflect our current assessment of collection risk. In addition, we have increased our credit reporting and collections activities but are also working proactively with advisors and borrowers to help them manage through these economic times.

Our priorities in 2009 will continue to focus on higher margin lending products, reductions in SG&A expenses through operational improvements, and positioning the Trust Company to better meet the needs of our clients once the stock markets and housing markets stabilize.

AGF Trust Loan Assets
($ millions)



Scorecard

2008	Objectives	Results
1	Continue to improve client-centric model in core fund business while growing revenue and controlling expenses.	> Our commitment to excellence in client service/relationship management was acknowledged with the Advisors' Choice Investment Fund Company of the Year Award in 2008. > We ranked #1 on the combined measure of Overall Company Rating and Sales Penetration in the 2008 Environics Advisor Perception Study. > We reduced consolidated SG&A expenses by 7.7% in 2008 compared with 2007.
2	Capitalize on strategic synergies within businesses and between businesses.	> The institutional side of the business is now focused on selling 14 investment mandates through a centralized sales force. Nine of the 14 mandates are being managed by portfolio managers who also manage similar mandates for our retail business. > AGF Trust investment loans continue to fund purchases of AGF mutual funds, with approximately 5% of our retail AUM being funded by AGF Trust loans.
3	Promote international investment management competency across multiple channels.	> Institutional and high-net-worth assets were $15.8 billion at November 30, 2008. The majority of these assets are being managed by individuals who manage both retail and institutional assets as noted above.
4	Pursue strategic acquisitions.	> In fiscal 2008, we reviewed a number of potential acquisition opportunities but found none that were considered to be accretive to the existing financial position of the Company.

2009	Objectives	Plans
1	Continue to improve client-centric model in core fund business with particular emphasis on cost control.	> Continue to build predictable excellence in investment management, client relationship management and product management. > Reduce SG&A expenses.
2	Capitalize on strategic synergies within businesses and between businesses.	> Look for collaboration opportunities between businesses that will add value to clients. > Continue to leverage investment management expertise across retail mutual fund and institutional markets and further consolidate investment management platforms.
3	Promote international investment management competency across multiple channels.	> Position AGF as the international investment manager of choice for both retail and institutional clients.
4	Pursue strategic acquisitions.	> Review strategic opportunities to maximize shareholder value.

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2 Chairman of the Board of AGF Trust Company
3 Chairman of the Board
4 Chairman of the Audit Committee
5 Chair of the Audit Advisory Committee
6 Chairman of the Nominating and Corporate Governance Committee of AGF Management Limited
7 Chairman of the Conduct Review Committee of AGF Trust Company
8 Chairman of the Compensation Committee of AGF Management Limited
9 Lead Director
*Effective December 1, 2008

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AGF is dedicated to helping develop business solutions for industry demands on natural resources. We are proud to partner with the **World Wildlife Fund** in protecting endangered species, such as the Sumatran Tiger, and ensuring a sustainable environment for future generations. As a result, this document is printed on **Forest Stewardship Council** (FSC) certified paper. FSC certification ensures that the paper in this document contains fibre from well-managed and responsibly harvested forests that meet strict environmental and socio-economic standards.

AGF

What are you doing after work?

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