Table of Contents

16 MANAGEMENT'S DISCUSSION AND ANALYSIS

- 16 Basis of Presentation and Summary of Accounting Policies
- 16 Our Business
- 17 Our Strategy
- 17 Key Performance Drivers
- 17 Our Priorities and Progress
- 18 Outlook
- 19 2012 FINANCIAL PERFORMANCE OVERVIEW
 - 19 Summary of Key Financial and Operational Results
- 20 CONSOLIDATED OPERATING RESULTS
 - 20 Overview of Consolidated Results
 - 21 One-time Adjustments
 - 22 Results from Discontinued Operations
 - 22 Assets Under Management
- 23 FINANCIAL AND OPERATIONAL RESULTS FROM CONTINUING OPERATIONS
- 25 LIQUIDITY AND CAPITAL RESOURCES

- 26 LIMITED PARTNERSHIP FINANCING
- 26 CONTRACTUAL OBLIGATIONS
- 27 INTERCOMPANY AND RELATED PARTY TRANSACTIONS
- 27 CAPITAL MANAGEMENT ACTIVITIES FROM
- 28 DIVIDENDS
- 28 KEY PERFORMANCE INDICATORS, ADDITIONAL IFRS
 AND NON-IFRS MEASURES
- 31 SIGNIFICANT ACCOUNTING POLICIES
 - 32 Risk Factors and Management of Risk
 - 33 Controls and Procedures
 - 34 Government Regulations
- **36 FOURTH QUARTER ANALYSIS**
- **40** SELECTED QUARTERLY INFORMATION
- 41 SELECTED ANNUAL INFORMATION
- 41 ADDITIONAL INFORMATION

Caution regarding forward-looking statements

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

Management's Discussion and Analysis

This MD&A presents an overview of the results of operations and the financial condition of AGF and its subsidiaries as at November 30, 2012, compared to November 30, 2011. The MD&A commentary is as of January 29, 2013. The MD&A should be read in conjunction with the 2012 Consolidated Financial Statements for the year ended November 30, 2012. Unless otherwise indicated, all dollar amounts are in Canadian dollars. Throughout this discussion, percentage changes are calculated based on results rounded to the nearest thousand. Results, except per share information, are presented in millions of dollars. Percentage changes are calculated using numbers rounded to the decimals that appear in this MD&A. For purposes of this discussion, the operations of AGF and our subsidiary companies are referred to as 'we,' 'us,' 'our' or 'the Company.'

Basis of Presentation and Summary of Accounting Policies

As of December 1, 2011 and with a transition date of December 1, 2010, AGF's financial results have been reported in accordance with International Financial Reporting Standards (IFRS). The Consolidated Financial Statements for comparative periods in fiscal year 2011 have been adjusted. Note 27 of the Consolidated Financial Statements discloses the impact of the transition to IFRS and contains reconciliations and descriptions of the effects on AGF's reported financial position, financial performance and cash flows for the year ended November 30, 2011. Results for years prior to 2011 have not been adjusted and are presented in accordance with Canadian Generally Accepted Accounting Principles (GAAP) as defined at that time. The adoption of IFRS has not had an impact on AGF's operations, strategic decisions and cash flow.

Upon transition to IFRS, the Company decided to elect certain exemptions permitted by IFRS 1, the most material of which related to business combinations, cumulative translation differences and securitization. As a result of the adoption of IFRS, certain accounting policies were amended, the most impactful of which were the amortization related to finite-life assets and deferred selling commissions and goodwill impairment testing. Amortization related to finite life assets and deferred selling commissions was amended to recognize attrition and redemptions as they occur. Goodwill impairment testing is completed at a cash generating unit level under IFRS. As a result, it is more likely that impairment charges are recognized under IFRS.

There were no significant changes in our MD&A disclosure as a result of our changeover to IFRS.

We also utilize non-IFRS financial measures to assess our overall performance. Details of non-IFRS measures used are outlined in the 'Key Performance Indicators, Additional IFRS and Non-IFRS

Measures' section, which provides calculations of the non-IFRS measures along with reconciliation of non-IFRS financial measures to GAAP financial statements.

Our Business

AGF Management Limited, with \$39.2 billion in AUM as at November 30, 2012, is one of the largest independent Canadian-based investment management firms, with operations and investments in Canada, the United States, the United Kingdom, Ireland and Asia.

The origin of our Company dates back to 1957 with the introduction of the American Growth Fund, the first mutual fund available to Canadians seeking to invest in the United States. As of November 30, 2012, our products and services include a diversified family of award-winning mutual funds, mutual fund wrap programs and pooled funds. AGF also manages assets on behalf of institutional investors including pension plans, foundations and endowments as well as for high-net-worth clients. Our multi-disciplined investment management teams have expertise across the balanced, fixed income, equity and specialty asset categories and are located in Toronto, Dublin and Singapore. Our teams work collaboratively to provide excellence in money management and each has a clearly stated investment philosophy and a unique, research-driven investment process.

Our retail operations are responsible for the sales and marketing of AGF mutual funds. AGF offers approximately 73 retail products including mutual funds, Harmony Private Investment Program and AGF Elements portfolios.

Our global institutional business provides investment management services for a variety of clients including institutions, pension funds, endowments, estates and sovereign wealth funds. We offer a diverse range of investment strategies and have sales and client service offices in Toronto, London (Ontario), Boston, Dublin and Hong Kong.

Our high-net-worth business provides investment management and counselling services for high-net-worth clients in local markets. It includes the operations of Cypress Capital Management Limited in Vancouver, Highstreet Asset Management Inc. in London, (Ontario), and Doherty & Associates Limited in Ottawa and Montreal.

The results from continuing operations are comprised of our Investment Management Operations, which include the results of our retail, institutional and high-net-worth client businesses as well as our 31.1% equity interest in Smith & Williamson Holdings Limited (S&WHL), a leading, independent private client investment management, financial advisory and accounting group based in the U.K. with £12.9 billion of AUM as at November 30, 2012.

The principal subsidiaries and associated companies included, collectively referenced as the AGF Group of Companies (AGF), are entities listed in the 'Government Regulations' section on page 34 of this MD&A under the section 'Investment Management Operations.'

On August 1, 2012, AGF completed the sale of 100% of the shares of AGF Trust Company (AGF Trust) to B2B Bank, a subsidiary of Laurentian Bank. Financial results related to AGF Trust are reported as discontinued operations.

Our Strategy

AGF Management Limited is committed to helping investors succeed. We strive to provide world-class financial solutions to clients in Canada and abroad. We look to expand our business through organic growth supplemented by strategic acquisitions while continuing to focus on our key financial priorities to create long-term value for all our stakeholders.

We provide a diverse suite of investment solutions to retail, institutional and high-net-worth clients. We are focused on delivering strong long-term investment performance and excellence in client service while continuing to build and maintain strong relationships with our distribution partners.

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

- > AUM growth
- > Revenue growth driven by new sales, market performance and client retention
- > Earnings before interest, taxes, depreciation, amortization and non-controlling interest (EBITDA) growth
- > Pre-tax margins

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

Our strategy also recognizes that the investment management business will experience cycles related to the global stock markets, credit availability, employment levels and other economic factors. We believe that a successful strategy is founded on the ability of our operations to effectively operate through economic downturns and upturns by controlling cost and maintaining an effective operational infrastructure.

Key Performance Drivers

AUM levels are critical to our business. The primary sources of revenue for AGF are management and advisory fees. These fees are based on a specific percentage of the average AUM. The amount of management and advisory fees depends on the level and composition of AUM, which in turn is dependent upon investment performance and net sales. These fees are generated from our mutual fund, institutional and sub-advisory accounts and high-net-worth relationships. AUM will fluctuate in value as a result of sales and redemptions, investment performance and acquisitions.

Investment performance, which represents market appreciation (depreciation) of fund portfolios and is shown net of management fees received, is a key driver of the level of AUM and is central to the value proposition that we offer advisors and unitholders. Growth in AUM resulting from investment performance increases the wealth of our unitholders, and, in turn, increases revenues for the firm.

Gross sales and redemptions are monitored separately and the sum of these two amounts comprises net sales (redemptions). Net sales (redemptions) also impact AUM levels. Net sales increase AUM and, in turn, increase revenues for the firm. Net redemptions decrease AUM and, in turn, reduce revenues for the firm.

Acquisitions will also affect the level of AGF's AUM. AGF may consider strategic acquisitions that could supplement existing investment capabilities and fund new product growth.

AGF uses several key performance indicators (KPIs) to measure the success of our business strategies. Refer to the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section of this MD&A.

Our Priorities and Progress

Fiscal 2012 remained a challenging year for the global investment management industry as it was faced with continued volatility and investor uncertainty. The sovereign debt crisis in Europe, escalating tensions in the Middle East, slowing growth in BRIC countries and a challenged American economy all weighed heavily on investor sentiment over the last year. These issues also impacted AGF's performance last year, as equity investing remained out of favour with investors.

AGF has been through many market cycles over the last 55 years and has weathered the market conditions by remaining focused on its core investment management business. The last few years have been challenging for investors and investment firms alike,

but at AGF, we remain committed to our mission of 'Helping Investors Succeed.' We have focused on key areas of the business and have been very active in the priorities we outlined for fiscal year 2012.

AGF experienced net outflows of AUM in the retail and institutional business over the last year. One of our key priorities heading into 2013 is to reduce the level of net outflows. Although we are disappointed with the level of outflows experienced in 2012, we made excellent progress in several key operational dimensions in 2012 that we believe will lead to a return to organic growth of the business.

- > Improving investment management performance through our distinct and disciplined investment approach was a priority in 2012. For the year ended November 30, 2012, AGF's one-year investment management performance improved over the year, with 44% of retail mutual funds ranked by Morningstar in the first and second quartile versus 19% in 2011.
- > Refining and strengthening our product lineup and bolstering retail sales efforts in Canada while expanding global institutional sales presence. At the beginning of 2012, AGF introduced a full suite of retirement and income solutions to help clients transition from the pre-retirement phase to the post-retirement phase with the all-inclusive retirement and income online program, Retire Smart™. In December of 2012, AGF launched the AGF Gold Label, a comprehensive investment solution designed to meet the unique needs of affluent investors. AGF Gold Label is offered on a wide range of funds across the spectrum, including equity, fixed income and balanced funds.
- > Continuing to offer advisors and clients a broad range of investment products. During the spring of 2012, AGF announced a new partnership with Eaton Vance Management (EVM) and launched AGF Floating Rate Income Fund in Canada and the AGF sub-advised Eaton Vance Global Natural Resources Fund in the United States.
- > Focusing on expanding its global institutional sales presence, AGF announced that it had been awarded a Natural Resources mandate by China's National Council for Social Security Fund (NCSSF). The mandate recognizes AGF's proven track record in managing resources portfolios and AGF's disciplined investment process. AGF was one of only two Canadian investment managers to be awarded a mandate.
- > Strengthening the Global Equity team under Stephen Way, Senior Vice-President and Portfolio Manager. Since the second quarter, AGF announced the appointment of five investment professionals. As a global investment management firm, these appointments reinforce our commitment to building a strong

and talented management roster that will continue to support AGF's track record in the global and emerging markets space.

As a strategic priority for 2012 and as part of a continued focus on its core investment management business, AGF Management Limited completed the sale of its subsidiary AGF Trust on August 1, 2012. The sale allows AGF to focus exclusively on investment management and use the capital to accelerate business growth for its Canadian operations, expand its global asset management business and provide return of capital to shareholders in the form of dividends and share buybacks.

AGF remains committed to returning value to shareholders and has been active in deploying the capital from the sale of AGF Trust under its normal course issuer bid. For the year ended November 30, 2012, under the current and previous normal course issuer bids, 7,697,609 Class B Non-Voting shares were repurchased for a total consideration of \$88.7 million.

Our independence, strength and focus are a part of our mission to help investors succeed and our vision to be a premier global asset management firm, delivering excellence in investment management and client service. Our goals and priorities over the last year and for 2013 are a testament to that commitment.

Outlook

We believe that 2013 will mark a better environment for equity investing both domestically and globally. Europe is slowly working through its financial issues and the United States has averted the 'fiscal cliff.' Although debt and growth challenges still remain, the pace of global monetary easing has levelled off. We believe that equity returns will outpace fixed income returns as we enter into a phase of rising rates, which will benefit asset managers that specialize in equity investing.

AGF will build upon its improving investment performance trend and will leverage its competitive advantage in its global distribution footprint. We will leverage our unique world-class capability in global equity investing through the retail and institutional channels to support the return to organic asset growth in 2013.

2012 Financial Performance Overview

Summary of Key Financial and Operational Results:

- > Total AUM decreased 14.9% to \$39.2 billion at November 30, 2012, from \$46.0 billion at November 30, 2011.
- > Retail fund net redemptions were \$3.3 billion for the year ended November 30, 2012, compared to net redemptions of \$2.2 billion in 2011.
- > Revenue from continuing operations decreased 12.9% to \$510.2 million compared to 2011, reflecting lower AUM levels.
- > EBITDA from continuing operations decreased to \$189.0 million compared to \$238.0 million in 2011. EBITDA margin decreased to 37.0% compared to 40.6% in 2011.
- > One-time items before tax of \$25.1 million include impairment charges of \$22.1 million, a lease termination fee of \$0.8 million and a restructuring charge of \$2.2 million related to the realignment of costs due to the sale of AGF Trust. In addition, we recognized a \$10.6 million charge related to the impact of a tax rate change.
- Diluted EPS from continuing operations for the year ended November 30, 2012 was \$0.29 per share compared to \$0.80 per share in 2011. Adjusted EPS from continuing operations was \$0.63 per share in fiscal 2012, compared to \$1.05 per share during the same period in 2011.
- > Under the current and previous normal course issuer bids, 7,697,609 Class B Non-Voting shares were repurchased for a total consideration of \$88.7 million at an average price of \$11.52.

- > We delivered value directly to our shareholders through dividend payments. Dividends paid, including dividends reinvested, on Class A Voting common shares and Class B Non-Voting shares were \$102.0 million in fiscal 2012 compared to \$99.4 million in fiscal 2011.
- > We completed the sale of AGF Trust on August 1, 2012 for a total consideration of \$425.7 million, including \$5.9 million of contingent consideration.
- > AGF one-year investment management performance improved during the quarter ended November 30, 2012, with 44% of retail mutual funds ranked by Morningstar being in the first and second quartile.
- On May 2, 2012, AGF and Eaton Vance Management (Eaton Vance) announced the strategic partnership, which included the launch of AGF Floating Rate Income Fund in Canada and the AGF sub-advised Eaton Vance Global Natural Resources Fund in the United States.
- > At the 2012 Canadian Lipper Awards, AGF Emerging Markets Fund continued its reign of success for the fourth consecutive year, winning the award for the best three-year and five-year returns in the Emerging Markets Equity category. In addition, AGF Global Resources Class was rewarded for having the best five-year returns in the Natural Resources Equity category.
- > During the third quarter of 2012, AGF was awarded a Natural Resources mandate by China's National Council for Social Security Fund (NCSSF.)

Consolidated Operating Results

The table below summarizes our consolidated operating results for the years ended November 30, 2012 and 2011:

(\$ millions, except per share amounts)

Years ended November 30		2012		2011	% change
Revenue					
Investment Management Operations	\$	506.7	\$	580.8	(12.8)%
Share of profit of associated company		3.5		4.9	(28.6)%
		510.2		585.7	(12.9)%
Expenses					
Investment Management Operations		321.2		347.7	(7.6)%
		321.2		347.7	(7.6)%
EBITDA from continuing operations ¹		189.0		238.0	(20.6)%
Amortization		98.0		97.2	0.8%
Interest expense		12.4		11.8	5.1%
Impairment of goodwill, management contracts and investment		20.0		14.3	39.9%
Income taxes		30.9		38.1	(18.9)%
Net income from continuing operations	\$	27.7	\$	76.6	(63.8)%
Net income from discontinued operations		24.8		27.7	(10.5)%
Net income attributable to non-controlling interest		0.2		0.7	(71.4)%
Net income attributable to equity owners of the Company	\$	52.3	\$	103.6	(49.5)%
Diluted earnings per share					
From continuing operations	\$	0.29	\$	0.80	(63.8)%
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From discontinued operations		0.26	<u>_</u>	0.29	(10.3)%
From net income for the year	\$	0.55	\$	1.09	(49.5)%

¹ For the definition of EBITDA, see the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section. The items required to reconcile EBITDA to net income (loss) from continuing operations, a defined term under IFRS, are detailed above.

Overview of Consolidated Results

Revenue for the year ended November 30, 2012 decreased by 12.9% from 2011. Revenue related to Investment Management Operations decreased 12.8% for the year ended November 30, 2012, compared to the corresponding period in 2011. Revenue from share of profit of associated company, which represents the results of our 31.1% equity interest in S&WHL, decreased to \$3.5 million for the year ended November 30, 2012, compared to \$4.9 million for the same period in 2011. Results include a one-time charge of \$2.1 million related to a goodwill impairment recorded by S&WHL in the third quarter of 2012. Results for the year ended November 30, 2011 include a one-time \$1.0 million charge related to its share of a regulatory levy recorded by S&WHL. Expenses for the year ended November 30, 2012 decreased 7.6% compared to fiscal 2011.

The impact of the above items resulted in a decrease in total EBITDA of 20.6% for the year ended November 30, 2012, over the respective 2011 period.

Goodwill and indefinite life assets are not amortized, but are subject to impairment tests on an annual basis, or more frequently if events or changes in circumstances indicate that the asset may be impaired. Goodwill and indefinite life assets are allocated to cash-generating units (CGUs), and any impairment is identified by comparing the carrying value of a CGU with its recoverable amount, determined as the higher of its fair value less cost to sell and its value in use. During the years ended November 30, 2012 and 2011, we determined that the carrying value of a CGU was higher than its recoverable amount. As a result, an impairment charge of \$20.0 million (2011 – \$13.4 million) was recorded. Fiscal 2011 includes \$0.9 million related to impairment of investment.

Income tax expense for the year ended November 30, 2012 was \$30.9 million as compared to \$38.1 million in the corresponding period in 2011. The effective tax rate for fiscal 2012 was 52.7%, compared to 33.2% in the same period of 2011 for continuing operations. The increase in the effective tax rate for the year ended November 30, 2012, compared to the same period in 2011, is mainly the result of new legislation that became substantively enacted during the third quarter of fiscal 2012. The Ontario general corporate tax rate was scheduled to be reduced to 10% by July 1, 2013, but the Ontario Ministry of Finance proposed a general corporate tax rate freeze at 11.5% in its 2012 budget. This legislation became substantively enacted on June 20, 2012, and resulted in approximately \$10.6 million deferred income tax expense for the Company during fiscal 2012.

Net Income

The impact of the above revenue and expense items resulted in net income from continuing operations of \$27.7 million in fiscal 2012 as compared to \$76.6 million in the prior year. Basic and diluted earnings per share from continuing operations was \$0.29 per share in 2012 as compared to \$0.80 per share in 2011.

Return on Equity

Return on equity in fiscal 2012 was 2.5% as compared to 6.8% in 2011. The decrease was due to lower earnings in 2012, which were impacted by lower AUM levels, higher amortization on definite life intangibles and one-time adjustments outlined below.

One-time Adjustments

The table below summarizes the one-time adjustments for the years ended November 30, 2012 and 2011:

(\$ millions, except per share data) Years ended November 30	2012	2011
EBITDA from continuing operations	\$ 189.0	\$ 238.0
Add:		
Acuity integration costs	-	10.2
Lease termination fee	0.8	-
Restructure charge	2.2	-
S&WHL goodwill impairment	2.1	-
S&WHL regulatory charge	-	1.0
Adjusted EBITDA from continuing operations	\$ 194.1	\$ 249.2
Net income from continuing operations	\$ 27.7	\$ 76.6
Add:		
Adjustments to EBITDA from above	5.1	11.2
Impairment of goodwill, management contracts and investment	20.0	14.3
Tax impact on the adjustments to EBITDA above	(3.7)	(2.0)
Tax rate change	10.6	-
Adjusted net income from continuing operations	\$ 59.7	\$ 100.1
Adjusted diluted EPS from continuing operations	\$ 0.63	\$ 1.05

Results from Discontinued Operations

On August 1, 2012, AGF Management Limited successfully completed the sale of AGF Trust to B2B Bank, a subsidiary of Laurentian Bank. The results for AGF Trust are up to July 31, 2012, and are reported as discontinued operations. Results from discontinued operations also include the gain on sale, other revenue attributable to discontinued operations and transaction costs related to the sale as per the Financial and Operational Results table below.

Financial and Operational Results

The following is a summary of discontinued operations up to July 31, 2012. AGF Trust was sold effective August 1, 2012. The results are as follows:

(\$ millions)

Year ended November 30	2012
Net income related to AGF Trust, up to July 31, 2012	\$ 18.2
Gain on sale of AGF Trust, net of tax ¹	6.6
Net income from discontinued operations	\$ 24.8

¹ Fiscal 2012 includes \$1.8 million in transaction costs and a \$5.9 million gain related to the contingent consideration.

Assets Under Management

The following table illustrates the composition of the changes in total AUM during the years ended November 30, 2012 and 2011:

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Years ended November 30	2012	2011	% change
Retail fund AUM (including retail pooled funds), beginning of year	\$ 22,703	\$ 22,264	2.0%
Acquisition of Acuity ¹	-	3,768	n/m
Gross sales	1,870	2,695	(30.6)%
Redemptions	(5,137)	(4,850)	5.9%
Net redemptions	(3,267)	(2,155)	51.6%
Market appreciation (depreciation) of fund portfolios	660	(1,174)	n/m
Retail fund AUM (including retail pooled funds), end of year	\$ 20,096	\$ 22,703	(11.5)%
Average daily retail fund AUM for the year	\$ 21,511	\$ 24,638	(12.7)%
Institutional and sub-advisory accounts AUM, beginning of year	\$ 20,119	\$ 17,585	14.4%
Acquisition of Acuity ¹	_	3,754	n/m
Net change in institutional and sub-advisory accounts	(4,442)	(1,220)	264.1%
Total institutional and sub-advisory accounts AUM	\$ 15,677	\$ 20,119	(22.1)%
High-net-worth AUM	\$ 3,421	\$ 3,221	6.2%
Total AUM, end of year	\$ 39,194	\$ 46,043	(14.9)%

¹ Acuity was acquired on February 1, 2011.

Redemptions for the year ended November 30, 2012, resulted in a decrease in retail fund AUM, including retail pooled funds, of 11.5% to \$20.1 billion, from \$22.7 billion as at November 30, 2011. Retail fund net redemptions, including retail pooled funds, increased to \$3.3 billion from \$2.2 billion for the year ended November 30, 2011. The average daily retail fund AUM for the year ended November 30, 2012 decreased to \$21.5 billion, compared to \$24.6 billion for the same period in 2011. Our

institutional and sub-advisory accounts AUM decreased 22.1% to \$15.7 billion as at November 30, 2012, compared to \$20.1 billion as at November 30, 2011. The decline in institutional AUM is primarily due to redemptions. Our high-net-worth AUM increased 6.2% to \$3.4 billion at November 30, 2012, compared to \$3.2 billion in the same period in 2011. Overall, total AUM decreased 14.9% to end the year at \$39.2 billion, compared to \$46.0 billion in 2011.

Investment Performance

Stock market performance influences our AUM levels. Returns for the year ended November 30, 2012 are as follows:

Stock market performance

Year ended November 30	2012
AGF Retail Fund Portfolios	6.4%
S&P 5001	13.4%
NASDAQ ¹	12.1%
S&P/TSX Composite	3.4%
MSCI	11.6%

¹ Canadian dollar adjusted.

Consistent with the increase in the stock market, market appreciation net of management fees increased retail fund AUM by \$0.6 billion since November 30, 2011, offset by \$3.3 billion in redemptions. For the one-year period ended November 30, 2012, 44% of retail fund AUM (excluding retail pooled funds) performed above median (2011 – 19%). Over the three-year period ended November 30, 2012, 39% of retail fund AUM (excluding retail pooled funds) performed above median (2011 – 21%). The composition of AUM as outlined on page 22 of this MD&A has direct influence on our revenues. Generally, equity funds have higher management fees than fixed income funds and international funds have higher management fees than domestic funds.

Financial and Operational Results from Continuing Operations

The table below highlights the results from continuing operations for the years ended November 30, 2012 and 2011:

(\$ millions)			
Years ended November 30	 2012	2011	% change
Revenue			
Management and advisory fees	\$ \$ 486.1	\$ 552.8	(12.1)%
Deferred sales charge	21.1	23.2	(9.1)%
Share of profits of associated company	3.5	4.9	(28.6)%
Fair value adjustment and other income (loss)	(0.5)	4.8	n/m
	510.2	585.7	(12.9)%
Expenses			
Selling, general and administrative	181.2	173.8	4.3%
Business acquisition and integration	-	10.2	n/m
Trailing commissions	132.8	154.4	(14.0)%
Investment advisory fees	7.2	9.3	(22.6)%
	321.2	347.7	(7.6)%
EBITDA ¹	189.0	238.0	(20.6)%
Amortization	98.0	97.2	0.8%
Income before taxes	\$ \$ 91.0	\$ 140.8	(35.4)%

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

Revenue

For the year ended November 30, 2012, revenue decreased by 12.9% over the previous year, with changes in the categories as follows:

Management and Advisory Fees

Management and advisory fees are directly related to our AUM levels. The 12.7% decrease in average daily retail fund AUM for the year ended November 30, 2012, combined with a 22.1% decrease in institutional and sub-advisory accounts AUM at November 30, 2012, contributed to a 12.1% decrease in management and advisory fee revenue compared to 2011.

Deferred Sales Charges (DSC)

We receive deferred sales charges upon redemption of securities sold on the contingent DSC or low-load commission basis for which we finance the selling commissions paid to the dealer. The DSC ranges from 1.5% to 5.5%, depending on the commission option of the original subscription price of the

funds purchased if the funds are redeemed within the first two years and declines to zero after three or seven years. DSC revenue fluctuates based on the level of redemptions, the age of the assets being redeemed and the proportion of redemptions composed of back-end assets. DSC revenues decreased by 9.1% for the year ended November 30, 2012, as compared to 2011, reflecting the redemption of a larger proportion of older, lower-yielding DSC assets.

Share of Profit of Associated Company

Share of profit of associated company decreased to \$3.5 million for the year ended November 30, 2012, compared to \$4.9 million during the same period in 2011. The equity pickup for the year ended November 30, 2012 includes a \$2.1 million charge recorded by S&WHL related to goodwill impairment. Results for the year ended November 30, 2011 include a one-time \$1.0 million charge related to its share of a regulatory levy recorded by S&WHL.

Fair Value Adjustments and Other Income

The following table illustrates the fair value adjustments and other income for the years ended November 30, 2012 and 2011:

(in thousands of Canadian dollars)

Years ended November 30	2012	2011
Fair value adjustment related to investment in AGF mutual funds	\$ 433	\$ (592)
Fair value adjustment related to acquisition consideration payable	332	2,535
Fair value adjustment related to put agreement with non-controlling shareholders	(4,107)	2,814
Interest income and other	2,937	46
	\$ (405)	\$ 4,803

Expenses

For the year ended November 30, 2012, expenses decreased 7.6% from the previous year. Changes in specific categories are described in the discussion that follows:

Selling, General and Administrative Expenses

Selling, general and administrative (SG&A) expenses increased by \$7.4 million or 4.3% in 2012 compared to 2011. A breakdown of the increase is as follows:

14	 lions)

Year ended November 30	2012
Increase in restructuring expenses	\$ 2.2
Decrease in compensation-related expenses	(7.0)
Increase in other expenses	8.5
Increase in fund absorption expenses	3.7
	\$ 7.4

The following explains expense changes in 2012 compared to the prior year:

- > During the year, we recognized a \$2.2 million restructuring charge related to the realignment of the business as a result of the sale of AGF Trust.
- > Compensation-related expenses decreased \$7.0 million for the year ended November 30, 2012, reflecting a decline in stock-based compensation due to a lower share price, lower incentive compensation earned and lower headcount levels.
- Other expenses increased \$8.5 million in the year due to higher IT costs associated with system upgrades, costs associated with fund mergers, a full year of Acuity operations and amounts related to certain legal settlements.
- > Fund absorption expenses increased \$3.7 million, reflecting lower AUM levels and expense caps lowered on certain funds.

Trailing Commissions

Trailing commissions paid to distributors depend on total AUM, the proportion of mutual fund AUM sold on a front-end versus back-end commission basis and the proportion of equity fund AUM versus fixed-income fund AUM. Annualized trailing commissions as a percentage of average daily retail fund AUM were 0.62% for the year ended November 30, 2012, compared to 0.63% in the same period of 2011.

Investment Advisory Fees

External investment advisory fees decreased 22.6% for the year ended November 30, 2012, as compared to the year ended November 30, 2011, reflecting lower AUM levels and the repatriation of certain funds' management in-house.

EBITDA and EBITDA Margin

EBITDA from continuing operations were \$189.0 million for the year ended November 30, 2012, a 20.6% decrease from \$238.0 million in 2011. EBITDA margin was 37.0% for the year ended November 30, 2012, compared to 40.6% in the same period in 2011.

Amortization and Interest Expense

The category represents amortization of deferred selling commissions, customer contracts, other intangible assets, property, equipment and computer software. Deferred selling commission amortization represents the most significant category of amortization. We internally finance all selling commissions paid. These selling commissions are capitalized and amortized on a straight-line basis over a period that corresponds with their applicable DSC schedule. Unamortized deferred selling commissions related to units redeemed prior to the end of the schedule are immediately expensed. Amortization expense related to deferred selling commissions was \$67.3 million for the year ended November 30, 2012, compared to \$73.6 million in 2011. In fiscal 2012, we paid \$36.2 million in selling commissions, compared to \$49.0 million in fiscal 2011, reflecting lower sales. As at November 30, 2012, the unamortized balance of deferred selling commissions financed was \$136.8 million (November 30, 2011 - \$168.0 million).

Customer contracts amortization increased \$3.6 million as a result of redemptions and a full year of amortization of intangible assets related to the Acuity acquisition. Amortization related to intangible assets acquired as a result of the Acuity acquisition was approximately \$23.4 million for the year ended November 30, 2012 (2011 – \$12.2 million). Customer contracts related to the Acuity acquisition are amortized over seven years and other intangible assets are amortized over periods of three and 10 years. Customer contracts are immediately expensed upon redemption of the AUM.

Interest expense increased due to higher average debt levels, combined with increased rates.

Impairment of Goodwill and Indefinite Life Assets Goodwill and indefinite life assets are not amortized, but are subject to impairment tests on an annual basis, or more frequently if events or changes in circumstances indicate that the asset may be impaired. Goodwill and indefinite life assets are allocated to CGUs, and any impairment is identified by comparing the carrying value of a CGU with its recoverable amount, determined as the greater of its fair value less cost to sell and its value in use. An impairment is identified if the

carrying value of a CGU is higher than its recoverable amount.

During the years ended November 30, 2012 and 2011, we determined that the carrying value of Highstreet CGU was higher than its recoverable amount. As a result, an impairment charge of \$20.0 million (2011 – \$13.4 million) was recorded. In addition, an impairment charge of \$24.0 million was recognized on transition to IFRS.

Pre-tax Profit Margin

Pre-tax profit margin decreased to 11.5% for the year ended November 30, 2012, compared to 19.6% in 2011, reflecting the impact of lower revenues as a result of lower AUM.

Liquidity and Capital Resources

On August 1, 2012, the Company completed its sale of 100% of the shares of AGF Trust to B2B Bank, a subsidiary of Laurentian Bank, for cash consideration corresponding to the net book value of AGF Trust at closing of \$246.3 million. The transaction also caused AGF Trust to repay subordinated indebtedness owed to AGF and redeem preferred shares held by AGF for an additional consideration of \$173.5 million, for a total cash consideration of \$419.8 million.

Adjusted cash flow generated from continuing operating activities, before net change in non-cash balances related to operations, was \$140.4 million for fiscal 2012, compared to \$184.9 million in the prior year.

The primary uses of cash for the year ended November 30, 2012 were as follows:

- > Under the previous and current normal course issuer bids, AGF repurchased a total of 7,697,609 shares for a total consideration of \$88.7 million, compared to 503,500 Class B Non-Voting shares for a total consideration of \$8.1 million in fiscal 2011.
- > We paid \$99.2 million in dividends, compared to \$97.3 million in 2011.

> We paid \$36.2 million in selling commissions, which were capitalized and are being amortized for accounting purposes, compared to \$49.0 million in 2011.

Consolidated cash and cash equivalents of \$371.3 million increased by \$124.7 million from the November 30, 2011 level of \$246.6 million (2011 – decreased by \$210.0 million).

On January 28, 2011, we arranged a four-year non-amortizing acquisition facility with two Canadian chartered banks. The facility allowed for a one-time drawdown of \$185.0 million.

On August 31, 2011, the Company arranged a syndicated revolving committed term loan with two Canadian chartered banks to a maximum of \$125.0 million. As at November 30, 2011, the facility was fully drawn. To hedge AGF's exposure to interestrate variability, the Company entered into an interest-rate swap to fully hedge the \$125.0 million at a fixed rate over a five-year term.

Upon the sale of AGF Trust, the four-year prime rate-based revolving term loan facility reduced from a maximum of \$300 million to a maximum of \$200.0 million, of which \$194.9 million was available to be drawn as at

November 30, 2012. The loan facility will be available to meet future operational and investment needs. We anticipate that cash balances and cash flow from operations, together with the available loan facility, will be sufficient in the foreseeable future to implement our business plan, finance selling commissions, satisfy regulatory requirements, service debt repayment obligations, meet capital spending needs, pay quarterly dividends and fund any future share buybacks.

Limited Partnership Financing

Prior to 2000, the Company financed certain deferred selling commissions using limited partnerships (LPs). The Company was obligated to pay these LPs an annual distribution fee of 0.45% to 0.90% of the net asset value of DSC securities.

On November 5, 2012, the Company paid \$2.4 million to purchase the residual rights to the distribution fees remaining payable to the LPs in respect of the period on and after October 31, 2012. The LPs were dissolved on November 5, 2012.

Contractual Obligations

The table below is a summary of our contractual obligations at November 30, 2012. See also Notes 10 and 26 of the Consolidated Financial Statements.

(\$ millions)	Total	2013	2014	2015	2016	2017	Th	ereafter
Long-term debt	\$ 310.0	\$ -	\$ -	\$ 185.0	\$ 125.0	\$ -	\$	-
Operating leases	52.9	7.4	7.0	6.5	6.3	5.8		19.9
Purchase obligations	46.7	12.1	11.0	9.6	7.9	6.1		-
Total contractual obligations	\$ 409.6	\$ 19.5	\$ 18.0	\$ 201.1	\$ 139.2	\$ 11.9	\$	19.9

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

- > We pay trailing commissions to financial advisors based on AUM of their respective clients. This obligation varies based on fund performance, sales and redemptions, and in 2012 we paid \$132.8 million in trailing commissions.
- > We have committed to 2015 to reimburse Citigroup up to \$2.8 million per year if minimum levels of services and related fees are not achieved. We expect to attain the minimum levels required in 2013.
- > In conjunction with the Elements Advantage Commitment on certain Elements portfolios, AGF has committed to investors that if a portfolio does not match or outperform its customized benchmark over a three-year average annualized period, investors will receive up to 90 basis points in new units. Payments related to this began in fiscal 2009 for the applicable funds. AGF capped the AGF Elements Advantage feature on its Elements products to new purchases effective June 22, 2009. Eligible units purchased prior to June 22, 2009 have been grandfathered. The estimated liability as at November 30, 2012, is \$4.3 million compared to \$6.6 million in 2011.

Intercompany and Related Party Transactions

The Company acts as manager for the AGF Funds and receives management and advisory fees from the AGF Funds in accordance with the respective agreements between the Funds and the Company. In return, the Company is responsible for management and investment advisory services and all costs connected with the distribution of securities of the Funds. Substantially all the management and advisory fees the Company earned in the years ended November 30, 2012 and 2011 were from the AGF Funds. As at November 30, 2012, the Company had \$28.3 million (2011 – \$36.1 million) receivable from the AGF Funds. The Company also acts as trustee for the AGF Funds that are mutual fund trusts.

The aggregate unitholder services costs absorbed and management and advisory fees waived by the Company during the year ended November 30, 2012 on behalf of the Funds were approximately \$7.8 million (2011 – \$4.9 million).

Capital Management Activities from Continuing Operations

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

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

Investment Management Operations – Regulatory Capital

A significant objective of the Capital Management program is to ensure regulatory requirements are met for capital. Our Investment Management businesses, in general, are not subject to significant regulatory capital requirements in each of the jurisdictions in which they are registered and operate. The cumulative amount of minimum regulatory capital across all of our Investment Management Operations is approximately \$6.0 million.

Normal Course Issuer Bid

In January 2012, the Company's Board of Directors authorized the renewal of AGF's normal course issuer bid for the purchase of up to 7,435,369 Class B Non-Voting shares, or 10% of the public float for such shares. AGF relies on an automatic purchase plan during the normal course issuer bid. The automatic purchase plan allows for purchases by AGF of its Class B Non-Voting shares during certain pre-determined black-out periods, subject to certain parameters. Outside of these pre-determined black-out periods, shares will be purchased in accordance with management's discretion. The Company received approval from the Toronto Stock Exchange on January 25, 2012, for the renewal of its normal course issuer bid. This allows AGF to purchase up to 7,435,369 Class B Non-Voting shares through the facilities of the Toronto Stock Exchange (or as otherwise permitted by the Toronto Stock Exchange) between January 27, 2012 and January 26, 2013. The Class B Non-Voting shares may be repurchased from time to time at prevailing market prices or such other price as may be permitted by the Toronto Stock Exchange. Subject to regulatory approval, the Company will apply for renewal of its normal course issuer bid.

During the year ended November 30, 2012, under the current normal course issuer bid, 7,435,369 Class B Non-Voting shares were repurchased for a total consideration of \$84.6 million at an average price of \$11.37.

During the three months ended February 29, 2012, under the previous normal course issuer bid, 262,240 Class B Non-Voting shares were repurchased for a total consideration of \$4.1 million at an average price of \$15.73.

Dividends

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

Our Board of Directors may determine that Class B Non-Voting shareholders shall have the right to elect to receive part or all

of such dividend in the form of a stock dividend. They also determine whether a dividend in Class B Non-Voting shares is substantially equal to a cash dividend. This determination is based on the weighted average price at which the Class B Non-Voting shares traded on the Toronto Stock Exchange during the 10 trading days immediately preceding the record date applicable to such dividend.

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

Years ended November 30	2012 ¹	2011	2010	2009	2008
Per share	\$ 1.08	\$ 1.07	\$ 1.04	\$ 1.00	\$ 0.95
Percentage increase	1%	3%	4%	5%	22%

¹ Represents the total dividends paid in April 2012, July 2012, October 2012 and January 2013.

We review our dividend distribution policy on a quarterly basis, taking into account our financial position, profitability, cash flow and other factors considered relevant by our Board of Directors. The quarterly dividend paid on January 18, 2013 was \$0.27 per share.

Outstanding Share Data

Set out below is our outstanding share data as at November 30, 2012 and 2011. For additional detail, see Note 5(b), Note 13 and Note 18 of the Consolidated Financial Statements.

(\$ millions) Years ended November 30	2012	2011
Shares		
Class A Voting common shares	57,600	57,600
Class B Non-Voting shares	89,057,691	95,406,796
Stock Options		
Outstanding options	5,326,844	5,399,429
Exercisable options	2,971,590	3,750,272

As at December 31, 2012, there were a total of 57,600 Class A Voting common shares and 89,065,291 Class B Non-Voting shares. As at December 31, 2012, there were a total of 5,233,294 outstanding options and 2,878,040 exercisable options.

Key Performance Indicators, Additional IFRS and Non-IFRS Measures

We measure the success of our business strategies using a number of KPIs, which are outlined below. With the exception of revenue, the following KPIs are non-IFRS measures, which are not defined under IFRS. They should not be considered as an alternative to net income attributable to equity owners of the Company or any other measure of performance under IFRS.

Consolidated Continuing Operations

Revenue

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

We derive our revenue principally from a combination of:

- > management and advisory fees based on AUM
- > DSC earned from investors when mutual fund securities sold on a DSC basis are redeemed
- > 31.1% equity interest in S&WHL

EBITDA

We define EBITDA from continuing operations as earnings before interest, taxes, depreciation, amortization and impairment of goodwill and indefinite life assets. EBITDA is a standard measure used in the mutual fund industry by management, investors and

investment analysts to understand and compare results. We believe this is an important measure as it allows us to assess our investment management businesses without the impact of non-operational items.

Please see the Consolidated Operating Results section on page 20 of this MD&A for a schedule showing how EBITDA reconciles to our IFRS financial statements.

Adjusted Cash Flow from Continuing Operations

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

(\$ millions) Years ended November 30	2012	2011
Net cash provided by continuing operating activities	\$ 106.6	\$ 144.6
Adjusted for:		
Net changes in non-cash working capital balances related to		
continuing operations	0.8	21.1
Interest expense	(12.4)	(11.8)
Deferred selling commissions paid	36.2	49.0
Current income tax expense,		
net of payment	9.2	(18.0)
Adjusted cash flow from		
continuing operations	\$ 140.4	\$ 184.9

Free Cash Flow from Continuing Operations

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

(\$ millions) Years ended November 30	2012	 2011
Adjusted cash flow from continuing operations (defined above)	\$ 140.4	\$ 184.9
Less:		
Deferred selling commissions paid	(36.2)	(49.0)
Free cash flow from continuing operations	\$ 104.2	\$ 135.9

EBITDA Margin

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

(\$ millions) Years ended November 30	2012	2011
EBITDA	\$ 189.0	\$ 238.0
Divided by revenue	510.2	585.7
EBITDA margin	37.0%	40.6%

Pre-tax Profit Margin

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

(\$ millions) Years ended November 30	2012	2011
Net income from continuing operations	\$ 27.7	\$ 76.6
Add: income taxes	30.9	38.1
Income before taxes	\$ 58.6	\$ 114.7
Divided by revenue	510.2	585.7
Pre-tax profit margin	11.5%	19.6%

Return on Equity (ROE)

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

2012		2011
\$ 27.7	\$	76.6
1,119.5		1,128.3
2.5%		6.8%
\$	\$ 27.7 1,119.5	\$ 27.7 \$ 1,119.5

Long-term Debt to EBITDA Ratio

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

(\$ millions) Years ended November 30	2012	2011
Long-term debt ¹	\$ 312.3	\$ 315.2
Divided by EBITDA	189.0	238.0
Long-term debt to EBITDA	165.2%	132.4%

¹ Includes deferred cash consideration related to the Acuity acquisition.

Assets Under Management

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

Investment Performance

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

Net Sales (Redemptions)

Gross sales and redemptions are monitored separately and the sum of these two amounts comprises net sales (redemptions). Net sales (redemptions), together with investment performance and fund expenses, determine the level of average daily retail fund AUM, which is the basis on which management fees are charged. The average daily retail fund AUM is equal to the aggregate average daily net asset value of the AGF retail funds. We monitor AUM in our institutional, sub-advisory and high-networth businesses separately. We do not compute an average daily retail fund AUM figure for them.

EBITDA Margin

(Excluding Share of Profit of Associated Company)

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

(\$ millions) Years ended November 30	2012	2011
EBITDA	\$ 185.5	\$ 233.1
Divided by revenue	506.7	580.8
EBITDA margin	36.6%	40.1%

Pre-tax Profit Margin

(Excluding Share of Profit of Associated Company)

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

(\$ millions) Years ended November 30	2012	2011
Income before taxes and non-segmented items	\$ 87.5	\$ 135.9
Divided by revenue	506.7	580.8
Pre-tax profit margin	17.3%	23.4%

Significant Accounting Policies

Adoption of International Financial Reporting Standards

AGF adopted IFRS effective December 1, 2011, with a transition date of December 1, 2010. The adoption of IFRS has not had a material impact on AGF's operations, strategic decisions and cash flow. AGF's IFRS accounting policies are provided in Consolidated Financial Statements. In addition, Note 27 of the Consolidated Financial Statements presents reconciliations between AGF's GAAP results and IFRS results and explanations of the adjustments on transition to IFRS. The reconciliation includes the Consolidated Statement of Financial Position for the transition date of December 1, 2010 and the year ended November 30, 2011. Note 27 of the Consolidated Financial Statements include reconciliations of the Consolidated Statements of Income, Comprehensive Income and Cash Flows for the year ended November 30, 2011.

Critical Accounting Estimates and Judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period in which the estimate is revised if the revision affects both current and future periods.

Key areas of estimation where management has made difficult, complex or subjective judgements – often about matters that are inherently uncertain – include provision for useful lives of depreciable assets, commitments and contingencies, as well as the specific items discussed below.

a) Impairment of Non-financial Assets

The Company determines the recoverability of each of its CGUs based on the higher of their fair value less costs to sell (FVLCTS) and their value in use (VIU). FVLCTS is determined based on an analysis of the underlying AUM associated with the CGU and available AUM multiples from recent transactions for similar assets within the same industry. Such analysis involves management judgement in selecting the appropriate AUM multiple to be used in the assessment of the impairment of non-financial assets. Refer to Note 8 of the Consolidated Financial Statements for further details on the impairment of non-financial assets.

b) Stock-based Compensation and Other Stock-based Payments

In determining the fair value of stock-based rewards and the related charge to the consolidated statement of income, the Company makes assumptions about future events and market conditions. In particular, judgement must be formed as to the likely number of shares that will vest, and the fair value of each award granted. The fair value of stock options granted is determined using the Black-Scholes option-pricing model, which is dependent on further estimates, including the Company's future dividend policy and the future volatility in the price of the Class B Non-Voting shares. Refer to Note 18 of the Consolidated Financial Statements for the assumptions used. Such assumptions are based on publicly available information and reflect market expectation. In addition, in determining the fair value of the obligation related to the put agreement with noncontrolling shareholders of one of its subsidiaries, the Company estimates the market multiple based on precedent transactions. Different assumptions about these factors to those made by AGF could materially affect reported net income.

c) Performance-related Compensation

In determining the charge for performance-related compensation to the consolidated statement of income, management uses a financial forecast of year-end results and fund performance that is updated quarterly. Forecasts require management judgement and are subject to risk that actual events may be significantly different from those forecasted. If actual events deviate from the assumptions made by the Company, then the reported performance-related compensation may be materially different.

d) Contingent Consideration Receivable

In determining the fair value of the contingent consideration receivable related to the sale of AGF Trust, the Company uses a five-year analysis of the credit quality of the loan portfolio. Such an analysis requires management judgement related to the liquidation rates used during the analysis period. Refer to Note 5 of the Consolidated Financial Statements for the assumptions used.

e) Income Taxes

The Company is subject to income taxes in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. AGF recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

f) Critical Judgements in Applying the Company's Accounting Policies

The application of the Company's accounting policies may require management to make judgements, apart from those involving estimates, that can affect the amounts recognized in the Consolidated Financial Statements. Such judgements include the determination of the finite or indefinite life of intangible assets and the determination of whether or not to apply hedge accounting. Refer to relevant accounting policies in Note 3 of the Consolidated Financial Statements for further details.

Significant Accounting Changes

Refer to Note 27 of the Consolidated Financial Statements for significant adjustments on transition to IFRS.

Risk Factors and Management of Risk

Risk is the responsibility of the Executive Management Committee. The Executive Management Committee is made up of the Chairman and Chief Executive Officer (CEO); the Chief Financial Officer (CFO); the Chief Operating Officer; the Chief Investment Officer (CIO); the Head of Marketing, Product and Retail; and the Head of Institutional. The Chairman and CEO is directly accountable to the Board of Directors for all risk-related activities. The Executive Management Committee reviews and discusses significant risks that arise in developing and executing the enterprise-wide strategy and ensures risk oversight and governance at the most senior levels of management. Each of the business units and shared services owns and assumes responsibility for managing its risk. They do this by ensuring that policies, processes and internal controls are in place and by escalating significant risks identified in the business units to the Executive Management Committee.

AGF operates an Enterprise Risk Management (ERM) program. Key risks are identified and evaluated by senior management. Plans for addressing the key risks are developed by management and agreed to and monitored by the Executive Management Committee. The Board of Directors receives a quarterly report on ERM.

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

Risk Factors That May Affect Future Results

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

Company-specific Risk Factors

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

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

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

Our retail AUM is obtained through third-party distribution channels including financial advisors or strategic partners that offer our products to investors along with competing products. Our future success is dependent on continued access to these distribution channels, which are independent of our company.

Non-company Risk Factors

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

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

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

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

AUM is exposed to various market risks that are detailed in the 'Market Risk in Assets Under Management' section.

Market Risk in Assets Under Management

AUM is exposed to various market risks, including changes in equity prices, interest rates and foreign exchange rates. These risks transfer to the Company as our management fee revenue is calculated as a percentage of the average net asset value of each retail fund or portfolio managed. The Company does not quantify these risks in isolation; however, in general, for every \$1 billion reduction of retail fund AUM, management fee revenues would decline by approximately \$19.2 million. The Company monitors these risks as they may impact earnings; however, it is at the discretion of the fund manager to decide on the appropriate risk-mitigating strategies for each fund.

To provide additional details on the Company's exposure to these market risks, the following provides further information on our retail fund AUM by asset type as at November 30:

Percentage of total retail fund AUM	2012	2011
Domestic equity funds	32.3%	38.1%
U.S. and international equity funds	25.6%	26.4%
Domestic balanced funds	17.4%	14.0%
U.S. and international balanced funds	2.8%	2.8%
Domestic fixed income funds	15.3%	12.9%
U.S. and international fixed income funds	5.3%	4.0%
Domestic money market	1.3%	1.8%
	100%	100%

Institutional and high-net-worth AUM are exposed to the same market risks as retail fund AUM. In general, for every \$1 billion reduction of institutional and high-net-worth AUM, management fee revenues would decline by approximately \$4.1 million.

Foreign Exchange Risk

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

We are subject to foreign exchange risk on our integrated foreign subsidiaries in the United States, Ireland and Singapore, which provide investment advisory services. These subsidiaries retain minimal monetary exposure to the local currency and their revenues are calculated in Canadian dollars. The local currency expenses are translated at the average monthly rate, and local currency assets and liabilities are translated at the rate of exchange in effect at the balance sheet date.

The Company is exposed to foreign exchange risks through its 31.1% equity interest in S&WHL, which is denominated in U.K. pounds. The investment is translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Unrealized translation gains and losses are reported in other comprehensive income. Based on the carrying value at November 30, 2012, a 5% change in the value of the Canadian dollar versus the U.K. pound would result in a change in other comprehensive income of \$3.6 million.

Interest Rate Risk

AGF has exposure to the risk related to changes in interest rates on floating-rate debt and cash balances at November 30, 2012. Using average balances for the year, the effect of a 1% change in variable interest rates on our floating-rate debt and cash balances in fiscal 2012 would have resulted in a corresponding change of approximately \$3.1 million in interest expense for the year ended November 30, 2012. As the amount of interest paid is small relative to our operating cash flow, such a change in interest rates would not have a material impact on the results of operations or the fair value of the related debt.

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

Controls and Procedures

Disclosure Controls and Procedures

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

AGF Management Limited's management, under the direction of the CEO and CFO, has evaluated the effectiveness of AGF Management Limited's disclosure controls and procedures (as defined in National Instrument 52-109 of the Canadian Securities Commission) as at November 30, 2012, and has concluded that such disclosure controls and procedures were effective.

Internal Control Over Financial Reporting

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

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

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

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

Management, under the direction of the CEO and CFO, has evaluated the effectiveness of the Company's internal control over financial reporting as at November 30, 2012, and has concluded that internal control over financial reporting is designed and operating effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management's assessment was based on the framework established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Changes in Internal Controls Over Financial Reporting
There have been no changes in AGF Management Limited's
internal control over financial reporting during the year ended

November 30, 2012, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Changes in Information Technology Systems
During 2012, there were no significant changes to Information
Technology Systems.

Government Regulations

AGF Management Limited

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

AGF Mutual Funds

To qualify for continuous distribution, each of the mutual funds managed by AGF Investments Inc. (AGFI) must file each year a simplified prospectus, annual information form and fund facts document (per series) in every province and territory of Canada in which it intends to distribute securities. It must also obtain a receipt for the same from provincial and territorial securities regulatory authorities.

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

Investment Management Operations

AGF Investments Inc.

AGFI is registered with the Ontario Securities Commission (OSC) as a portfolio manager and investment fund manager and maintains equivalent registrations in each of the other provinces and territories of Canada in which AGFI carries on business. AGFI is also registered as a Mutual Fund Dealer, Exempt Market Dealer and Commodity Trading Manager in certain jurisdictions and is subject to oversight by the federal and provincial Privacy Commissions and Financial Transactions Reports Analysis Centre of Canada (FINTRAC). In its capacity as portfolio manager and investment fund manager, AGFI is subject to conflict of interest provisions pursuant to the Securities Act (Ontario), National

Instrument 31-103 and certain other provincial and territorial securities legislation. Amongst other things, these provisions impose limitations on the ability of AGFI to advise or make recommendations with respect to its own securities or securities of a related or connected issuer. AGFI is also subject to certain restrictions that are imposed by applicable provincial and territorial securities legislation on advertising and sales incentives.

AGF International Advisors Company Limited

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

AGFIA Limited

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

AGF Asset Management (Asia) Limited

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

AGF Investments America Inc.

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

Acuity Investment Management Inc.

Acuity Investment Management Inc. (AIMI) is registered with the OSC as a portfolio manager and maintains equivalent registration in each of the other provinces in Canada in which it does business. AIMI is also subject to oversight by federal and provincial Privacy Commissions and FINTRAC.

Highstreet Asset Management Inc.

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

Cypress Capital Management Ltd.

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

Cypress Capital Management US Limited

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

Doherty & Associates Limited

Doherty & Associates Limited (Doherty) is registered with the OSC as a portfolio manager and maintains equivalent registrations in each of the other provinces and territories of Canada in which it does business. Doherty is also registered with the OSC as an exempt market dealer for the purpose of facilitating the distribution of certain securities to its clients and is subject to oversight by federal and provincial Privacy Commissions and FINTRAC.

AGF Securities (Canada) Limited

AGF Securities (Canada) Limited is a member of the Investment Industry Regulatory Organization of Canada (IIROC). AGF Securities (Canada) Limited is registered as an investment dealer with the securities regulatory authorities in each of Alberta, British Columbia, Ontario and Saskatchewan and is registered as a type 3 non-advising introducing broker. AGF Securities (Canada) Limited is also a member of the Canadian Investor Protection Fund and is subject to oversight by the federal and provincial Privacy Commissions and FINTRAC.

Fourth Quarter Analysis

Consolidated Operating Results

The table below highlights our results for the three months ended November 30, 2012 and 2011:

(\$ millions, except per share amounts)

(\$ millions, except per share amounts) Three months ended November 30	2012	2011	% change
Revenue			
Investment Management Operations	\$ 123.6	\$ 136.5	(9.5)%
Share of profit of associated company	1.4	1.7	(17.6)%
	125.0	138.2	(9.6)%
Expenses			
Investment Management Operations	75.0	81.9	(8.4)%
	75.0	81.9	(8.4)%
EBITDA ¹	50.0	56.3	(11.2)%
Amortization	23.4	23.9	(2.1)%
Interest expense	3.1	3.3	(6.1)%
Impairment of goodwill and investment	-	0.9	n/m
Income taxes	10.5	10.2	2.9%
Net income from continuing operations	13.0	18.0	(27.8)%
Net income from discontinuing operations	2.9	7.1	(59.2)%
Net income attributable to non-controlling interest	0.1	-	n/m
Net income attributable to equity owners of the Company	\$ 15.7	\$ 25.1	(37.5)%
Diluted earning per share			
From continuing operations	\$ 0.14	\$ 0.19	(26.3)%
From discontinuing operations	0.03	0.07	(57.1)%
From net income for the period	\$ 0.17	\$ 0.26	(34.6)%

¹ For the definition of EBITDA, see the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section. The items required to reconcile EBITDA to net income (loss) from continuing operations, a defined term under IFRS, are detailed above.

Overview of Consolidated Results from Continuing Operations

Revenue for the fourth quarter ended November 30, 2012 decreased 9.6% to \$125.0 million, compared to \$138.2 million during the same period in 2011. Revenue related to Investment Management Operations decreased \$12.9 million for the three months ended November 30, 2012, compared to the same period in 2011. Revenue from share of profit of associated company, which represents our 31.1% equity interest in S&WHL, decreased to \$1.4 million. Expenses in the fourth quarter ended November 30, 2012, decreased to \$75.0 million over the same period a year ago.

As a result of lower revenue, EBITDA decreased 11.2% in the fourth quarter of 2012, over the respective 2011 period.

Our income tax expense for the three months ended November 30, 2012, was \$10.5 million, as compared to \$10.2 million for the three months ended November 30, 2011.

The impact of the above revenue and expense items resulted in net income from continuing operations of \$13.0 million in the three months ended November 30, 2012, compared to a net income from continuing operations of \$18.0 million during the same period in 2011. Diluted earnings per share from continuing operations was \$0.14 per share, in the three months ended November 30, 2012, as compared to \$0.19 per share in 2011.

On a diluted per share basis, cash flow from operations for the three months ended November 30, 2012 was 0.33 per share 0.31 - 0.41.

A further discussion of the results is as follows for the three months ended November 30, 2012, compared to November 30, 2011.

One-time Adjustments

The table below summarizes the one-time adjustments for the three months ended November 30, 2012 and 2011:

(\$ millions, except per share data) Three months ended November 30	2012	2011
EBITDA from continuing operations	\$ 50.0	\$ 56.3
Add:		
Acuity integration costs	-	0.3
Restructure charge	(0.8)	-
Adjusted EBITDA from continuing operations	\$ 49.2	\$ 56.6
Net income from continuing operations	\$ 13.0	\$ 18.0
Add:		
Adjustments to EBITDA from above	(0.8)	0.3
Impairment of goodwill and investment	-	0.9
Tax impact on the adjustments to EBITDA above	(0.2)	(0.2)
Tax rate change	2.6	_
Adjusted net income from continuing operations	\$ 14.6	\$ 19.0
Adjusted diluted EPS from continuing operations	\$ 0.16	\$ 0.20

Results from Discontinued Operations

The quarter ended November 30, 2012, includes a remeasurement to the contingent consideration of \$3.9 million to \$5.9 million related to the sale of AGF Trust on August 1, 2012.

Assets Under Management

The following table illustrates the composition of the changes in retail fund AUM during the three months ended November 30, 2012 and 2011:

(\$ millions) Three months ended November 30	2012	2011	% change
Retail fund AUM (including retail pooled funds), beginning of period	\$ 20,602	\$ 23,955	\$ (14.0)%
Gross sales	423	476	(11.1)%
Redemptions	(1,572)	(1,070)	46.9%
Net sales (redemptions)	(1,149)	(594)	93.4%
Market appreciation (depreciation) of fund portfolios	643	(658)	(197.7)%
Retail fund AUM (including retail pooled funds), end of period	\$ 20,096	\$ 22,703	\$ (11.5)%
Average daily retail fund AUM for the period	\$ 20,620	\$ 22,817	\$ (9.6)%
Institutional and sub-advisory accounts AUM	\$ 15,677	\$ 20,119	\$ (22.1)%
High-net-worth AUM	\$ 3,421	\$ 3,221	\$ 6.2%
Total AUM, end of period	\$ 39,194	\$ 46,043	\$ (14.9)%

Redemptions during the quarter resulted in an 11.5% decrease in retail fund AUM, including retail pooled funds, to \$20.1 billion, compared to \$22.7 billion in 2011. Institutional and sub-advisory accounts AUM decreased by \$4.4 billion to \$15.7 billion due to redemptions. High-net-worth AUM increased by 6.2% to \$3.4 billion. Overall, total AUM decreased 14.9% to \$39.2 billion from \$46.0 billion at November 30, 2011.

Investment Performance

Stock market performance influences our AUM levels. Returns for the three months ended November 30, 2012 are as follows:

Stock market performance Three months ended November 30	2012
AGF Retail Fund Portfolios	3.1%
S&P 500 ¹	2.1%
NASDAQ ¹	(1.1)%
S&P/TSX Composite	3.2%
MSCI	4.3%

¹ Canadian dollar adjusted.

Financial and Operational Results from Continuing Operations

The table below highlights the Investment Management Operations results for the three months ended November 30, 2012 and 2011:

	lions)

Three months ended November 30	201	2	2011	% change
Revenue				
Management and advisory fees	\$ 116.	\$	126.9	(8.1)%
Deferred sales charges	5.0)	5.2	(3.8)%
Share of profit of associated company	12	L	1.7	(17.6)%
Fair value adjustments and other income	2.0)	4.4	(54.5)%
	125.)	138.2	(9.6)%
Expenses				
Selling, general and administrative	41.:	,	44.1	(6.3)%
Business acquisition and integration	-	-	0.3	n/m
Trailing commissions	32.		35.4	(9.3)%
Investment advisory fees	1.0	;	2.1	(23.8)%
	75.)	81.9	(8.4)%
EBITDA ¹	50.)	56.3	(11.2)%
Amortization	23.	L .	23.9	(2.1)%
Income before taxes	\$ 26.	\$	32.4	(17.9)%

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

Revenue

For the three months ended November 30, 2012 revenue for the Investment Management Operations decreased 9.6% over the previous year, with changes in the categories as follows:

Management and Advisory Fees

Management and advisory fees are directly related to our AUM levels. The 9.6% decrease in average daily retail fund AUM for the quarter ended November 30, 2012 contributed to an 8.1% decrease in management and advisory fee revenue compared to the fourth quarter of 2011.

Deferred Sales Charges

We receive deferred sales charges upon redemption of securities sold on the contingent DSC or low-load commission basis for which we finance the selling commissions paid to the dealer. The DSC ranges from 1.5% to 5.5%, depending on the commission option of the original subscription price of the funds purchased if the funds are redeemed within the first two years, and declines to zero after three or seven years. DSC revenue fluctuates based on the level of redemptions, the age of the assets being redeemed and the proportion of redemptions composed of back-end assets. DSC revenues decreased by 3.8%, or \$0.2 million, to \$5.0 million in the fourth quarter of 2012 compared to 2011, reflecting the redemption of a larger proportion of older, lower-yielding DSC assets.

Share of Profit of Associated Company

Share of profit of associated company decreased to \$1.4 million for the three months ended November 30, 2012, compared to the same period in 2011.

Fair Value Adjustments and Other Income

(\$ thousands) Three months ended November 30	2012	2011
Fair value adjustment related to investment in AGF mutual funds	\$ 527	\$ (45)
Fair value adjustment related to acquisition consideration payable	528	2,496
Fair value adjustment related to put agreement with non-controlling shareholders	(617)	2,058
Interest income and other	1,611	(45)
	\$ 2,049	\$ 4,464

Expenses

For the three months ended November 30, 2012, expenses decreased 8.4% from the previous year. Changes in specific categories are described in the discussion that follows:

Selling, General and Administrative Expenses

SG&A decreased by \$2.8 million or 6.3% in the fourth quarter of 2012 compared to the same period in 2011. The decrease is made up of the following amounts:

(\$ millions) Three months ended November 30	2012
Decrease in compensation-related expenses	\$ (0.7)
Decrease in other expenses	(0.8)
Decrease in fund absorption expenses	(1.3)
	\$ (2.8)

The following explains expense changes in the three months ended November 30, 2012, compared to the same period in the prior year:

- > Compensation-related expenses decreased \$0.7 million due to lower stock-based compensation.
- > Other expenses decreased \$0.8 million primarily due to lower facility, sales and marketing costs and amounts related to certain legal settlements in the quarter.
- > Absorption expense decreased by \$1.3 million in the quarter due to lower-than-estimated absorption in 2012.

Trailing Commissions

Trailing commissions paid to distribution depend on total AUM, the proportion of retail fund AUM sold on a front-end versus back-end commission basis and the proportion of equity

fund AUM versus fixed-income fund AUM. Annualized trailing commissions as a percentage of average daily retail fund AUM were 0.62% for the three months ended November 30, 2012, compared to 0.62% in the same 2011 period.

Investment Advisory Fees

External investment advisory fees decreased to \$1.6 million in the fourth quarter of 2012, compared to \$2.1 million during the same period in 2011, reflecting lower AUM levels and the repatriation of certain funds' management in-house.

EBITDA and EBITDA Margin

EBITDA from continuing operations for the three months ended November 30, 2012 was \$50.0 million, a 11.2% decrease from \$56.3 million for the same period in 2011. EBITDA margins were 40.0% for the fourth quarter of 2012, compared to 40.7% in 2011.

Amortization and Interest Expense

The category represents amortization of deferred selling commissions, customer contracts, other intangible assets, property, equipment and computer software. Deferred selling commission amortization represents the most significant category of amortization. We internally finance all selling commissions paid. The selling commissions are capitalized and amortized on a straight-line basis over a period that corresponds with their applicable DSC schedule. Amortization expense related to deferred selling commissions was \$15.7 million in the fourth quarter of 2012, compared to \$17.5 million in 2011.

For the three months ended November 30, 2012, we paid \$7.9 million in selling commissions, compared to \$8.6 million in 2011. The decline in DSC paid is due to lower gross sales of retail funds and a slightly higher percentage of funds paid on a front-end basis in 2012 compared to 2011.

As a result of the intangible assets acquired through the Acuity acquisition, additional amortization and derecognition of approximately \$5.9 million was recorded during the quarter ended November 30, 2012. Customer contracts related to the Acuity acquisition are amortized over seven years and other intangible assets are amortized over periods of three to 10 years. Customer contracts are immediately expensed upon redemption of the AUM.

Interest expense increased due to higher average debt levels, combined with increased rates.

Pre-tax Profit Margin

Pre-tax profit margin was at 21.3% for three months ended November 30, 2012, compared to 23.4% for the three months ended November 30, 2011.

Selected Quarterly Information

(\$ millions,	except	per	share	amounts)
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For the three-month period ended	Nov. 30, 2012	Aug. 31, 2012	May 31, 2012	Feb. 29, 2012
Revenue (continuing operations)	\$ 125.0	\$ 119.8	\$ 133.5	\$ 131.9
Cash flow from continuing operations ¹	30.0	24.6	44.4	41.4
EBITDA (continuing operations) ²	50.0	36.3	50.3	52.4
Pre-tax income (loss) (continuing operations)	23.4	(12.5)	22.7	25.0
Net income (loss) attributable to equity owners of the Company	15.7	(13.3)	23.8	26.1
EBITDA per share (continuing operations)				
Basic	\$ 0.55	\$ 0.38	\$ 0.52	\$ 0.55
Diluted	\$ 0.55	\$ 0.38	\$ 0.52	\$ 0.54
Earnings (loss) per share attributable to equity owners of the Company				
Basic (continuing operations)	\$ 0.14	\$ (0.20)	\$ 0.17	\$ 0.18
Diluted (continuing operations)	\$ 0.14	\$ (0.20)	\$ 0.17	\$ 0.18
Basic	\$ 0.17	\$ (0.14)	\$ 0.25	\$ 0.27
Diluted	\$ 0.17	\$ (0.14)	\$ 0.25	\$ 0.27
Weighted average basic shares	90,329,013	94,311,520	96,143,964	95,662,657
Weighted average fully diluted shares	90,594,421	94,687,056	96,735,309	96,372,419
(\$ millions, except per share amounts) For the three-month period ended	Nov. 30, 2011	Aug. 31, 2011	May 31, 2011	Feb. 28, 2011
Revenue (continuing operations)	\$ 138.2	\$ 151.4	\$ 158.1	\$ 138.0
Cash flow from continuing operations ¹	39.2	45.2	58.3	42.1
EBITDA (continuing operations) ²	56.3	61.6	66.2	53.9
Pre-tax income (continuing operations)	28.1	18.0	37.3	31.3
Net income attributable to equity owners of the Company	25.1	15.4	33.9	29.2
EBITDA per share (continuing operations)				
Basic	\$ 0.59	\$ 0.64	\$ 0.69	\$ 0.59
Diluted	\$ 0.59	\$ 0.64	\$ 0.68	\$ 0.59
Earnings per share attributable to equity owners of the Company				
Basic (continuing operations)	\$ 0.19	\$ 0.09	\$ 0.28	\$ 0.25
Diluted (continuing operations)	\$ 0.19	\$ 0.09	\$ 0.28	\$ 0.25
Basic	\$ 0.26	\$ 0.16	\$ 0.35	\$ 0.33
Diluted	\$ 0.26	\$ 0.16	\$ 0.35	\$ 0.32

95,230,703

95,932,850

95,518,051

96,446,821

95,568,899

96,794,115

Weighted average basic shares

Weighted average fully diluted shares

90,799,935

92,010,135

¹ Cash flow from continuing operations as previously defined, see 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures – Cash Flow from Continuing Operations' section.

 $^{^{2}}$ As previously defined, see 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures – EBITDA' section.

Selected Annual Information

(\$ millions, except per share amounts) Years ended November 30	IFRS 2012	IFRS 2011	GAAP 2010	GAAP 2009	GAAP 2008
Revenue (continuing operations)	\$ 510.2	\$ 585.7	\$ 513.0	\$ 476.0	\$ 609.1
EBITDA (continuing operations) ¹	189.0	238.0	215.6	188.0	277.9
Net income attributable to equity owners of the Company	52.3	103.6	116.8	97.7	128.6
Earnings per share attributable to equity owners of the Company					
Basic	\$ 0.55	\$ 1.09	\$ 1.31	\$ 1.10	\$ 1.44
Diluted	\$ 0.55	\$ 1.09	\$ 1.30	\$ 1.09	\$ 1.41
Dividends per share	\$ 1.08	\$ 1.07	\$ 1.04	\$ 1.00	\$ 0.95
Total assets ²	\$ 1,685.4	\$ 5,150.6	\$ 5,253.9	\$ 5,675.9	\$ 6,534.0
Total long-term debt ³	\$ 312.3	\$ 315.2	\$ 143.7	\$ 143.6	\$ 123.7

 $^{^{\}mathrm{1}}$ As previously defined, see 'Key Performance Indicators and Non-IFRS Measures – EBITDA' section.

Additional Information

Additional information relating to the Company can be found in the Company's Consolidated Financial Statements and accompanying notes for the year ended November 30, 2012, the Company's 2012 Annual Information Form (AIF) and other documents filed with applicable securities regulators in Canada and may be accessed at www.sedar.com.

 $^{^{\}rm 2}$ From 2008 to 2011 includes assets from AGF Trust.

³ Includes deferred cash consideration related to the Acuity acquisition.

TORONTO, JANUARY 29, 2013

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

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

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

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

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

Blake folling

Chairman & Chief Executive Officer

Robert J. Bogart

Executive Vice-President & Chief Financial Officer

To the Shareholders of AGF Management Limited:

We have audited the accompanying consolidated financial statements of AGF Management Limited and its subsidiaries, which comprise the consolidated statements of financial position as at November 30, 2012, November 30, 2011 and December 1, 2010 and the consolidated statements of income, changes in equity, comprehensive income and cash flow for the years ended November 30, 2012 and 2011, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of AGF Management Limited and its subsidiaries as at November 30, 2012, November 30, 2011 and December 1, 2010 and their financial performance and their cash flows for the years ended November 30, 2012 and November 30, 2011, in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants January 29, 2013 Toronto, Canada

Pricewaterhouse Coopers LLP

(in thousands of Canadian dollars)	Note	November 30, 2012	November 30, 2011	December 1, 2010
ASSETS				
Current Assets				
Cash and cash equivalents		\$ 371,299	\$ 246,634	\$ 456,921
Investments	4	30,177	517,486	503,963
Accounts receivable, prepaid expenses and other assets		58,135	71,805	65,544
Derivative financial instruments	5	_	10,038	15,914
Current portion of retained interest from securitization	5	_	38,939	21,334
Real estate secured and investment loans due within one year	5	_	465,489	437,558
		459,611	1,350,391	1,501,234
Retained interest from securitization		_	_	17,365
Real estate secured and investment loans	5	-	2,486,128	2,692,198
Investment in associated company	6	74,362	76,616	77,049
Management contracts	8	704,842	715,769	504,269
Customer contracts, net of accumulated amortization and derecognition	8	18,692	35,971	10,326
Goodwill	8	244,549	254,588	149,689
Other intangibles, net of accumulated amortization and derecognition	8	17,285	21,959	-
Deferred selling commissions, net of accumulated amortization and derecognition	8	136,787	167,950	190,966
Property, equipment and computer software, net of accumulated depreciation	9	13,556	11,027	11,230
Deferred income tax assets	11	4,624	8,590	9,358
Derivative financial instruments	5	_	14,271	15,338
Other assets	5	11,123	7,310	6,226
Total assets		\$ 1,685,431	\$ 5,150,570	\$ 5,185,248

(in thousands of Canadian dollars)	Note	November 30, 2012	November 30, 2011	December 1, 2010
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities		\$ 85,969	\$ 101,934	\$ 103,465
Income tax liability	20	23,159	23,104	14,314
Provision for Elements Advantage	12	2,557	4,137	3,084
Secured financing	5	-	41,998	_
Acquisition consideration payable	7	3,652	31,663	_
Derivative financial instrument	10	1,603	1,747	1,277
Deposits due within one year	5	-	1,769,709	1,883,511
		116,940	1,974,292	2,005,651
Deposits	5	_	1,260,090	1,798,052
Long-term debt	10	308,401	308,269	143,678
Secured financing	5	_	196,626	_
Acquisition consideration payable	7	5,150	10,717	_
Deferred income tax liabilities	11	188,156	199,112	147,727
Derivative financial instrument	10	2,784	3,302	_
Provision for Elements Advantage	12	1,780	2,506	3,883
Other long-term liabilities		6,898	10,924	13,326
Total liabilities		630,109	3,965,838	4,112,317
EQUITY				
Equity attributable to owners of the Company				
Capital stock	13	533,684	560,838	439,216
Contributed surplus		26,677	24,797	22,580
Retained earnings		495,323	589,765	594,628
Accumulated other comprehensive income (loss)	14	(852)	8,860	16,010
		1,054,832	1,184,260	1,072,434
Non-controlling interest		490	472	497
Total equity		1,055,322	1,184,732	1,072,931
Total liabilities and equity		\$ 1,685,431	\$ 5,150,570	\$ 5,185,248

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

Approved by the Board:

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

Douglas L. Derry, FCPA, FCA *Director*

Directo

(in thousands of Canadian dollars, except per share data) Years ended November 30	Note		2012		2011
REVENUE					
Management and advisory fees		\$	486,069	\$	552,836
Deferred sales charges			21,075		23,159
Share of profit of associated company	6		3,477		4,874
Fair value adjustments and other income (loss)	15		(405)		4,803
Total revenue			510,216		585,672
EXPENSES					
Selling, general and administrative	16		181,226		173,829
Business acquisition and integration	7, 16		_		10,153
Trailing commissions			132,773		154,417
Investment advisory fees			7,219		9,286
Amortization and derecognition of deferred selling commissions	8		67,338		73,638
Amortization and derecognition of customer contracts	8		17,279		13,634
Amortization and derecognition of other intangibles	8		9,492		7,041
Depreciation of property, equipment and computer software	9		3,934		2,910
Interest expense	19		12,412		11,750
Impairment of investment			_		907
Impairment of goodwill and management contracts	8		20,013		13,426
			451,686		470,991
Income before income taxes			58,530		114,681
Income tax expense (benefit)					
Current	20		37,065		49,473
Deferred	20		(6,192)		(11,407)
			30,873		38,066
Income from continuing operations, net of tax			27,657		76,615
Income from discontinued operations, net of tax	5		24,767		27,690
Net income for the year		\$	52,424	\$	104,305
NET INCOME ATTRIBUTABLE TO:					
Equity owners of the Company		\$	52,260	\$	103,573
Non-controlling interest		Ť	164	•	732
		\$	52,424	\$	104,305
EARNINGS PER SHARE FOR THE YEAR ATTRIBUTABLE TO THE EQUITY OWNERS OF THE COM	IPANY				
Basic earnings per share					
Continuing operations	21	\$	0.29	\$	0.80
Discontinued operations	21	4	0.26	4	0.80
2.000	۷ ۱	\$	0.55	\$	1.09
Diluted earnings per share		Ψ	0.55	*	1.00
Continuing operations	21	\$	0.29	\$	0.80
Continuing operations					
Discontinued operations	21		0.26		0.29

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Years ended November 30	2012	2011
NET INCOME FOR THE YEAR	\$ 52,424	\$ 104,305
OTHER COMPREHENSIVE INCOME (LOSSES), NET OF TAX		
Cumulative translation adjustment		
Foreign currency translation adjustments related to net investments in foreign operations	(717)	44
	(717)	44
Net unrealized gains (losses) on investments		
Unrealized gains (losses)	12	(805)
Reclassification of realized gain to earnings	-	794
	12	(11)
Net unrealized gains (losses) on cash flow hedge		
Unrealized losses	(451)	(3,845)
Reclassification of realized loss to earnings	1,018	266
	567	(3,579)
Total other comprehensive loss from continuing operations, net of tax	(138)	(3,546)
Total other comprehensive loss from discontinued operations, net of tax	(2,875)	(3,604)
Recycling of unrealized gain on investments related to the sale of AGF Trust	(6,699)	_
COMPREHENSIVE INCOME	\$ 42,712	\$ 97,155
Comprehensive income attributable to:		
Equity holders of the Company	\$ 42,548	\$ 96,423
Non-controlling interest	164	732
	\$ 42,712	\$ 97,155

(in thousands of Canadian dollars)	Ca	apital stock	C	Contributed surplus	Retained earnings	com	other other other other ocome (loss)	Attributable to equity owners of ne Company	Non-controlling interest	Total equity
BALANCE, DECEMBER 1, 2010	\$	439,216	\$	22,580	\$ 594,628	\$	16,010	\$ 1,072,434	\$ 497	\$ 1,072,931
Net income for the year		-		_	103,573		_	103,573	732	104,305
Other comprehensive loss (net of tax)		-		_	-		(7,150)	(7,150)	-	(7,150)
Comprehensive income (loss) for the year		_		_	103,573		(7,150)	96,423	732	97,155
Issued through dividend reinvestment plan		2,115		_	_		_	2,115	_	2,115
Stock options		7,782		2,217	-		_	9,999	-	9,999
AGF Class B Non-Voting shares repurchased for cancellation		(2,954)		_	(5,128)		_	(8,082)	_	(8,082)
AGF Class B Non-Voting shares issued on acquisition of Acuity		114,679		_	_		-	114,679	-	114,679
Dividends on AGF Class A Voting common shares and AGF Class B Non-Voting shares		-		-	(99,440)		-	(99,440)	-	(99,440)
Increase in ownership interest in Highstreet Partners Limited		_		_	(3,868)		_	(3,868)	-	(3,868)
Dividends to non-controlling interest		_		_	_		_	_	(757)	(757)
BALANCE, NOVEMBER 30, 2011	\$	560,838	\$	24,797	\$ 589,765	\$	8,860	\$ 1,184,260	\$ 472	\$ 1,184,732
BALANCE, DECEMBER 1, 2011	\$	560,838	\$	24,797	\$ 589,765	\$	8,860	\$ 1,184,260	\$ 472	\$ 1,184,732
Net income for the year		_		-	52,260		_	52,260	164	52,424
Other comprehensive loss (net of tax)		-		_	_		(9,712)	(9,712)	_	(9,712)
Comprehensive income (loss) for the year		-		_	52,260		(9,712)	42,548	164	42,712
Issued through dividend reinvestment plan		2,751		-	-		-	2,751	-	2,751
Stock options		2,734		1,880	-		-	4,614	-	4,614
AGF Class B Non-Voting shares repurchased for cancellation		(45,960)		-	(42,775)		-	(88,735)	-	(88,735)
AGF Class B Non-Voting shares issued on acquisition of Acuity		13,321		-	-		-	13,321	-	13,321
Dividends on AGF Class A Voting common shares and AGF Class B Non-Voting shares, including tax of \$1.2 million		-		-	(103,138)		-	(103,138)	-	(103,138)
Increase in ownership interest in Highstreet Partners Limited		_		_	(789)		_	(789)	-	(789)
Dividends to non-controlling interest		-		-	-		_		(146)	(146)

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

(in thousands of Canadian dollars) Years ended November 30	Note	2012		2011
OPERATING ACTIVITIES				
Net income for the year		\$ 52,424	\$	104,305
Adjustments for				
Net income from discontinued operations		(24,767)		(27,690
Amortization, derecognition and depreciation		98,043		97,223
Impairment of goodwill and management contracts		20,013		13,426
Interest expense		12,412		11,750
Income tax expense		30,873		38,066
Income taxes paid		(46,234)		(31,473
Stock-based compensation	18	1,950		8,425
Share of profit of associated company	6	(3,477)		(4,874
Dividends from associated company	6	5,418		5,493
Deferred selling commissions paid	8	(36,175)		(49,013
Purchase of residual rights and consent fees associated with deferred selling commissions		(3,520)		-
Other		496		71
		107,456		165,709
Net change in non-cash working capital balances related to operations				
Accounts receivable		10,798		(5,659
Other assets		(1,286)		964
Accounts payable and accrued liabilities		(2,461)		(15,347
Other liabilities		(7,867)		(1,074
		(816)		(21,116
Net cash provided by continuing operating activities		106,640		144,593
Net cash used in discontinued operating activities	5	(214,306)		(473,875
Net cash used in operating activities		(107,666)		(329,282
FINANCING ACTIVITIES				
Repurchase of Class B Non-Voting shares for cancellation	13	(88,735)		(8,082
Issue of Class B Non-Voting shares	13	2,554		6,960
Dividends paid		(99,222)		(97,325
Increase in long-term debt related to Facility 1	10	-		(144,000
Increase in long-term debt related to Facility 2 and Acquisition facility	10	-		310,000
Investment Management interest paid		(11,611)		(9,305
Net cash provided by (used in) continuing financing activities		(197,014)		58,248
Net cash provided by discontinued financing activities	5	464,359		238,624
Net cash provided by financing activities		267,345		296,872
INVESTING ACTIVITIES				
Increase in ownership interest in Highstreet Partners Limited	7	(3,955)		(3,868
Acquisition of Acuity Funds Ltd. and Acuity Investment Management, net of cash acquired	7	(20,976)		(173,415
Acquisition of Robitaille Asset Management Inc. and non-competition agreement	8	(1,200)		-
Proceeds from sale of discontinued operations, net of AGF Trust cash	5	9,154		_
Purchase of property, equipment and computer software	9	(9,504)		(3,650
Purchase of Investment Management investments	4	(15,735)		(8,553
Proceeds from sale of Investment Management investments	4	7,368		11,921
Net cash used in continuing investing activities		(34,848)		(177,565
Net cash used in discontinued investing activities	5	(166)		(312
Net cash used in investing activities		(35,014)		(177,877
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		124,665		(210,287
BALANCE OF CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		246,634		456,921
BALANCE OF CASH AND CASH EQUIVALENTS, END OF YEAR		\$ 371,299	\$	246,634
CASH AND CASH EQUIVALENTS RELATED TO:		,		
Continuing operations		\$ 371,299	\$	62,121
Discontinued operations		- 571,255	*	184,513
		\$ 371,299	\$	246,634

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

FOR THE YEARS ENDED NOVEMBER 30, 2012 AND 2011

Note 1

General Information

AGF Management Limited (AGF or the Company) is a limited liability company incorporated and domiciled in Canada under the Business Corporations Act (Ontario). The address of its registered office and principal place of business is Toronto-Dominion Bank Tower, 66 Wellington Street West, Toronto, Ontario.

The Company is an integrated, global wealth management corporation whose principal subsidiaries provide investment management for mutual funds, institutions and corporations, as well as high-net-worth clients. The Company conducts the management and distribution of mutual funds in Canada under the brand names AGF, Acuity, Elements and Harmony (collectively, AGF Investments). Prior to August 1, 2012, the Company had a principal subsidiary that provided trust products and services. The trust business was conducted under the name AGF Trust Company (AGF Trust). On August 1, 2012, the Company completed its sale of 100% of the shares of AGF Trust to B2B Bank, a subsidiary of Laurentian Bank. Refer to Note 5 for further details.

These consolidated financial statements were authorized for issue by the Board of Directors on January 29, 2013.

Note 2

Basis of Preparation and Adoption of IFRS

The Company prepares its consolidated financial statements in accordance with Canadian GAAP as set out in the Handbook of the Canadian Institute of Chartered Accountants (CICA Handbook). In 2010, the CICA Handbook was revised to incorporate IFRS, and to require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in its 2012 consolidated financial statements. In these consolidated financial statements, the term 'Canadian GAAP' refers to Canadian GAAP before the adoption of IFRS.

These consolidated financial statements have been prepared in accordance with IFRS. Subject to certain transition elections disclosed in Note 27, the Company has consistently applied the same accounting policies in its opening consolidated statement of financial position at December 1, 2010 and throughout the years. Presentation of these consolidated financial statements is as if these policies had always been in effect. Note 27 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows for the year ended November 30, 2011.

The Company has one reportable segment, subsequent to the sale of AGF Trust.

Note 3

Significant Accounting Policies, Judgements and Estimation Uncertainty

3.1 Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value.

3.2 Consolidation

(a) Subsidiaries

The consolidated financial statements include the accounts of the Company and its directly and indirectly owned subsidiaries. Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date on which control ceases. If the Company loses control of a subsidiary, it accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as it would if the Company had directly disposed of the related assets or liabilities.

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Intercompany transactions and balances are eliminated on consolidation. For subsidiaries where the Company does not own all of the equity, the non-controlling shareholders' interest is presented in the consolidated statement of financial position as non-controlling interest (NCI) and the related income is disclosed as a separate line in the consolidated statement of income.

The principal subsidiaries of AGF are as follows:

	Principal activity	Country of incorporation	Interest held
AGF Investments Inc.	Investment management	Canada	100%
AGF Investments America Inc.	Investment management	Canada	100%
Acuity Investment Management Inc.	Investment management	Canada	100%
AGF International Advisors Company Limited	Investment management	Ireland	100%
AGFIA Limited	Investment management	Ireland	100%
AGF Asset Management Asia Limited	Investment management	Singapore	100%
Doherty & Associates Limited	Investment management	Canada	100%
Cypress Capital Management Limited	Investment management	Canada	100%
Highstreet Asset Management Inc.	Investment management	Canada	89.4%
AGF Securities (Canada) Limited	Securities dealer	Canada	100%
20/20 Financial Corporation	Holding company	Canada	100%

(b) Associates

Associates are entities over which the Company has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. The Company holds a 31.1% interest in S&WHL, an independent U.K.-based company providing private client investment management, financial advisory and tax and accounting services. The Company's investment in associates includes goodwill identified on acquisition.

AGF's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition other comprehensive income (loss) is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by AGF.

The Company assesses at each period-end whether there is any objective evidence that its interests in associates are impaired. If impaired, the carrying value of the Company's

share of the underlying assets of associates is written down to its estimated recoverable amounts (being the higher of fair value less costs to sell and value in use) and charged to the consolidated statement of income.

3.3 Foreign Currency Translation

(a) Functional and Presentation Currency
Items included in the financial statements of each
consolidated entity are measured using the currency of
the primary economic environment in which the entity
operates (the functional currency). The consolidated financial
statements are presented in Canadian dollars, which is AGF
Management Limited's functional currency.

The financial statements of entities that have a functional currency different from that of AGF Management Limited (foreign operations) are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate of the period (as this is considered a reasonable approximation to actual rates). Resulting changes are recognized in net income on the consolidated statement of income, except for unrealized translation gains and losses related to investments in foreign associated companies, which are reported in other comprehensive income.

(b) Transactions and Balances

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing at the consolidated statement of financial position date and non-monetary assets and liabilities are translated at historical exchange rates. Foreign currency income and expenses are

translated at average exchange rates prevailing throughout the year. Unrealized translation gains and losses and all realized gains and losses are included in net income on the consolidated statement of income.

Changes in the fair value of monetary debt instruments denominated in foreign currencies classified as available for sale are analyzed between translation differences resulting from changes in the amortized cost of the investment and other changes in its carrying amount. Translation differences related to changes in amortized cost are recognized in net income and other changes in carrying amount are recognized in other comprehensive income.

3.4 Assets Under Management

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

3.5 Cash and Cash Equivalents

Cash represents highly liquid temporary deposits, while cash equivalents consists of bank term deposits, both of which are readily convertible to known amounts of cash, are subject to insignificant risk of changes in fair value and have short-term maturities of less than three months at inception.

3.6 Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires. Regular way purchases and sales of financial assets and liabilities are accounted for at the trade date.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

(a) Financial Assets and Liabilities at Fair Value Through Profit or Loss (FVTPL)

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. Derivatives are also included in the category unless they are designated as hedges. The Company's FVTPL consist of certain investments, contingent consideration payable, acquisition consideration payable, and non-controlling interest put liability.

The non-cash payment portion of the acquisition consideration payable is classified as FVTPL and is recognized initially and subsequently at fair value. Gains and losses arising from changes in fair value are presented in the consolidated statement of income under fair value adjustments and other income (loss). Transaction costs on FVTPL financial instruments are accounted for in net income as incurred.

(b) Available for Sale

Available for sale assets are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company's available for sale assets consist of investments in debt and equity securities.

Available for sale assets are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income. Available for sale investments are classified as current.

Interest on available for sale investments, calculated using the effective interest method, is recognized in the consolidated statement of income as part of fair value adjustments and other income (loss). Dividends on available for sale equity instruments are recognized in the consolidated statement of income as part of fair value adjustments and other income (loss) when the payment is received. When an available for sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the consolidated statement of income and are included in fair value adjustments and other income (loss).

(c) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables consist of accounts receivable and other financial assets.

Accounts receivable and other financial assets are initially recognized at the amount expected to be received, less, when material, a discount to reduce the asset balance to fair value.

Subsequently, accounts receivable and other financial assets are measured at amortized cost using the effective interest method less a provision for impairment.

(d) Financial Liabilities at Amortized Cost Financial liabilities at amortized cost include accounts payable and accrued liabilities, long-term debt, the cash payment portion of the acquisition consideration payable, and other long-term liabilities.

Accounts payable and accrued liabilities, long-term debt, the cash payment portion of the acquisition consideration payable, and other long-term liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, these balances are measured at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within 12 months of the consolidated statement of financial position date. Otherwise, they are presented as non-current liabilities.

Derivative instruments are used to manage the Company's exposure to interest rate risks. The Company does not enter into derivative financial instruments for trading or speculative purposes. When derivative instruments are used, the Company determines whether hedge accounting can be applied. The derivative instrument must be highly effective in accomplishing the objective of offsetting either changes in the fair value or forecasted cash flows attributable to the risk being hedged both at inception and over the life of the hedge. In accordance with IAS 39, the accumulated ineffectiveness of hedging relationships must be measured, and the ineffective portion of changes in fair value must be recognized in the consolidated statement of income. Where hedge accounting cannot be applied, changes in fair value are recognized in the consolidated statement of income.

Cash Flow Hedges

Cash flow hedges are used to hedge the Company's exposure to fluctuating interest rates on its long-term debt. The effective portion of the change in fair value of the derivative instruments designated as cash flow hedges, net of taxes, is recorded in other comprehensive income (OCI), while the ineffective portion is recognized in the consolidated statement of income under fair value adjustments and other income. Amounts recorded in OCI are subsequently recognized in the consolidated statement of income consistent with the timing of the recognition of cash flows associated with the hedged instruments. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing

in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the consolidated statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of income.

Transaction costs related to financial instruments at fair value through profit or loss are accounted for as expense on initial recognition. For all other financial instruments, transaction costs are included in the initial carrying amount in the consolidated statement of financial position.

3.7 Intangibles

- (a) Goodwill and Management Contracts Goodwill represents the excess of the fair value of consideration paid over the fair value of the Company's share of the identifiable net assets, including management contracts, of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses. Management contracts have been determined to have an indefinite life. Management contracts acquired separately or in a business combination are recorded at fair value on initial recognition and subsequently reduced by the amount of impairment losses, if any.
- (b) Customer Contracts and Other Intangibles Customer contracts and other intangibles are stated at cost (which generally coincides with their fair values at the dates acquired), net of accumulated amortization and impairment, if any. Amortization for customer contracts and certain other intangibles is computed on a straight-line basis over seven to 15 years based on the estimated useful lives of these assets. For the remaining other intangibles, amortization is based on the expected discounted cash flow and amortized over the contractual life of the assets. Unamortized customer contracts and other intangibles for which client attrition occurs is immediately charged to net income and included in amortization and derecognition of customer contracts.
- (c) Deferred Selling Commissions Selling commissions paid to brokers on mutual fund securities sold on a DSC basis are recorded at cost and are amortized on a straight-line basis over the period that the associated economic benefits are expected to arise, which corresponds with the applicable DSC schedule and ranges from three to seven years. Unamortized deferred selling commissions related to units redeemed prior to the end of the expected investment period are immediately charged to net income and included in amortization and derecognition of deferred selling commissions.

3.8 Property, Equipment and Computer Software

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

Furniture and equipment 20% declining balance

Computer hardware 30% declining balance

Leasehold improvements straight-line over term of lease

Computer software straight-line over three years

3.9 Impairment of Non-financial Assets

Assets that have an indefinite useful life, for example, goodwill and management contracts, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, or CGUs). Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Where such evidence exists, the portion of the previous impairment that no longer is impaired is reversed through net income with a corresponding increase in the carrying value of the asset.

3.10 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured as the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

In November 2005, the Company launched AGF Elements, which consists of five diversified fund-of-fund portfolios. Four of these portfolios include the Elements Advantage Commitment, which is a commitment to the investor that if their portfolio does not match or outperform its customized benchmark over a three-year period, AGF will provide each individual investor

up to 90 basis points in additional units. This will be calculated based on the value of such investment at the end of its related three-year period.

The Company records a provision of up to 30 basis points per year of each investor's AUM and the Company's expectation of amounts ultimately to be reimbursed to the investor, adjusted for redemptions, until the end of the three-year measurement period of each investment made by such investor. If an individual investor's returns match or exceed the corresponding benchmark, amounts previously recorded as a provision are reversed and recognized in net income.

3.11 Current and Deferred Income Tax

Income tax consists of current and deferred tax. Income tax is recognized in the consolidated statement of income except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity, in which case the income tax is also recognized directly in other comprehensive income or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the date of the consolidated statement of financial position and are expected to apply when the deferred tax asset is realized or liability settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available, against which the deductible temporary differences can be utilized.

Deferred income tax assets and liabilities are presented as non-current.

3.12 Revenue Recognition

Revenue is recognized to the extent that is it probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. In addition to these general principles, AGF applies the following specific revenue recognition policies:

- Management and advisory fees are based on the net asset value of funds under management and are recognized on an accrual basis. These fees are shown net of management fee rebates and distribution fees payable to third parties and selling-commission financing entities.
- DSC revenue is received from investors when mutual fund securities sold on a DSC basis are redeemed. DSC revenue is recognized on the trade date of the redemption of the applicable mutual fund securities.

3.13 Employee Benefits

(a) Stock-based Compensation and Other Stock-based Payments
The consolidated financial statements include the accounts
of the Company and its directly and indirectly owned
subsidiaries. The Company has stock-based compensation
plans as described in Note 18. The Company utilizes the
fair-value-based method of accounting for stock-based
compensation. The fair value of stock-based compensation,
determined using an option pricing model, is recorded
over the vesting period as a charge to net earnings with a
corresponding credit to contributed surplus and awards are
equity settled.

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

The Company has an Executive Share Unit Plan for senior employees under which certain employees are granted Restricted Share Units (RSU) or Performance Share Units (PSU) of Class B Non-Voting shares. RSUs vest three years from the grant date. Compensation expense and the related liability are recorded equally or graded over the three-year vesting period, taking into account fluctuations in the market price of Class B Non-Voting shares, dividends paid

and forfeitures. PSU compensation expense and the related liability are recorded equally over the vesting period, taking into account the likelihood of the performance criteria being met, fluctuations in the market price of Class B Non-Voting shares, dividends paid and forfeitures. These PSUs vest three years from the grant date provided employees meet certain performance criteria. AGF will redeem all of the participants' PSUs or RSUs in cash equal to the value of one Class B Non-Voting share for each PSU or RSU.

The Company has a Partners Incentive Plan (PIP) for senior employees under which certain employees are designated to participate. The plan consists of a number of points, which are allocated among participating employees. The value of each point is determined using a funding rate that is based on a set percentage of targeted earnings before interest and tax (EBIT) that defines the funding pool for the year. At the end of each fiscal year, the funding pool is adjusted up or down to reflect the Company's EBIT performance. The adjusted dollar value is then settled in the form of RSUs or stock options. Stock options are granted under the Company's stock option plan, which is described in Note 18. RSUs are granted under the PIP. Upon vesting, the Company will redeem the participants' RSUs in cash value equal to the value of one Class B Non-Voting share for each RSU. During the first year of the plan, compensation expense and the related liability is expensed based on the targeted funding pool over a graded four-year vesting period. Upon granting of the RSU or stock option, the remaining expense is accounted for under the RSU or stock option model.

The Company has a Deferred Share Unit (DSU) plan for non-employee Directors and certain employees. The plan enables Directors of the Company to elect to receive their remuneration in DSUs. These units vest immediately and compensation expense and the related liability are charged to net income in the period the DSUs are granted. DSUs granted to certain employees vest between one to 10 years from the grant date. Compensation expense and the related liability are recorded equally over the respective vesting periods, taking into account fluctuations in the market price of Class B Non-Voting shares, dividends paid and forfeitures. On termination, AGF will redeem all of the participants' DSUs in cash equal to the value of one Class B Non-Voting share at the termination date for each DSU.

The Company has entered into a put agreement with the non-controlling shareholders of one of its subsidiaries. Under the agreement, the Company is obligated to purchase shares from the non-controlling shareholders at a specified price determined in part by reference to earnings. The Company accounts for the obligation as a share-based payment at fair

value. The fair value of the obligation is determined as the difference between the strike price of the option and the fair value of the underlying shares, determined using market multiples based on precedent transactions. Changes in the fair value of the put agreement are recorded in net income.

(b) Termination Benefits

The Company recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan or letter of termination, without possibility of withdrawal.

3.14 Capital Stock

AGF Class A Voting common shares and Class B Non-Voting shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from the proceeds, net of tax.

3.15 Dividends

Dividend distribution to AGF shareholders is recognized in the Company's consolidated financial statements in the period in which the dividends are approved by the Board of Directors.

3.16 Earnings per Share

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

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

3.17 Accounting Standards Issued but Not Yet Applied

The following new accounting standards have been issued or amended:

> IFRS 7, Financial Instruments: Disclosures, has been amended and was issued December 2011 and addresses offsetting financial assets and financial liabilities. IFRS 7 requires additional disclosure to allow users of the financial

- statements to evaluate the effect or potential effect of netting arrangements. The Company has yet to assess IFRS 7's full impact. The standard is effective for annual periods beginning on or after January 1, 2013.
- > IFRS 9, Financial Instruments, was issued in November 2009 and October 2012. It replaces the parts of IAS 39 that relate to the classification and measurements of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value through profit and loss and those measured at amortized cost. The determination is made at initial recognition. For financial liabilities, the standard retains most IAS 39 requirements. The Company has yet to assess IFRS 9's full impact. The standard is effective for annual periods beginning on or after January 1, 2015.
- > IFRS 10, Consolidated Financial Statements, builds on existing principles for identifying control and provides additional guidance to assist in determining when an entity should be included within the consolidated financial statements of the parent company. The Company has yet to assess IFRS 10's full impact. The standard is effective for annual periods beginning on or after January 1, 2013.
- > IFRS 11, Joint Arrangements, directs that if a joint arrangement qualifies as a joint venture it must be accounted for using the equity method. Likewise, if a joint arrangement qualifies as a joint operation it must be accounted for using proportionate consolidation. The ability to choose the accounting method used for joint arrangements has been eliminated. The Company has yet to assess IFRS 11's full impact. The standard is effective for annual periods beginning on or after January 1, 2013.
- > IFRS 12, Disclosure of Interests in Other Entities, establishes disclosure requirements for interests in other entities, such as subsidiaries, joint ventures, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure that addresses the nature of, and risks associated with, an entity's interests. The Company has yet to assess IFRS 12's full impact. The standard is effective for annual periods beginning on or after January 1, 2013.
- > IFRS 13, Fair Value Measurement, is a comprehensive definition for fair value measurement and disclosure across all IFRS standards. Under the current IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value. The Company has yet to assess IFRS 13's full impact. The standard is effective for annual periods beginning on or after January 1, 2013.

> IAS 1, Presentation of Financial Statements, has been amended and requires entities to separate items presented in OCI into two groups, based on whether or not items may be recycled in the future. The Company has yet to assess IAS 1's full impact. The standard is effective for annual periods beginning on or after July 1, 2012.

3.18 Critical Accounting Estimates and Judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period in which the estimate is revised if the revision affects both current and future periods.

Key areas of estimation where management has made difficult, complex or subjective judgements – often about matters that are inherently uncertain – include provision for useful lives of depreciable assets, commitments and contingencies, as well as the specific items discussed below.

- (a) Impairment of Non-financial Assets

 The Company determines the recoverability of each of its

 CGUs based on an analysis of the underlying AUM associated with the CGU and available AUM multiples from recent transactions for similar assets within the same industry. Such analysis involves management judgement in selecting the appropriate AUM multiple to be used in the assessment of the impairment of non-financial assets. Refer to Note 8 for further details on the impairment of non-financial assets.
- (b) Stock-based Compensation and Other Stock-based Payments In determining the fair value of stock-based rewards and the related charge to the consolidated statement of income, the Company makes assumptions about future events and market conditions. In particular, judgement must be formed as to the likely number of shares that will vest, and the fair value of each award granted. The fair value of stock options granted is determined using the Black-Scholes option-pricing model, which is dependent on further estimates, including the Company's future dividend policy and the future volatility in the price of the Class B Non-Voting shares. Refer to Note 18 for the assumptions used. Such assumptions are based on publicly available information and

reflect market expectation. In addition, in determining the fair value of the obligation related to the put agreement with non-controlling shareholders of one of its subsidiaries, the Company estimates the market multiple based on precedent transactions. Different assumptions about these factors to those made by AGF could materially affect reported net income.

- (c) Performance-related Compensation
 In determining the charge for performance-related
 compensation to the consolidated statement of income,
 management uses a financial forecast of year-end results
 and fund performance that is updated quarterly. Forecasts
 require management judgement and are subject to risk
 that actual events may be significantly different from those
 forecasted. If actual events deviate from the assumptions
 made by the Company, then the reported performance-related
 compensation may be materially different.
- (d) Contingent Consideration Receivable In determining the fair value of the contingent consideration receivable related to the sale of AGF Trust, the Company uses a five-year analysis of the credit quality of the loan portfolio. Such an analysis requires management judgement related to the liquidation rates used during the analysis period. Refer to Note 5 for the assumptions used.
- (e) Income Taxes

The Company is subject to income taxes in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. AGF recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(f) Critical Judgements in Applying the Company's Accounting Policies

The application of the Company's accounting policies may require management to make judgements, apart from those involving estimates, that can affect the amounts recognized in the consolidated financial statements. Such judgements include the determination of the finite or indefinite life of intangible assets and the determination of whether or not to apply hedge accounting. Refer to relevant accounting policies in Note 3 for further details.

Note 4 Ir

Investments

The following table presents a breakdown of investments:

(in thousands of Canadian dollars)	ands of Canadian dollars) November 30, 2012		November 30, 2011		December 1, 2010	
Fair value through profit or loss						
AGF mutual funds and other	\$	25,269	\$	15,674	\$	19,572
Equity securities		1,612		1,594		1,785
		26,881		17,268		21,357
Available for sale						
Equity securities		2,995		3,446		4,491
Loans and receivables						
Canadian government debt – Federal		301		299		297
Investments related to discontinued operations		_		496,473		477,818
	\$	30,177	\$	517,486	\$	503,963

The investment in Canadian government debt is composed of fixed-rate treasury bonds with maturity dates within one year and credit ratings of AAA. During the year ended November 30, 2012, no impairment charges were required. During the year ended November 30, 2011, the Company determined that a decline in the fair value of certain equity securities was other than temporary. As a result, the Company recognized an impairment charge of \$0.9 million before tax (\$0.8 million after tax).

The continuity of short-term investments for the years ended November 30, 2012 and 2011 is as follows:

(in thousands of Canadian dollars)

Years ended November 30	2012	2011
Beginning of the year	\$ 517,486	\$ 503,963
Additions	15,735	8,553
Disposals	(7,368)	(11,921)
Net gains (losses) recognized on the consolidated statement of income	433	(592)
Reinvested dividends and interest	814	(1,034)
Net unrealized and realized gains (losses) transferred to other comprehensive income	(450)	(139)
Activity related to discontinued operations	(496,473)	18,656
End of the year	\$ 30,177	\$ 517,486

Note 5 Discontinued Operations

On August 1, 2012, the Company completed its sale of 100% of the shares of AGF Trust to B2B Bank, a subsidiary of Laurentian Bank, for cash consideration corresponding to the net book value of AGF Trust at closing of \$246.3 million. The transaction also caused AGF Trust to repay subordinated indebtedness owed to AGF and redeem preferred shares held by AGF for an additional consideration of \$173.5 million.

In addition, the agreement includes a contingent consideration to a maximum of \$20.0 million over five years if the credit performance of AGF Trust's loan portfolio meets certain thresholds. Accordingly, a contingent consideration receivable of \$5.9 million was recorded on the sale of AGF Trust and is included in other assets on the statement of financial position,

representing management's best estimate of the fair value thereof. The key assumptions used in the five-year analysis of the credit quality of the loan portfolio was a 6.3% liquidation rate on the secured investment loans in year 1 and a 3.0% liquidation rate in years 2 to 5. A 1% increase in the secured investment loan liquidation rate used in the analysis of the credit quality of the loan portfolio would result in a decrease to the contingent consideration receivable of \$5.9 million, whereas a 1% decrease would result in an increase to the contingent consideration receivable of \$4.9 million.

For the year ended November 30, 2012, the income from discontinued operations included in the consolidated statement of income and the cash inflow from the sale of AGF Trust included in the consolidated statement of cash flow is as follows:

	(in	thousands	٥f	Canadian	dollars)	
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Consideration:	
Cash received	\$ 419,841
Contingent consideration receivable	5,900
	425,741
Less: net AGF Trust assets disposed	(422,500)
Other items:	
Expenses related to the sale of AGF Trust, net of tax	(1,780)
Recycling of unrealized gain on available for sale securities, net of tax	6,699
Tax on contingent consideration receivable	(1,564)
Gain on disposal	\$ 6,596
Net income related to AGF Trust for the period from December 1, 2011 to July 31, 2012	18,171
Income from discontinued operations	\$ 24,767
Cash flows:	
Cash consideration	\$ 419,841
Cash disposed	(410,687)
Net cash received on disposal	\$ 9,154

For the years ended November 30, 2012 and 2011, the operating performance of AGF Trust has been included in the Company's consolidated statement of income as discontinued operations as follows:

(in thousands of Canadian dollars)

Years ended November 30	2012 ¹	2011
Revenue		
RSP loan securitization income, net of impairment	\$ 1,263	\$ 2,602
Other income	3,713	5,526
AGF Trust net interest income ²	53,744	83,098
Total revenue	58,720	91,226
Expenses		
Selling, general and administrative	28,721	38,675
Amortization of property, equipment and computer software	563	1,255
Provision for AGF Trust loan losses	4,195	11,666
	33,479	51,596
Income before income taxes	25,241	39,630
Income tax expense (benefit)		
Current ²	8,398	11,324
Deferred	(1,328)	616
	7,070	11,940
Net income related to AGF Trust	\$ 18,171	\$ 27,690
Net income attributable to:		
Equity owners of the Company	\$ 18,171	\$ 27,690
Non-controlling interest	-	_
	\$ 18,171	\$ 27,690

¹ Includes AGF Trust activity up to July 31, 2012.

 $^{^{\}rm 2}$ Adjusted for interest on inter-company subordinated debt classified as discontinued operations.

(a) AGF Trust Net Interest Income

A breakdown of AGF Trust net interest income is as follows:

(in thousands of Canadian dollars)

Years ended November 30	2012 ¹	2011
AGF Trust interest income		
Loan interest	\$ 100,784	\$ 155,289
Investment interest	10,348	15,418
	111,132	170,707
AGF Trust interest expense		
Deposit interest	51,145	96,967
Hedging interest income	(5,899)	(20,703)
Other interest expense ²	12,142	11,345
	57,388	87,609
AGF Trust net interest income	\$ 53,744	\$ 83,098

¹ Includes AGF Trust activity up to July 31, 2012.

(b) Stock-based Compensation and Other Stock-based Payments

(i) Stock Option Plans

Refer to Note 18 for further details on the Company's stock option plans. The change in stock options related to AGF Trust during the years ended November 30, 2012 and 2011 is summarized as follows:

	201		2011			
Years ended November 30	Weighted average Options exercise price					Weighted average exercise price
Class B Non-Voting share options related to AGF Trust						
Balance, beginning of the year	456,750	\$	17.93	507,300	\$	16.28
Options granted	31,505		15.87	48,400		19.03
Options expired	(90,000)		19.13	_		_
Options exercised	(4,750)		8.24	(98,950)		10.03
Balance, end of the year	393,505	\$	17.61	456,750	\$	17.93

The following summarizes information about stock options outstanding as at November 30, 2012:

Range of exercise prices	Number of options outstanding	Weighted average remaining life	V	Veighted average exercise price	Number of options exercisable	,	Weighted average exercise price
\$8.01 to \$15.00	93,600	3.0 years	\$	8.24	93,600	\$	8.24
\$15.01 to \$25.00	209,905	4.1		17.64	209,905		17.64
\$25.01 to \$35.00	90,000	1.7		27.27	90,000		27.27
	393,505	3.3	\$	17.61	393,505	\$	17.61

² Adjusted for interest on inter-company subordinated debt classified as discontinued operations.

During the year ended November 30, 2012, 31,505 stock options were granted to AGF Trust employees (2011 – 48,400) and compensation expense and contributed surplus of \$0.3 million (2011 – \$0.2 million) were recorded. The fair value of options granted during the year ended November 30, 2012, has been estimated at \$3.10 per share (2011 – \$4.43 per share) using the Black-Scholes option-pricing model. The following assumptions were used to determine the fair value of the options granted during the year ended November 30, 2012:

Risk-free interest rate	1.3%
Expected dividend yield	6.8%
Five-year historical-based expected share price volatility	41.8%
Option term	5.0 years

(ii) Restricted Share Unit (RSU) Plans The change in share units related to AGF Trust during the years ended November 30, 2012 and 2011 is as follows:

(number of share units) Years ended November 30	2012	2011
Outstanding, beginning of the year		
Non-vested	18,369	51,378
Issued		
Initial grant	17,458	10,824
In lieu of dividends	1,730	3,603
Vested		
Settled in cash	(20,805)	(42,876)
Forfeited and cancelled	(16,752)	(4,560)
Outstanding, end of the year	-	18,369

Compensation expense for the year ended November 30, 2012 related to these units was \$0.4 million (2011 – \$0.2 million).

Note 6 Investment in Associated Company

The Company holds a 31.1% investment in S&WHL accounted for using the equity method. At November 30, 2012, the carrying value was \$74.4 million (2011 – \$76.6 million). During the year ended November 30, 2012, the Company recognized earnings of \$3.5 million (2011 – \$4.9 million) and received \$5.4 million in dividends (2011 – \$5.5 million) from S&WHL. During the year ended November 30, 2012, the Company recognized a one-time charge of \$2.1 million related to a goodwill impairment recorded by S&WHL. During the year ended November 30, 2011, the Company recognized a one-time charge of \$1.0 million related to its share of a regulatory levy recorded by S&WHL.

The continuity for the investment in S&WHL for the years ended November 30, 2012 and 2011, is as follows:

(in thousands of Canadian dollars) Years ended November 30	2012	2011
Balance, beginning of year	\$ 76,616	\$ 77,049
Share of profit	3,477	4,874
Exchange differences	(723)	50
Dividends received	(5,418)	(5,493)
Share of available for sale reserve	410	136
Balance, end of year	\$ 74,362	\$ 76,616

Note 7 Acquisitions

(a) Acquisition of Acuity Funds Ltd. and Acuity Investment Management Inc.

On February 1, 2011, the Company completed its acquisition of 100% of the shares of Acuity Funds Ltd. and Acuity Investment Management Inc. (Acuity) for a purchase price of \$335.5 million. Acuity manages retail and institutional assets. Goodwill of \$118.3 million was recognized as the fair value of consideration paid in excess of the fair value of separately recognized tangible and intangible assets acquired, net of liabilities assumed.

The fair values of net assets acquired and consideration paid are summarized in the table below:

(in thousands of Canadian dollars)

,	
Net assets acquired	
Cash	\$ 4,842
Other assets	10,646
Management contracts	211,500
Customer contracts	39,278
Non-competition agreement	21,900
Finite-life management contracts	5,500
Trademark	1,600
Goodwill	118,325
Liabilities	(14,028
Future income taxes	(64,014
	\$ 335,549
Consideration paid	
Cash	\$ 178,257
Cash payments due February 1, 2012	18,391
Cash payments due February 1, 2013	3,644
Cash payments due February 1, 2014	3,579
Issuance of Class B Non-Voting shares	55,683
Issuance of Class B Non-Voting shares held in escrow	58,996
Issuance of Class B exchangeable preferred shares, redeemable February 1, 2012	9,756
Issuance of Class C exchangeable preferred shares, redeemable February 1, 2012	2,517
Issuance of Class D exchangeable preferred shares, redeemable February 1, 2013	2,400
Issuance of Class E exchangeable preferred shares, redeemable February 1, 2014	2,326
	\$ 335,549

The non-competition agreement, finite-life management contracts, and trademarks are stated at cost (being the fair value at the date of acquisition), net of accumulated amortization, derecognition and impairment, if any, on the consolidated statement of financial position under other intangibles. Amortization is computed on a straight-line basis over three to 10 years based on the estimated useful lives of these assets.

The deferred cash payments and Class B, C, D and E exchangeable preferred shares are subject to an adjustment based on Acuity's net sales of institutional AUM between the date of acquisition and the payment or redemption date of these preferred shares. During the year ended November 30, 2012, the Company and the Acuity vendors signed a collar

agreement to establish a fixed range for the net sales of institutional AUM used in the calculation of the adjustment. As at November 30, 2012, the maximum adjustment to the acquisition consideration payable related to Acuity's net sales of institutional AUM is an increase of \$6.7 million and a decrease of nil. The Class B, C, D and E exchangeable preferred shares are to be settled by the issuance of a variable number of AGF Class B Non-Voting shares, the number of which is determined by reference to a fixed exchange ratio. The outstanding deferred cash payments and Class B, C, D and E exchangeable preferred shares are accounted for as contingently returnable consideration carried at fair value and have been classified on the consolidated statement of financial position as acquisition consideration payable.

The Class B Non-Voting shares held in escrow, as part of the consideration paid outlined in the above table, are released to the Acuity vendors between August 1, 2011 and February 1, 2014. Dividends declared on the Class B Non-Voting shares are paid to the vendors during the escrow period. During the year ended November 30, 2012, 3,105,516 Class B Non-Voting shares were released from escrow. As at November 30, 2012, 370,236 Class B Non-Voting shares continue to be held in escrow. Prior to the acquisition, the Company also advanced \$14.0 million to Acuity, which was converted into common shares of Acuity upon closing and has been reflected above as cash consideration paid.

On February 1, 2012, \$34.3 million was paid to the Acuity vendors, consisting of \$21.0 million in cash and a settlement of the Class B and C exchangeable preferred shares through the issuance of 828,452 Class B Non-Voting shares valued at \$13.3 million.

The following is a summary of the fair values of contingently returnable consideration as at November 30, 2012, November 30, 2011 and December 1, 2010:

(in thousands of Canadian dollars)	November 30, 2012	November 30, 201	December 1, 2010
Cash payments due February 1, 2012	\$ -	\$ 19,69	3 \$ -
Cash payments due February 1, 2013	2,718	3,56	-
Cash payments due February 1, 2014	3,908	3,30	5 –
Issuance of Class B exchangeable preferred shares, redeemable February 1, 2012	-	9,51	
Issuance of Class C exchangeable preferred shares, redeemable February 1, 2012	-	2,45	
Issuance of Class D exchangeable preferred shares, redeemable February 1, 2013	934	1,98	4 –
Issuance of Class E exchangeable preferred shares, redeemable February 1, 2014	1,242	1,86	4 –
	\$ 8,802	\$ 42,38	0 \$ –
Less: current portion	3,652	31,66	-
	\$ 5,150	\$ 10,71	7 \$ –

The following is a summary of post-acquisition amounts included in the Company's consolidated statement of income for the year ended November 30, 2011:

(in thousands of Canadian dollars) Year ended November 30	2011
Revenue	\$ 66,817
Net income ¹	19,107

¹ Excluding integration costs and fair value adjustments related to the acquisition consideration payable.

During the year ended November 30, 2012, the Company recognized nil (2011 – \$10.2 million) in expenses related to the acquisition and integration of Acuity and \$0.7 million in charges (2011 – \$0.2 million recovery) related to the fair value adjustment on the acquisition consideration payable.

(b) Acquisition of Highstreet Partners Ltd.

During the year ended November 30, 2012, the Company increased its ownership interest in Highstreet Partners Ltd. to from 84.0% to 89.4% for cash consideration of \$4.0 million. The payments were recorded as an adjustment to a related put agreement liability and retained earnings. Refer to Note 18 for further details regarding the put agreement.

Note 8 Intangible Assets

(in thousands of Canadian dollars)	М	anagement contracts	Customer contracts	Goodwill	Other intangibles	c	Deferred selling ommissions	Total
At December 1, 2010								
Cost, net of derecognition and impairment	\$	504,269	\$ 52,129	\$ 149,689	\$ _	\$	411,855	\$ 1,117,942
Accumulated amortization		_	(41,803)	_	_		(220,889)	(262,692)
Net book amount	\$	504,269	\$ 10,326	\$ 149,689	\$ _	\$	190,966	\$ 855,250
Year ended November 30, 2011								
Opening net book amount	\$	504,269	\$ 10,326	\$ 149,689	\$ -	\$	190,966	\$ 855,250
Additions		-	_	_	-		49,013	49,013
Acquisition of subsidiaries		211,500	39,279	118,325	29,000		1,609	399,713
Derecognition		_	(1,432)	_	(55)		(17,967)	(19,454)
Amortization		_	(12,202)	_	(6,986)		(55,671)	(74,859)
Impairment		_	_	(13,426)	_		_	(13,426)
Closing net book amount	\$	715,769	\$ 35,971	\$ 254,588	\$ 21,959	\$	167,950	\$ 1,196,237
At November 30, 2011								
Cost, net of derecognition and impairment	\$	715,769	\$ 89,976	\$ 254,588	\$ 28,945	\$	444,510	\$ 1,533,788
Less: fully amortized assets		-	-	-	-		(42,979)	(42,979)
		715,769	89,976	254,588	28,945		401,531	1,490,809
Accumulated amortization		-	(54,005)	_	(6,986)		(276,560)	(337,551)
Less: fully amortized assets		_	_	-	_		42,979	42,979
		-	(54,005)	-	(6,986)		(233,581)	(294,572)
Net book amount	\$	715,769	\$ 35,971	\$ 254,588	\$ 21,959	\$	167,950	\$ 1,196,237
Year ended November 30, 2012								
Opening net book amount	\$	715,769	\$ 35,971	\$ 254,588	\$ 21,959	\$	167,950	\$ 1,196,237
Additions		_	_	-	3,520		36,175	39,695
Acquisition of subsidiaries		_	_	-	1,298		-	1,298
Derecognition		_	(6,401)	-	(786)		(15,180)	(22,367)
Amortization		_	(10,878)	_	(8,706)		(52,158)	(71,742)
Impairment		(10,927)	_	(9,086)	_		_	(20,013)
Disposal		_	_	(953)	_		_	(953)
Closing net book amount	\$	704,842	\$ 18,692	\$ 244,549	\$ 17,285	\$	136,787	\$ 1,122,155
At November 30, 2012								
Cost, net of derecognition and impairment	\$	704,842	\$ 83,575	\$ 244,549	\$ 32,977	\$	422,526	\$ 1,488,469
Less: fully amortized assets		_	(11,877)	_	(90)		(44,154)	(56,121)
		704,842	71,698	244,549	32,887		378,372	1,432,348
Accumulated amortization		_	(64,883)	_	(15,692)		(285,739)	(366,314)
Less: fully amortized assets		-	11,877	_	90		44,154	56,121
		-	(53,006)	_	(15,602)		(241,585)	(310,193)
Net book amount	\$	704,842	\$ 18,692	\$ 244,549	\$ 17,285	\$	136,787	\$ 1,122,155

During the year ended November 30, 2012, in accordance with its accounting policies, the Company completed its annual impairment test on its indefinite life intangibles. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Substantially all of the management contracts are in retail and institutional CGUs. The following is a summary of the goodwill allocation by CGU:

(in thousands of Canadian dollars)	nvestment anagement – Retail	Investment Management Institutional	Highstreet Partners Limited	/ 1	oress Capital Management Ltd.	As	Doherty & sociates Ltd.	AGF Trust	Total
Year ended November 30, 2011									
Opening net book amount	\$ 109,955	\$ -	\$ 22,512	\$	12,548	\$	3,721	\$ 953	\$ 149,689
Additions	41,669	76,656	-		-		_	_	118,325
Impairment	_	-	(13,426)		-		-	_	(13,426)
Closing net book amount	\$ 151,624	\$ 76,656	\$ 9,086	\$	12,548	\$	3,721	\$ 953	\$ 254,588
Year ended November 30, 2012									
Opening net book amount	\$ 151,624	\$ 76,656	\$ 9,086	\$	12,548	\$	3,721	\$ 953	\$ 254,588
Impairment	-	-	(9,086)		-		-	-	(9,086)
Disposal	_	_	_		_		_	(953)	(953)
Closing net book amount	\$ 151,624	\$ 76,656	\$ -	\$	12,548	\$	3,721	\$ -	\$ 244,549

To determine whether an impairment loss should be recognized, the carrying value of the assets and liabilities of the cash-generating unit is compared to their recoverable amount. The recoverable amount of a CGU is the higher of its FVLCTS and its value in use. FVLCTS is the best estimate obtainable from the sale of a CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The Company determines the recoverability of each of its CGUs based on an analysis of the underlying AUM associated with the CGU and available AUM multiples from recent transactions for similar assets within the same industry. With the exception of the Highstreet CGU, each of the Company's CGUs were determined to be recoverable based on their FVLCTS and therefore no further testing was required. In respect of the Highstreet CGU, the Company concluded that goodwill and management contracts related to Highstreet Partners Limited were not fully recoverable due to the loss of significant institutional clients in the third quarter and therefore recorded a total impairment charge of \$20.0 million, of which \$9.1 million was attributed to goodwill and \$10.9 million was attributed to management contracts, for the year ended November 30, 2012 (2011 – \$13.4 million), which represented the excess of the CGU's carrying amount over its recoverable amount. No other impairments were identified. Management continues to regularly monitor its intangibles for triggers of impairment.

Note 9 Property, Equipment and Computer Software

(in thousands of Canadian dollars)	and	Furniture equipment	im	Leasehold provements	Computer hardware	Computer software	Total
At December 1, 2010							
Cost	\$	9,147	\$	19,412	\$ 10,536	\$ 20,795	\$ 59,890
Accumulated depreciation		(6,564)		(16,007)	(7,546)	(18,543)	(48,660)
Net book amount	\$	2,583	\$	3,405	\$ 2,990	\$ 2,252	\$ 11,230
Year ended November 30, 2011							
Opening net book amount	\$	2,583	\$	3,405	\$ 2,990	\$ 2,252	\$ 11,230
Additions		227		590	1,711	1,122	3,650
Additions related to discontinued operations		1		_	58	253	312
Depreciation		(481)		(627)	(892)	(910)	(2,910)
Depreciation related to discontinued operations		(55)		(255)	(212)	(733)	(1,255)
Closing net book amount	\$	2,275	\$	3,113	\$ 3,655	\$ 1,984	\$ 11,027
At November 30, 2011							
Cost	\$	9,375	\$	20,002	\$ 12,305	\$ 22,170	\$ 63,852
Less: fully depreciated assets		(962)		_	(1,852)	_	(2,814)
		8,413		20,002	10,453	22,170	61,038
Accumulated depreciation		(7,100)		(16,889)	(8,650)	(20, 186)	(52,825)
Less: fully depreciated assets		962		_	1,852	_	2,814
		(6,138)		(16,889)	(6,798)	(20, 186)	(50,011)
Net book amount	\$	2,275	\$	3,113	\$ 3,655	\$ 1,984	\$ 11,027
Year ended November 30, 2012							
Opening net book amount	\$	2,275	\$	3,113	\$ 3,655	\$ 1,984	\$ 11,027
Additions		958		2,420	4,904	1,222	9,504
Additions related to discontinued operations		35		-	23	108	166
Acquisition of subsidiaries		22		-	_	_	22
Disposals related to discontinued operations		(225)		(1,543)	(437)	(461)	(2,666)
Depreciation		(484)		(782)	(1,544)	(1,124)	(3,934)
Depreciation related to discontinued operations		(34)		(171)	(109)	(249)	(563)
Closing net book amount	\$	2,547	\$	3,037	\$ 6,492	\$ 1,480	\$ 13,556
At November 30, 2012							
Cost	\$	10,165	\$	20,879	\$ 16,795	\$ 23,039	\$ 70,878
Less: fully depreciated assets		(2,502)		(13,833)	(18)	(10,742)	(27,095)
		7,663		7,046	16,777	12,297	43,783
Accumulated depreciation		(7,618)		(17,842)	(10,303)	(21,559)	(57,322)
Less: fully depreciated assets		2,502		13,833	18	10,742	27,095
		(5,116)		(4,009)	(10,285)	(10,817)	(30,227)
Net book amount	\$	2,547	\$	3,037	\$ 6,492	\$ 1,480	\$ 13,556

Note 10 Long-term Debt

(in thousands of Canadian dollars)	Novem	nber 30, 2012	Nover	nber 30, 2011	December 1, 2010		
Revolving term loans ¹							
Facility 1	\$	-	\$	_	\$	143,678	
Facility 2		124,300		124,269		_	
Acquisition facility ¹		184,101		184,000		_	
	\$	308,401	\$	308,269	\$	143,678	

¹ Net of transaction costs.

(a) Revolving Term Loans

As part of the sale of AGF Trust, on August 1, 2012, the Company reduced the maximum aggregate principal of its revolving committed term loan (Facility 1). Facility 1 is a syndicated revolving term loan with two Canadian chartered banks and with a reduced maximum aggregate principal of \$200.0 million (2011 – \$300.0 million). Advances under Facility 1 are made available by prime-rate loans in U.S. or Canadian dollars, under BAs or by issuance of letters of credit. Facility 1, if not renewed, is due in full on January 28, 2015. As at November 30, 2012 and 2011, AGF had not drawn against Facility 1.

On August 31, 2011, the Company arranged an additional syndicated revolving committed term loan with two major Canadian chartered banks (Facility 2). Facility 2 is a five-year revolving term loan with a maximum aggregate principal of \$125.0 million. Advances under Facility 2 are made available by prime-rate loans in U.S. or Canadian dollars, under BAs or by issuance of letters of credit. Facility 2, if not renewed, is due in full on November 30, 2016. As at November 30, 2012, AGF had drawn down \$125.0 million (2011 – \$125.0 million) against Facility 2 in the form of a one-month BA at an effective average interest rate of 3.2% per annum, which includes a stamping fee (2011 – 2.7%).

To hedge the Company's exposure to fluctuating interest rates on its long-term debt, AGF has entered into an interest rate swap transaction with a Canadian chartered bank. The swap transaction expires in July 2016 and involves the exchange of the one-month BA rate, plus 150 basis points, to receive a fixed interest rate of 3.8%. The swap contract is designated as a cash flow hedging instrument and is used to mitigate interest expense volatility on Facility 2. As at November 30, 2012, the notional amount of the swap was \$125.0 million (2011 – \$125.0 million).

(b) Acquisition Facility

On August 31, 2011, the Company amended its syndicated four-year non-amortizing term loan credit facility with two Canadian chartered banks (acquisition facility). The acquisition facility was originally arranged on January 28, 2011, to partially fund the acquisition of Acuity, and consists of a one-time drawdown of \$185.0 million. The facility must be fully repaid by January 28, 2015, and is not renewable. Advances under the facility are made available by way of Canadian-dollar prime-rate loans or Canadian-dollar BAs. As at November 30, 2012, AGF had drawn \$185.0 million (2011 – \$185.0 million) against the facility in the form of a one-month BA at an effective average interest rate of 3.2% per annum, which includes a stamping fee (2011 – 2.7%).

Note 11 Deferred Income Tax Liabilities (Assets)

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

(in thousands of Canadian dollars)	Nover	mber 30, 2012	Nove	mber 30, 2011	December 1, 2010		
Deferred income tax assets							
Deferred income tax asset to be recovered after more than 12 months	\$	2,972	\$	6,892	\$	6,797	
Deferred income tax asset to be recovered within 12 months		1,652		1,698		2,561	
		4,624		8,590		9,358	
Deferred income tax liabilities							
Deferred income tax liability to be recovered after more than 12 months		174,656		185,670		130,166	
Deferred income tax liability to be recovered within 12 months		13,500		13,442		17,561	
		188,156		199,112		147,727	
Net deferred income tax liability	\$	183,532	\$	190,522	\$	138,369	

The movement in deferred income tax assets and liabilities during the years ended November 30, 2012 and 2011, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(in thousands of Canadian dollars) Year ended November 30, 2012	Balance, beginning of year	Recognized in income	Recognized in OCI	Recognized in income on acquisition of subsidiaries	Discontinued operations	Balance, end of year
Deferred income tax assets						
Expenses deductible in future periods	\$ 6,774	\$ 1,068	\$ _	\$ _	\$ (260)	\$ 7,582
Provision for loan losses	5,635	_	_	_	(5,635)	_
Property and equipment	4,111	(833)	_	_	183	3,461
Loss carryforwards	1,184	(745)	_	-	-	439
Investments	427	(81)	(59)	_	683	970
Other credits and carryforwards	92	(23)	_	-	-	69
	\$ 18,223	\$ (614)	\$ (59)	\$ _	\$ (5,029)	\$ 12,521
Deferred income tax liabilities						
Management contracts and other intangibles	\$ 159,460	\$ 1,423	\$ _	\$ _	\$ 9	\$ 160,892
Deferred sales commissions	41,647	(8,186)	_	_	_	33,461
Securitization of RSP loans	4,323	_	_	_	(4,323)	_
Deferred charges	3,350	_	_	_	(3,350)	_
Other	(35)	(43)	_	-	1,778	1,700
	\$ 208,745	\$ (6,806)	\$ _	\$ _	\$ (5,886)	\$ 196,053
Net deferred income tax liability						\$ 183,532

(in thousands of Canadian dollars) Year ended November 30, 2011	Balance, beginning of year	Recognized in income	Recognized in OCI	Recognized in income on acquisition of subsidiaries	Discontinued operations	Balance, end of year
Deferred income tax assets						
Expenses deductible in future periods	\$ 6,549	\$ (42)	\$ -	\$ 281	\$ (14)	\$ 6,774
Provision for loan losses	8,040	_	_	_	(2,405)	5,635
Property and equipment	5,513	(1,469)	_	(98)	165	4,111
Loss carryforwards	1,223	(39)	_	_	-	1,184
Investments	(220)	(208)	1,179	_	(324)	427
Other credits and carryforwards	-	92	_	_	_	92
	\$ 21,105	\$ (1,666)	\$ 1,179	\$ 183	\$ (2,578)	\$ 18,223
Deferred income tax liabilities						
Management contracts and other intangibles	\$ 99,040	\$ (3,408)	\$ 	\$ 63,837	\$ (9)	\$ 159,460
Deferred sales commissions	50,587	(9,378)	_	438	-	41,647
Securitization of RSP loans	4,615	(31)	31	_	(292)	4,323
Deferred charges	4,617	(1)	_	_	(1,266)	3,350
Other	615	(255)	_	_	(395)	(35)
	\$ 159,474	\$ (13,073)	\$ 31	\$ 64,275	\$ (1,962)	\$ 208,745
Net deferred income tax liability						\$ 190,522

⁽a) Deferred income tax assets are recognized for tax loss carryforwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The ability to realize the tax benefits of these losses is dependent upon a number of factors, including the future profitability of operations in the jurisdictions in which the tax losses arose. As at November 30, 2012, the Company recognized deferred income tax assets of \$0.4 million related to \$1.3 million of non-capital losses and \$0.9 million of capital

losses. Deferred income tax assets have not been recognized for \$0.2 million of non-capital losses carryforward and \$15.3 million of capital losses carried forward that have no expiry date.

Non-capital loss carryforwards by year of expiry are summarized below:

(in thousands of Canadian dollars)

·		
2027	\$ 517	7
2029	390	0
2030	7:	7
2031	8	8
2032	438	8
No expiry	4	1

(b) The aggregate amount of temporary differences associated with investments in subsidiaries for which deferred income tax liabilities have not been recognized is \$17.9 million.

Note 12 Provision for Elements Advantage

Effective June 22, 2009, AGF capped the AGF Elements Advantage Program (the Program). Any eligible units purchased prior to June 22, 2009 remain eligible for the Program. Any units purchased on or after June 22, 2009 are not entitled to participate in the Program. Elements Advantage distributions that are reinvested continue to be eligible to participate in the Program.

The continuity schedule for the Elements Advantage provision is as follows:

(in thousands of Canadian dollars) Years ended November 30	2012	2011
Beginning of the year	\$ 6,643	\$ 6,967
Additional provision charged to the income statement	2,063	2,506
Used during the year	(4,369)	(2,830)
	4,337	6,643
Less: non-current portion	1,780	2,506
	\$ 2,557	\$ 4,137

Note 13 Capital Stock

(a) Authorized Capital

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

(b) Changes During the Year

The change in capital stock is summarized as follows:

(in thousands of Canadian dollars, except share amounts)	2012			2011			
Years ended November 30	Shares		Stated value	Shares		Stated value	
Class A Voting common shares	57,600	\$	-	57,600	\$	_	
Class B Non-Voting shares							
Balance, beginning of the year	95,406,796	\$	560,838	88,606,196	\$	439,216	
Issued through dividend reinvestment plan	210,102		2,751	118,847		2,115	
Stock options exercised	309,950		2,734	698,050		7,782	
Issued on acquisition of Acuity	828,452		13,321	6,487,203		114,679	
Repurchased for cancellation	(7,697,609)		(45,960)	(503,500)		(2,954)	
Balance, end of the year	89,057,691	\$	533,684	95,406,796	\$	560,838	

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

AGF has obtained applicable regulatory approval to purchase for cancellation, from time to time, certain of its Class B Non-Voting shares through the facilities of the TSX (or as otherwise permitted by the TSX). AGF relies on an automatic purchase plan during the normal course issuer bid. The automatic purchase plan allows for purchases by AGF of its Class B Non-Voting shares during certain pre-determined black-out periods, subject to certain parameters. Outside of these pre-determined black-out periods, shares will be purchased in accordance with management's discretion. Under its normal course issuer bid, AGF may purchase up to 10% of the public float outstanding on the date of the receipt of regulatory approval or up to 7,435,369 shares through to January 26, 2013.

Subject to regulatory approval, the Company will apply for renewal of its normal course issuer bid. Under its prior normal course issuer bid, AGF could purchase up to 10% of the public float outstanding on the date of the receipt of regulatory approval or up to 7,430,257 shares through to March 6, 2012. During the year ended November 30, 2012, 7,697,609 Class B Non-Voting shares were repurchased under the current and prior normal course issuer bids at a cost of \$88.7 million and the excess paid of \$42.8 million over the recorded capital stock value of the shares repurchased for cancellation was charged to retained earnings. During the year ended November 30, 2011, 503,500 Class B Non-Voting shares were repurchased at a cost of \$8.1 million and the excess paid of \$5.1 million over the recorded capital stock value of the shares repurchased for cancellation was charged to retained earnings.

Note 14 Accumulated Other Comprehensive Income (Loss)

(in thousands of Canadian dollars)	Foreign currency translation	Available for sale securities	Cash flow hedge	Discontini operati		Total
Opening Balance						
Other comprehensive income	\$ _	\$ 3,309	\$ _	\$ 19,0	98	\$ 22,407
Income tax expense	_	(477)	_	(5,9	20)	(6,397)
Balance, December 1, 2010	-	2,832	-	13,1	78	16,010
Transactions during the year ended November 30, 2011						
Other comprehensive income (loss)	50	(3)	(4,772)	(5,4	53)	(10,188)
Income tax recovery (expense)	(6)	(8)	1,193	1,8	59	3,038
Balance, November 30, 2011	44	2,821	(3,579)	9,5	74	8,860
Transactions during the year ended November 30, 2012						
Other comprehensive income (loss)	(723)	(41)	674	(13,6	35)	(13,725)
Income tax recovery (expense)	6	53	(107)	4,0	51	4,013
Balance, November 30, 2012	\$ (673)	\$ 2,833	\$ (3,012)	\$	_	\$ (852)

Note 15 Fair Value Adjustments and Other Income (Loss)

(in thousands of Canadian dollars) Years ended November 30	2012	2011
Fair value adjustment related to investment in AGF mutual funds (Note 4)	\$ 433	\$ (592)
Fair value adjustment related to acquisition consideration payable (Note 7)	332	2,535
Fair value adjustment related to put agreement with non-controlling shareholders (Note 18(c))	(4,107)	2,814
Interest income and other	2,937	46
	\$ (405)	\$ 4,803

Note 16 Expenses by Nature

(in thousands of Canadian dollars) Years ended November 30	2012	2011
Selling, general and administrative		
Employee benefit expense	\$ 101,201	\$ 106,536
Sales and marketing	12,322	13,554
Information technology and facilities	25,484	21,270
Professional fees	20,997	18,090
Fund absorption and other fund costs	16,275	13,034
Other	4,947	1,345
	\$ 181,226	\$ 173,829
Business acquisition and integration		
Employee benefit expense	\$ -	\$ 1,718
Professional fees	-	8,071
Other	-	364
	\$ -	\$ 10,153

Note 17 Employee Benefit Expense

(in thousands of Canadian dollars) Years ended November 30	2012	2011
Salaries and benefits, including restructuring and termination	\$ 98,775	\$ 97,599
Stock option plans	1,327	2,184
Share purchase plan	476	512
RSU and PSU plans	(664)	4,964
DSU plan	(66)	97
Partners Incentive Plan	1,353	1,180
	\$ 101,201	\$ 106,536

Note 18 Stock-based Compensation and Other Stock-based Payments

(a) Stock Option Plans

AGF has established stock option plans for senior employees. Under the plan, an additional maximum of 3,954,006 Class B Non-Voting shares could have been granted as at November 30, 2012 (2011 – 4,191,371). The stock options are issued at a price not less than the market price of the Class B Non-Voting shares immediately prior to the grant date. Stock options are vested to the extent of 25% to 33% of the individual's entitlement per annum, or in some instances, vest at the end of the term of the option.

The change in stock options, excluding those related to AGF Trust, during the years ended November 30, 2012 and 2011 is summarized as follows:

	2012			11
Years ended November 30	Options	Weighted average exercise price		Weighted average exercise price
Class B Non-Voting share options				
Balance, beginning of the year	4,942,679	\$ 17.47	5,033,099	\$ 16.35
Options granted	1,737,170	10.81	630,380	19.03
Options forfeited	(532,910)	19.79	(46,650)	8.93
Options expired	(908,400)	18.10	(75,050)	21.11
Options exercised	(305,200)	8.24	(599,100)	9.96
Balance, end of the year	4,933,339	\$ 15.33	4,942,679	\$ 17.47

The outstanding stock options as at November 30, 2012 have expiry dates ranging from 2013 to 2019. The following table summarizes additional information about stock options outstanding:

Range of exercise prices	Number of options outstanding	Weighted average remaining life	W	eighted average exercise price	Number of options exercisable	W	eighted average exercise price
\$8.01 to \$15.00	2,290,920	5.2 years	\$	8.62	1,023,500	\$	8.24
\$15.01 to \$25.00	1,834,687	4.9		17.47	746,853		17.75
\$25.01 to \$35.00	795,000	1.6		29.21	795,000		29.38
\$35.01 to \$45.00	12,732	1.3		35.70	12,732		35.70
	4,933,339	4.5	\$	15.33	2,578,085	\$	17.65

During the year ended November 30, 2012, 1,737,170 stock options were granted (2011 – 630,380). Refer to Note 17 for expenses related to stock option plans. The fair value of options granted is estimated using the Black-Scholes option-pricing model. During the year ended November 30, 2012, 501,255 stock options were granted at fair value of \$3.10 per share and 1,235,915 stock options were granted at fair value of \$0.98 per share (2011 – \$4.43 per share). The following assumptions were used to determine the fair value of the options granted during the year ended November 30, 2012:

Risk-free interest rate	1.3%
Expected dividend yield	6.8% – 12.1%
Five-year historical-based expected share price volatility	41.8% – 42.0%
Option term	5.0 years

b) Other Stock-based Compensation

Other stock-based compensation includes RSU, PSU, DSU and PIP. Refer to Note 17 for a breakdown of these expenses. As at November 30, 2012, the Company has recorded an \$8.0 million (2011 – \$13.8 million) liability related to other stock-based compensation.

The change in share units of RSU and PSU, excluding those related to AGF Trust, during the years ended November 30, 2012 and 2011 is as follows:

	2012	2011
Years ended November 30	Number of share units	Number of share units
Outstanding, beginning of the year		
Non-vested	319,799	436,383
Issued		
Initial grant	866,270	318,912
In lieu of dividends	61,745	40,459
Settled in cash	(265,247)	(406,450)
Forfeited and cancelled	(160,462)	(69,505)
Outstanding, end of the year	822,105	319,799

(c) Put Agreement with Non-controlling Shareholders

As at November 30, 2012, the Company has recorded a \$6.7 million (2011 – \$5.7 million) liability related to the put agreement with non-controlling shareholders of one of its subsidiaries. In the year ended November 30, 2012, the Company recorded a loss of \$4.1 million (2011 – gain of \$2.8 million) related to the change in the fair value of the put agreement.

Note 19 Interest Expense

(in thousands of Canadian dollars) Years ended November 30	2012	2011
Interest on long-term debt and standby fees	\$ 10,055	\$ 9,296
Interest on cash flow hedge	1,385	354
Unwinding of discount on notes portion of acquisition consideration payable	1,052	2,301
Other	(80)	(201)
	\$ 12,412	\$ 11,750

Note 20 Income Tax Expense

The following are major components of income tax expense from continuing operations:

(in thousands of Canadian dollars) Years ended November 30	2012	2011
Current income tax		
Current income tax on profits for the year	\$ 34,299	\$ 42,239
Adjustments in respect of prior years	692	1,212
Other	2,074	6,022
Total current income tax expense	\$ 37,065	\$ 49,473
Deferred income tax		
Origination and reversal of temporary differences	\$ (16,419)	\$ (10,609)
Impact of change in Canadian tax rate	10,646	-
Adjustments in respect of prior years	(440)	(794)
Other	21	(4)
Total deferred income tax benefit	(6,192)	(11,407)
Income tax expense	\$ 30,873	\$ 38,066

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

(in thousands of Canadian dollars) Years ended November 30	2012	2011
Canadian corporate tax rate	26.7%	28.4%
Rate differential on earnings of subsidiaries	(1.7)	(4.3)
Tax exempt investment income	(1.3)	(1.1)
Remeasurement of deferred tax – change in Canadian tax rate	18.2	_
Non-deductible expenses	1.5	1.8
Impairment and other	9.3	8.4
Effective income tax rate	52.7%	33.2%

The income tax expense related to income from discontinued operations for the year ended November 30, 2012 was \$8.5 million (2011 – \$11.9 million).

- (b) The Company's corporate tax rate was 26.7% (2011 28.4%). The change is mainly a result of new legislation that became substantively enacted during the year. The Ontario general corporate tax rate was scheduled to be reduced to 10% by July 1, 2013, but the Ontario Ministry of Finance proposed a general corporate tax rate freeze at 11.5% in its 2012 budget. This legislation became substantively enacted on June 20, 2012 and resulted in approximately \$10.6 million deferred income tax expense for the Company during the year.
- (c) The tax charged (credited) relating to components of other comprehensive income, excluding discontinued operations, is as follows:

	20	12	2011				
(in thousands of Canadian dollars) Years ended November 30	Current income tax		Deferred income tax		Current income tax		Deferred income tax
Fair value gains on available for sale investments	\$ (11)	\$	(41)	\$	-	\$	8
Impact of change in tax rate on deferred tax	-		(127)		-		_
Foreign currency translation differences	-		(6)		-		6
Other	-		233		-		(1,193)
	\$ (11)	\$	59	\$	_	\$	(1,179)

The tax credited to components of OCI from discontinued operations was \$4.1 million (2011 – \$1.9 million).

Note 21 Earnings per Share

(in thousands of Canadian dollars, except per share amounts) Years ended November 30	2012	2011
Numerator		
Net income for the year from continuing operations attributable to the equity holders of the Company	\$ 27,493	\$ 75,883
Net income for the year from discontinued operations attributable to the equity holders of the Company	24,767	27,690
Net income for the year attributable to the equity holders of the Company	52,260	103,573
Denominator		
Weighted average number of shares – basic	94,117,889	94,295,903
Dilutive effect of employee stock options	814,324	815,415
Weighted average number of shares – diluted	94,932,213	95,111,318
Basic earnings per share		
Continuing operations	\$ 0.29	\$ 0.80
Discontinued operations	0.26	0.29
	0.55	1.09
Diluted earnings per share		
Continuing operations	\$ 0.29	\$ 0.80
Discontinued operations	0.26	0.29
	\$ 0.55	\$ 1.09

Note 22 Dividends

The dividends paid, including dividends reinvested, in the year ended November 30, 2012, were \$102.0 million, compared to \$99.4 million in 2011. On December 13, 2012, the Board of Directors of AGF declared a quarterly dividend on both the Class A Voting common shares and Class B Non-Voting shares of the Company of \$0.27 per share in respect of the three months ended November 30, 2012, amounting to a total dividend of \$24.1 million. These consolidated financial statements do not reflect this dividend payable.

Note 23 Related Party Transactions

(a) Agreements with Mutual Funds

The Company acts as manager for the AGF Funds and receives management and advisory fees from the AGF Funds in accordance with the respective agreements between the Funds and the Company. In return, the Company is responsible for management and investment advisory services and all costs connected with the distribution of securities of the Funds. Substantially all the management and advisory fees the Company earned in the years ended November 30, 2012 and 2011 were from the AGF Funds. As at November 30, 2012, the Company had \$28.3 million (2011 – \$36.1 million) receivable from the AGF Funds. The Company also acts as trustee for the AGF Funds that are mutual fund trusts.

The aggregate unitholder services costs absorbed and management and advisory fees waived by the Company during the year ended November 30, 2012 on behalf of the Funds were approximately \$7.8 million (2011 – \$4.9 million).

(b) Key Management Compensation

The Company is controlled by Blake C. Goldring, Chairman and Chief Executive Officer of AGF, through his indirect ownership of all the voting shares of Goldring Capital Corporation, which owns 80% of the Company's Class A Voting common shares. The remaining 20% of the Class A Voting common shares are held by the Vice-Chairman of AGF, who is also a Director.

The remuneration of Directors and other key management personnel of AGF are as follows:

(in thousands of Canadian dollars) Years ended November 30	2012	2011
Salaries and other short-term employee benefits	\$ 3,512	\$ 6,278
Share-based payments	1,931	2,095
	\$ 5,443	\$ 8,373

Note 24 Financial Risk Management

(a) Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and other price risk), credit risk and liquidity risk. In the normal course of business, the Company manages these risks as they arise as a result of its use of financial instruments.

Market Risk

(i) Foreign Exchange Risk

The Company operates internationally and is exposed to foreign exchange risk on its integrated foreign subsidiaries. These subsidiaries retain minimal monetary exposures to the local currency, as the majority of revenues earned are in Canadian dollars and salaries and wages are primarily paid on a monthly basis and represent the majority of local currency expenses. As such, these foreign subsidiaries have limited use of financial instruments denominated in local currencies, thus resulting in minimal foreign exchange risk.

(ii) Interest Risk

The Company's cash flow interest rate risk arises due to its floating-rate debt and cash balances. The Company entered into an interest swap to manage interest rate exposure on the Facility 2 portion of its long-term debt. As at November 30, 2012, if interest rates had been 1% higher/lower with all other variables held constant, profit before tax for the year would have been \$3.1 million (2011 – \$3.1 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(iii) Price Risk

The Company is not exposed to commodity price risk. The Company is exposed to equity securities price risk on certain equity securities held by the Company, certain derivative positions and on its consideration payable that is associated with future share payments. The Company's investments that have fair value risk include mutual funds managed by the Company of \$25.3 million (2011 – \$15.7 million) and equity securities of \$4.6 million (2011 – \$5.0 million) as at November 30, 2012. Based on the carrying value of

these investments at November 30, 2012, the effect of a 10% decline or increase in the value of investments would result in a \$2.7 million (2011 – \$1.7 million) pre-tax unrealized gain or loss to pre-tax income and a \$0.3 million (2011 – \$0.3 million) pre-tax unrealized gain or loss to pre-tax other comprehensive income.

Credit Risk

Credit risk arises from cash and cash equivalents, investments, accounts receivable and other assets. Cash and cash equivalents consist primarily of highly liquid temporary deposits with Canadian banks, an Irish government guaranteed bank and non-Irish banks in Ireland, as well as bank term deposits. The Company's overall credit risk strategy and credit risk policy are developed by senior management and further refined at the business unit level, through the use of policies, processes and internal controls designed to promote business activities, while ensuring these activities are within the standards of risk tolerance levels.

Liquidity Risk

The Company manages its liquidity risk through the management of its capital structure and financial leverage as outlined in Capital Management (below) and Note 10. The Company manages its liquidity by monitoring actual and projected cash flows to ensure that it has sufficient liquidity through cash received from operations as well as borrowings under its revolving term loans and acquisition facility. Cash surpluses are invested in interest-bearing short-term deposits and investments with a maturity up to 90 days.

The key liquidity requirements are the funding of commissions paid on mutual funds, dividends paid to shareholders and the repayment of its long-term debt. The Company is subject to certain financial loan covenants under its revolving term loans and acquisition facility and has met all of these conditions.

The table below analyzes the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from November 30, 2012, November 30, 2011 and December 1, 2010 to the contractual maturity date.

(in thousands of Canadian dollars)

November 30, 2012	Demand	1 year or less	1 to 5 years
Accounts payable and accrued liabilities	\$ -	\$ 85,969	\$ -
Income tax liability	-	23,159	-
Provision for Elements Advantage	-	2,557	1,780
Long-term debt	-	-	310,000
Acquisition consideration payable	-	2,763	4,391
Other liabilities	-	-	6,898
Total	\$ -	\$ 114,448	\$ 323,069

(in thousands of Canadian dollars)

November 30, 2011	Demand	1 year or less	1 to 5 years
Accounts payable and accrued liabilities	\$ -	\$ 101,934	\$ _
Income tax liability	-	23,104	_
Provision for Elements Advantage	-	4,137	2,506
Long-term debt	_	_	310,000
Secured financing	_	41,998	196,626
Deposits ¹	4,050	1,728,617	1,300,172
Acquisition consideration payable	-	20,050	8,221
Other liabilities	_	_	10,924
Total	\$ 4,050	\$ 1,919,840	\$ 1,828,449

¹ Includes future interest payments and excludes deferred selling commission.

(in thousands of Canadian dollars)

December 1, 2010	Demand	1 year or less	1 to 5 years
Accounts payable and accrued liabilities	\$ -	\$ 103,465	\$ _
Income tax liability	-	14,314	_
Provision for Elements Advantage	-	3,084	3,883
Long-term debt	-	_	144,000
Deposits ¹	3,630	1,839,525	1,850,820
Other liabilities	-	_	13,326
Total	\$ 3,630	\$ 1,960,388	\$ 2,012,029

¹ Includes future interest payments and excludes deferred selling commission.

(b) Capital Management

The Company's objectives when managing capital are to provide returns for shareholders through the payment of dividends, the repurchase of Class B Non-Voting shares and the reasonable use of leverage.

The AGF Capital Committee is responsible for the management of capital. The AGF Board of Directors is responsible for overseeing the Company's capital policy and management. The Company reviews its five-year capital plan annually. Consistent with others in the industry, the Company monitors capital based on its long-term debt and common shares.

The Company is not subject to significant regulatory capital requirements in each of the jurisdictions in which they are registered and operate.

(c) Fair Value Estimation

The carrying value of accounts receivable and other assets, accounts payable and accrued liabilities and long-term debt approximate fair value.

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1

Quoted prices (unadjusted) in active markets for identical assets and liabilities,

Level 2

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and

Level 3
Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the group's assets and liabilities that are measured at fair value at November 30, 2012:

(in thousands of Canadian dollars) November 30, 2012	Level1	Level 2	Level 3	Total
ASSETS				
Financial assets at fair value through profit or loss				
Cash and cash equivalents	\$ 371,299	\$ -	\$ -	\$ 371,299
AGF mutual funds and other	25,269	-	_	25,269
Equity securities	1,612	-	_	1,612
Available for sale				
Equity securities	2,995	-	-	2,995
Loans and receivables				
Canadian government debt – Federal	301	-	-	301
Total financial assets	\$ 401,476	\$ -	\$ -	\$ 401,476
LIABILITIES				
Financial liabilities at fair value through profit or loss				
Acquisition consideration payable	\$ -	\$ -	\$ 8,802	\$ 8,802
NCI put liability	-	-	6,665	6,665
Derivatives used for hedging	-	4,387	_	4,387
Total financial liabilities	\$ -	\$ 4,387	\$ 15,467	\$ 19,854

The following table presents the group's assets and liabilities that were measured at fair value at November 30, 2011:

November 30, 2011	Level 1	Level 2	Level 3	Total
ASSETS				
Financial assets at fair value through profit or loss				
Cash and cash equivalents	\$ 246,634	\$ _	\$ -	\$ 246,634
AGF mutual funds and other	15,674	_	_	15,674
Equity securities	1,594	_	-	1,594
Available for sale				
Equity securities	3,446	_	-	3,446
Loans and receivables				
Canadian government debt – Federal	299	-	-	299
Investments related to discontinued operations	-	496,473	-	496,473
Derivatives used for hedging	-	24,309	-	24,309
Retained interest from securitization	_	_	38,939	38,939
Total financial assets	\$ 267,647	\$ 520,782	\$ 38,939	\$ 827,368
LIABILITIES				
Financial liabilities at fair value through profit or loss				
Acquisition consideration payable	\$ _	\$ _	\$ 42,380	\$ 42,380
NCI put liability	_	_	5,724	5,724
Derivatives used for hedging	-	5,049	-	5,049
Total financial liabilities	\$ _	\$ 5,049	\$ 48,104	\$ 53,153

The following table presents the group's assets and liabilities that were measured at fair value at December 1, 2010:

(in thousands of Canadian dollars) December 1, 2010	Level 1	Level 2	Level 3	Total
ASSETS				
Financial assets at fair value through profit or loss				
Cash and cash equivalents	\$ 456,921	\$ _	\$ -	\$ 456,921
AGF mutual funds and other	19,572	_	-	19,572
Equity securities	1,785	_	-	1,785
Available for sale				
Equity securities	4,491	_	_	4,491
Loans and receivables				
Canadian government debt – Federal	297	_	_	297
Investments related to discontinued operations	_	477,818	_	477,818
Derivatives used for hedging	_	31,252	-	31,252
Retained interest from securitization	_	_	38,699	38,699
Total financial assets	\$ 483,066	\$ 509,070	\$ 38,699	\$ 1,030,835
LIABILITIES				
Financial liabilities at fair value through profit or loss				
NCI put liability	\$ _	\$ _	\$ 8,264	\$ 8,264
Derivatives used for hedging	_	1,277	_	1,277
Total financial liabilities	\$ _	\$ 1,277	\$ 8,264	\$ 9,541

The fair value of financial instruments traded in active markets are determined using the quoted prices where they represent those at which regularly and recently occurring transactions take place.

Level 1 instruments include listed equity securities on major exchanges, investments in AGF mutual funds, highly liquid temporary deposits with Canadian banks, an Irish government guaranteed bank and non-Irish banks in Ireland, as well as bank term deposits.

Level 2 instruments include derivative instruments with major Canadian chartered banks. The fair value of derivatives used to manage interest rate exposure on deposits and long-term debt is calculated through discounting future expected cash flows using the BA-based swap curve. Since the BA-based swap curve is an observable input, these financial instruments are considered level 2.

Level 3 instruments include the acquisition consideration payable and the NCI put liability as noted in Note 18. Instruments classified in this category have a parameter input or inputs that are unobservable and that have a more than insignificant impact on either the fair value of the instrument or the profit or loss of the instrument. The fair value of the

NCI put liability is determined as the difference between the specified price determined in part by reference to earnings and a market multiple based on precedent transactions. The acquisition consideration payable is comprised of deferred cash payments and Class B, C, D and E exchangeable preferred shares that are subject to an adjustment based on Acuity's net sales of institutional AUM between the date of acquisition and the payment or redemption date of these preferred shares. The Class B, C, D, and E exchangeable preferred shares are to be settled by the issuance of a variable number of AGF Class B Non-Voting shares, the number of which is determined by reference to a fixed exchange ratio. For the year ended November 30, 2011, level 3 instruments also included the retained interest from securitization. The fair value of the retained interest from securitization was determined using the present value of future expected cash flows. The expected cash flow model incorporated expected credit losses, prepayment rates, discount rate and excess spread. Expected credit losses and prepayment rates were primarily based on historical portfolio performance, while discount rate and excess spread were based on portfolio performance combined with management's assessment of the impact of market and economic factors on expected cash flows.

The following table presents changes in level 3 instruments for the year ended November 30, 2012:

(in thousands of Canadian dollars)	ned interest	Acquisition consideration payable	١	NCI put liability	Total
Balance at December 1, 2011	\$ 38,939	\$ 42,380	\$	5,724	\$ 87,043
Accretion income	214	-		-	214
Cash receipts, net of writeoffs	(94)	-		-	(94)
Unrealized losses recognized in other comprehensive income	(371)	-		-	(371)
Gains and losses recognized in profit or loss	-	719		4,107	4,826
Exercised put	-	-		(3,166)	(3,166)
Consideration paid	(38,688)	(34,297)		_	(72,985)
Balance at November 30, 2012	\$ -	\$ 8,802	\$	6,665	\$ 15,467

The following table presents changes in level 3 instruments for the year ended November 30, 2011:

(in thousands of Canadian dollars)	Retained interest from securitization			Acquisition consideration payable	N	CI put liability	Total	
Balance at December 1, 2010	\$	38,699	\$	_	\$	8,264	\$	46,963
Accretion income		2,546		_		-		2,546
Cash receipts, net of writeoffs		(2,443)		_		-		(2,443)
Securitization writedown		25		_		-		25
Unrealized gains recognized in other comprehensive income		112		_		_		112
Fair value based on purchase price allocation		-		42,613		_		42,613
Gains and losses recognized in profit or loss		_		(233)		(2,540)		(2,773)
Balance at November 30, 2011	\$	38,939	\$	42,380	\$	5,724	\$	87,043

Note 25 Contingencies

- (a) The Company believes that it has adequately provided for income taxes based on all of the information that is currently available. The calculation of income taxes in many cases, however, requires significant judgement in interpreting tax rules and regulations. The Company's tax filings are subject to audits, which could materially change the amount of the current and future income tax assets and liabilities, and could, in certain circumstances, result in the assessment of interest and penalties.
- (b) There are certain claims and potential claims against the Company. None of these claims or potential claims are expected to have a material adverse effect on the consolidated financial position of the Company.

Note 26 Commitments and Guarantees

(a) Commitments

(in thousands of Canadian dollars)

The Company is committed under operating leases for office premises and equipment. The Company is also committed to reimburse Citigroup Fund Services Inc. (Citigroup) and CitiFinancial up to \$2.8 million per year should annual revenues derived from AGF fund administration services fall below predetermined levels. This commitment expires in 2015. For the year ended November 30, 2012, AGF met this commitment and no further amounts are payable. The approximate minimum annual cash payments related to the above are as follows:

Years ended November 30 2013 \$ 12,189 2014 10,931 2015 9,578 2016 7,876

6,281

20,123

AGF Management Limited 79

2017

Thereafter

(b) Guarantees

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

Note 27

Transition to IFRS

First-time Application of IFRS

Until December 1, 2011, AGF prepared its consolidated financial statements in accordance with Canadian GAAP. The Company followed the provisions of IFRS 1 in preparing its opening IFRS consolidated statement of financial position as of the date of transition, December 1, 2010. Certain of the Company's IFRS accounting policies used for this opening consolidated statement of financial position differed from its Canadian GAAP policies applied at the same date. The resulting adjustments arose from events and transactions before the date of transition to IFRS. IFRS 1 generally requires that an entity apply all IFRS effective at the end of its first IFRS reporting period retrospectively. Therefore, as required by IFRS 1, those adjustments were recognized directly through retained earnings (or another category of equity where appropriate) as of December 1, 2010. There are some exceptions required and some exemptions permitted by IFRS 1. AGF's first-time adoption decisions regarding these exemptions are detailed below. Other options available under IFRS 1, which are not discussed here, are not material to the Company's consolidated financial statements.

Business Combinations

IFRS 1 provides the option to apply IFRS 3, "Business Combinations," prospectively from the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Company elected to apply IFRS 3 prospectively to business combinations occurring after its transition date. Business combinations prior to the transition date have not been restated.

• Cumulative Translation Differences

IFRS permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in

accordance with IAS 21, "The effects of changes in foreign exchange rates," from the date a subsidiary or equity method investee was formed or acquired. The Company elected to reset to zero all cumulative translation gains and losses at the transition date related to investments in foreign operations through an adjustment to retained earnings.

Securitization

In November 2010, the IASB approved amendments to IFRS 1 with regard to the derecognition exemption, which provides the option to grandfather certain securitization transactions occurring prior to an entity's transition date instead of the fixed mandatory date of January 1, 2004. The Company elected to apply the derecognition requirements in IAS 39 prospectively for transactions occurring on or after the transition date.

Effect of the Transition to IFRS

Until December 1, 2011, AGF prepared its consolidated financial statements in accordance with Canadian GAAP. The following sets out, by accounting topic, the main differences between the Company's Canadian GAAP accounting policies applied at that date and the IFRS accounting policies adopted.

(a) Finite-life Intangibles

Under both IFRS and Canadian GAAP, customer contracts are amortized on a straight-line basis over the period that the economic benefit is expected to arise. Under IFRS, the unamortized customer contracts for which client attrition occurs is immediately charged to net income and included in the amortization of customer contracts. Under Canadian GAAP, the amortization of customer contracts was not adjusted for client attrition.

(b) Deferred Selling Commissions

Under Canadian GAAP, sales commissions paid to brokers on mutual fund securities sold on a DSC basis were recorded at cost and amortized on a straight-line basis over the applicable DSC schedule (which ranges from three to seven years). No adjustment was recognized to the cost on redemption of mutual funds and the DSC asset was tested annually for impairment. Under IFRS, sales commissions continue to be recorded at cost and amortized similar to Canadian GAAP; however, upon redemption, the asset is derecognized and the unamortized amount is charged to income through amortization.

(c) Investments in AGF Mutual Funds and Investments Available for Sale

Under Canadian GAAP, investments in AGF mutual funds were designated as available for sale (AFS). These assets were initially recorded at fair value on the settlement date in the consolidated statement of financial position and remeasured at fair value with unrealized gains and losses recognized in OCI until the financial asset was disposed of or became impaired. Under IFRS, investments in AGF mutual funds are designated as fair value through profit and loss.

(d) Goodwill

Under Canadian GAAP, goodwill is tested at the reporting unit level. Under IFRS, goodwill must be tested annually at the lowest identifiable CGU level at which management monitors internally. Management has reviewed its CGUs and has identified its Highstreet business as a separate goodwill CGU. As a result, the Company determined that the carrying amount of the Highstreet CGU exceeded its recoverable amount, indicating an impairment of goodwill at December 1, 2010 and subsequently at November 30, 2011. Under Canadian GAAP, goodwill associated with Highstreet was tested under Investment Management.

(e) Written Put Options on Non-controlling Interests Under Canadian GAAP, put options written by the Company on non-controlling interests were accounted for as cashsettled share-based payments and carried at the intrinsic value of the vested options. Under IFRS, to the extent that such options are associated with the shareholder's employment, they are treated as cash-settled share-based payments and are recorded based on the fair value of the vested portion of the options, determined using graded vesting.

(f) Termination Fees

Under Canadian GAAP, termination fees associated with contracts with referral agents, where the agent continues to have a relationship with the client, are recognized as an expense upon termination. Under IFRS, this cost is recognized over the service period or the contractual period.

(g) OCI Tax Changes

Under Canadian GAAP, changes in tax rates or laws relating to items previously recognized in OCI have been recognized in the consolidated statement of income. Under IFRS, the effect of these changes should be recognized in income, OCI or equity and charged directly to those items.

(h) Transaction Costs

Under Canadian GAAP, entities could elect an accounting policy to account for transaction costs incremental to the acquisition of financial instruments either by capitalizing them on the consolidated statement of financial position or by recognizing them immediately on the consolidated statement of income. Under IFRS, transactions costs must be accounted for as an expense for financial instruments at fair value through profit or loss and capitalized to the initial carrying amount for all other financial instruments.

(i) Presentation Reclassifications

Certain amounts have been reclassified to conform to IFRS, including deferred income tax assets and liabilities and accrued interest. Under IFRS, deferred income tax assets and liabilities must be classified as non-current whereas under Canadian GAAP, deferred income tax assets and liabilities were classified as current or non-current as appropriate. In addition, under IFRS, accrued interest is included in the financial statement line related to the financial assets and liabilities it is associated with. Previously, accrued interest on loans and GICs was recorded in accounts receivable or accounts payable as appropriate.

Reconciliations of the Company's consolidated statement of financial position prepared under Canadian GAAP and IFRS, including the impacts on shareholders' equity, as at December 1, 2010 and November 30, 2011, are as follows:

(in thousands of Canadian dollars) December 1, 2010	Canadian GAAP	IFRS 1 election	Finite-life intangibles c	Deferred selling ommissions	Investments	Goodwill	NCI put	Termination fees		Presentation classification	IFRS
			(A)	(B)	(C)	(D)	(E)	(F)	(G)	(1)	
ASSETS											
Current Assets											
Cash and cash equivalents	\$ 456,550	\$ - \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	371	\$ 456,921
Investments	503,963	-	-	-	-	-	-	-	-	-	503,963
Accounts receivable, prepaid expenses and other assets	88,809	-	_	_	-	-	_	-	_	(23,265)	65,544
Derivative financial instruments	6,154	_	-	-	-	-	-	-	-	9,760	15,914
Current portion of retained interest from securitization	21,334	-	_	_	-	-	_	-	_	-	21,334
Real estate secured and investment loans due within one year	433,537	-	_	_	-	-	_	-	_	4,021	437,558
	1,510,347	-	-	-	-	-	-	-	-	(9,113)	1,501,234
Retained interest from securitization	17,365	_	_	_	_	_	_	_	_	_	17,365
Real estate secured and investment loans	2,688,677									3,521	2,692,198
Investment in associated company	77,049									5,521	77,049
Management contracts Customer contracts, net of accumulated	504,269	_	_	_	_	_	-	_	_	_	504,269
amortization and derecognition	11,383	_	(1,057)	_	_	_	_	_	_	_	10,326
Goodwill	173,708	_	_	_	_	(24,019)	_	-	_	_	149,689
Deferred selling commissions, net of accumulated amortization and derecognition	243,861	_	_	(52,895)	_	_	_	_	_	_	190,966
Property, equipment and computer software, net of accumulated depreciation	11,230	_	_	_	_	_	_	_	_	_	11,230
Deferred income tax assets	_	_	_	_	_	_	_	_	_	9,358	9,358
Derivative financial instruments	9,746	_	_	_	_	_	_	_	_	5,592	15,338
Other assets	6,226	_	_	_	_	_	_	_	_	_	6,226
Total assets	\$ 5,253,861	\$ - \$	(1,057) \$	(52,895) \$	- \$	(24,019) \$	- \$	- \$	- \$	9,358	\$ 5,185,248
LIABILITIES Current Liabilities										(2.42.200)	
Accounts payable and accrued liabilities	\$ 240,053	\$ - \$	- \$	- \$	- \$	- \$	8,264 \$	746 \$	- \$	(145,598)	
Income tax liability	14,314	_	-	-	-	-	-	-	-	-	14,314
Provision for Elements Advantage	3,084	_	_	-	-	-	-	-	-	-	3,084
Deferred income tax liabilities	18,024	_	_	-	-	-	-	-	-	(18,024)	-
Derivative financial instrument	1,277	_	-	-	-	-	-	-	-	_	1,277
Deposits due within one year	1,814,701	_			_	_				68,810	1,883,511
	2,091,453	-	-	-	-	-	8,264	746	-	(94,812)	2,005,651
Deposits	1,721,264	_	_	_	_	_	_	_	_	76,788	1,798,052
Long-term debt	143,678	_	_	_	_	_	_	_	_	_	143,678
Deferred income tax liabilities ¹	134,613	_	(236)	(13,687)	_	_	_	(345)	_	27,382	147,727
Provision for Elements Advantage	3,883	_	_	_	_	_	_	_	_	_	3,883
Other long-term liabilities	12,818	_	_	_	_	_	_	508	_	_	13,326
Total liabilities	4,107,709	-	(236)	(13,687)	_	_	8,264	909	-	9,358	4,112,317
EQUITY											
Equity attributable to owners of the Company											
Capital stock	439,216	_	-	-	-	-	-	-	-	-	439,216
Contributed surplus	22,580	-	-	-	-	-	-	-	-	-	22,580
Retained earnings	702,017	(34,975)	(821)	(39,208)	879	(24,019)	(8,264)	(909)	(72)	-	594,628
Accumulated other comprehensive income ¹	(18,158)	34,975		_	(879)	_	-	-	72		16,010
	1,145,655	_	(821)	(39,208)	_	(24,019)	(8,264)	(909)	-	_	1,072,434
Non-controlling interest	497	-	-	-	-	-	-	-	-	-	497
Total equity	1,146,152	_	(821)	(39,208)	_	(24,019)	(8,264)	(909)	_	_	1,072,931

¹ Canadian GAAP accumulated other comprehensive income and deferred income tax liabilities as at December 1, 2010 have been restated to reflect the correction of an immaterial error that resulted in an understatement of deferred income tax liabilities of \$5.0 million and in a corresponding overstatement of accumulated other comprehensive income.

(in thousands of Canadian dollars)		Canadian			Finite-life	Deferred selling				Termination		Transaction	Presentation	
November 30, 2011		GAAP	IFR	S 1 election		ommissions	Investments	Goodwill	NCI put	fees	OCI tax	costs r	reclassification	IFRS
ASSETS Current Assets					(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(1)	
Cash and cash equivalents	\$	246,631	¢	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	3	\$ 246,634
Investments	φ	517,486	J	- J		_ 4	- y		_ J	_ y		_ 4	, ,	517,486
Accounts receivable and prepaid expenses and		317,480		_	_	_	_	_	_	_	_	_	_	317,400
other assets		88,251		_	_	-	_	_	_	_	_	_	(16,446)	71,805
Derivative financial instruments	s	3,737		_	_	_	_	_	_	_	_	_	6,301	10,038
Current portion of retained														
interest from securitization Real estate secured and investment loans due		38,939		_	-	_	_	-	_	_	_	_	-	38,939
within one year		462,181		_	_	_	_	_	_	_	_	_	3,308	465,489
		1,357,225		-	-	-	-	-	_	-	-	_	(6,834)	1,350,391
Real estate secured and investment loans		2,483,157		-	_	-	-	_	-	-	-	-	2,971	2,486,128
Investment in associated company		76,616		_	_	_	_	_	_	_	_	_	_	76,616
Management contracts		715,769		_	_	_	_	_	_	_	_	_	_	715,769
Customer contracts, net of accumulated amortization														
and derecognition Goodwill		37,951 292,033		_	(1,980) –	-	_	- (37,445)	_	_	_	-	-	35,971 254,588
Other intangibles, net of accumulated amortization		22,014		-	(55)	_	-	-	_	-	_	_	-	21,959
Deferred selling commissions, net of accumulated														
amortization and derecognition	1	217,649		_	_	(49,699)	_	-	_	_	_	_	_	167,950
Property, equipment and														
computer software, net of accumulated depreciation		11,027		_	_	_	_	_	_	_	_	_	_	11,027
Deferred income tax assets		,02		_	_	_	_	_	_	_	_	_	8,590	8,590
Derivative financial instruments		10,408		-	-	-	-	-	-	-	-	-	3,863	14,271
Other assets		7,310		_	_	_	_	_	_	_	_	_	_	7,310
Total assets	\$	5,231,159	\$	- \$	(2,035) \$	(49,699) \$	- \$	(37,445) \$	- \$	_ \$	- \$	_ \$	8,590	\$ 5,150,570
LIABILITIES Current Liabilities Accounts payable and accrued liabilities	\$	198,824	\$	- \$	- \$	- \$	- \$	- \$	5,451 \$	716 \$	- \$	- \$	5 (103,057)	
Income tax liability Provision for		23,104		-	-	-	-	-	-	_	-	-	-	23,104
Elements Advantage		4,137		_	_	_	_	_	_	_	_	_	_	4,137
Secured financing Acquisition		41,998		-	-	-	-	-	-	-	-	-	-	41,998
consideration payable		31,663		-	-	-	-	-	-	-	-	-	-	31,663
Deferred income tax liabilities		16,690		-	-	-	-	-	-	-	-	-	(16,690)	_
Derivative financial instrument		1,747		-	-	-	-	-	-	_	-	-	62 275	1,747
Deposits due within one year	-	1,706,434 2,024,597							5,451	716			63,275 (56,472)	1,769,709 1,974,292
									-,					
Deposits		1,220,308		-	-	-	-	-	_	-	_	(1.072)	39,782	1,260,090
Long-term debt Secured financing		309,341 196,626		_	_	_	_	_	_	_	_	(1,072)	_	308,269 196,626
Acquisition														,
consideration payable		10,717		-	-	-	-	-	-	-			-	10,717
Deferred income tax liabilities ¹		187,226		-	(508)	(12,572)	-	-	-	(314)	-	-	25,280	199,112
Derivative financial instrument Provision for		3,302		_	_	_	_	_	-	_	-	_	-	3,302
Elements Advantage		2,506		-	-	_	-	-	-	-	-	-	-	2,506
Other long-term liabilities		10,436		-	-	-	_	-		488	-		_	10,924
Total liabilities		3,965,059		-	(508)	(12,572)	-	_	5,451	890	_	(1,072)	8,590	3,965,838
EQUITY														
Equity attributable to owners of the Company														
Capital stock		560,838		_	_	_	_	-	_	_	_	_	_	560,838
Contributed surplus		24,797		-	-	-	-	-	_	-	_	-	-	24,797
Retained earnings		705,823		(34,975)	(1,527)	(37,127)	357	(37,445)	(5,451)	(890)	(72)	1,072	-	589,765
Accumulated other comprehensive income ¹		(25,830)		34,975	_	_	(357)	_	_	_	72	_	_	8,860
zzp. znenzwe meome		1,265,628		-	(1,527)	(37, 127)	(557)	(37,445)	(5,451)	(890)	-	1,072	_	1,184,260
Non-controlling interest		472		-	-	-	-	-	-	-	-	-	-	472
Total equity	_	1,266,100	•	-	(1,527)	(37,127)	_	(37,445)	(5,451)	(890)	-	1,072	- 9.500	1,184,732
Total liabilities and equity	\$	5,231,159	\$	- \$	(2,035) \$	(49,699) \$	- \$	(37,445) \$	- \$	- \$	- \$	- \$	8,590	\$ 5,150,570

¹ Canadian GAAP accumulated other comprehensive income and deferred income tax liabilities as at December 1, 2010 have been restated to reflect the correction of an immaterial error that resulted in an understatement of deferred income tax liabilities of \$5.0 million and in a corresponding overstatement of accumulated other comprehensive income.

Reconciliation of the Company's consolidated statement of income for the year ended November 30, 2011, prepared in accordance with Canadian GAAP and IFRS, is as follows:

(in thousands of Canadian dollars) Year ended November 30, 2011	Canadi	an GAAP	Finite-life intangibles	Deferred selling commissions	Investments	Goodwill	NCI put	Termination fees	Transaction costs	Presentation reclassification	Discontinued operations		IFRS
REVENUE			(A)	(B)	(C)	(D)	(E)	(F)	(H)	(1)	Note 5		
Management and advisory fees	\$	552,836	\$ - 5	- 9	- \$	- \$	- \$	- \$	- :	\$ - \$	-	\$	552,836
Deferred sales charges		23,159	_	_	_	_	_ `	_	_		_		23,159
RSP loan securitization income (loss),		,											.,
net of impairment		2,602	_	-	-	-	-	-	-	_	(2,602)		-
Share of profit of associated company		4,874	_	-	_	-	-	-	-	-	-		4,874
Fair value adjustments and other income		14,402	_	-	(591)	-	2,814	-	-	_	(11,822)		4,803
AGF Trust net interest income		77,438	_	-	_	-	-	-	-	(636)	(76,802)		_
Total revenue	(675,311	_	_	(591)	-	2,814	_	_	(636)	(91,226)		585,672
EXPENSES													
Selling, general and administrative	:	212,793	_	_	_	_	_	_	(289)	_	(38,675)		173,829
Business acquisition and integration		10,936	_	_	_	_	_	_	(783)	_	_		10,153
Trailing commissions		154,466	_	_	_	_	_	(49)		_	_		154,417
Investment advisory fees		9,286	_	_	_	_	_	_	_	_	_		9,286
Amortization and derecognition of deferred selling commissions		76,832	_	(3,194)	_	_	_	_	_	_	_		73,638
Amortization and derecognition of customer contracts		12,710	924	_	_	_	_	_	_	_	_		13,634
Amortization and derecognition of other intangibles		6,986	55	_	_	_	_	_	_	_	_		7,041
Depreciation of property, equipment and computer software		4,165	_	_	_	_	_	_	_	_	(1,255)		2,910
Provision for Trust Company loan losses		12,302	_	-	_	-	_	-	-	(636)	(11,666)		-
Interest expense		11,750	_	-	_	-	_	-	-	_	-		11,750
Impairment of investment		907	_	-	_	-	_	-	-	_	-		907
Impairment of goodwill		-	_	-	_	13,426	-	-	-	_	-		13,426
	!	513,133	979	(3,194)	-	13,426	_	(49)	(1,072)	(636)	(51,596)		470,991
Income before income taxes		162,178	(979)	3,194	(591)	(13,426)	2,814	49	1,072	-	(39,630)		114,681
Income tax expense (benefit)													
Current		60,797	_	-	-	-	-	-	-	-	(11,324)		49,473
Deferred		(11,593)	(272)	1,112	(69)	_	_	31	_	_	(616)		(11,407)
		49,204	(272)	1,112	(69)			31			(11,940)		38,066
Net income from continuing operations		112,974	(707)	2,082	(522)	(13,426)	2,814	18	1,072		(27,690)		76,615
Net income from discontinued operations, net of taxes		-	-	-	_	-	-	-	-	-	27,690		27,690
Net income for the year	\$	112,974	\$ (707)	2,082 \$	5 (522) \$	(13,426) \$	2,814 \$	18 \$	1,072	\$ - 9	i –	\$	104,305
No.													
Net income attributable to:		110.045	¢ (303)	200-	(500) #	(72 (06) \$	2 2 2 4 2	10.0	1.070				102 572
Equity owners of the Company	\$	112,242	, ,		` '	(13,426) \$	2,814 \$	18 \$	1,072			\$	103,573
Non-controlling interest		732	- (707) f	- 2,002,4		(12 (22) 6	2034 7	- 10 ¢	7.070				732
	\$	112,974	\$ (707) \$	2,082 \$	(522) \$	(13,426) \$	2,814 \$	18 \$	1,072	\$ - \$	-	>	104,305

Reconciliation of the Company's consolidated statement of comprehensive income for the year ended November 30, 2011, prepared in accordance with Canadian GAAP and IFRS, is as follows:

(in thousands of Canadian dollars) Year ended November 30, 2011	Canad	lian GAAP	ite-life gibles	red selling mmissions	In	vestments	Goodwill	NCI put	•	Termination fees	Transaction costs	D	iscontinued operations	IFRS
			(A)	(B)		(C)	(D)	(E)		(F)	(H)		Note 5	
NET INCOME FOR THE YEAR	\$	112,974	\$ (707)	\$ 2,082	\$	(522)	\$ (13,426)	\$ 2,814	\$	18	\$ 1,072	\$	_	\$ 104,305
OTHER COMPREHENSIVE INCOME (LOSSES), NET OF TAX														
Cumulative translation adjustment														
Foreign currency translation adjustments related to net investments in foreign operations		44	_	_		_	_	_		_	_		_	44
		44	_	-		-	-	-		-	-		-	44
NET UNREALIZED GAINS (LOSSES) ON AVAILABLE FOR SALE SECURITIES														
Unrealized gains (losses)		(4,854)	-	_		844	-	_		_	-		3,205	(805)
Reclassification of realized loss or impairment to earnings		717	_	_		(322)	_	_		_	_		399	794
		(4,137)	-	-		522	-	-		-	-		3,604	(11)
NET UNREALIZED GAINS (LOSSES) ON CASH FLOW HEDGE														
Unrealized loss		(3,845)	-	-		-	-	-		-	-		-	(3,845)
Reclassification of realized loss on cash flow hedge		266	_	_		_	_	_		_	_		_	266
		(3,579)	-	-		-	-	-		-	-		-	(3,579)
Total other comprehensive income (loss) from continuing operations, net of tax		(7,672)	-	-		522	-	-		-	-		3,604	(3,546)
Total other comprehensive income (loss) from discontinued operations, net of tax		-	_	-		_	_	_		-	-		(3,604)	(3,604)
COMPREHENSIVE INCOME	\$	105,302	\$ (707)	\$ 2,082	\$	_	\$ (13,426)	\$ 2,814	\$	18	\$ 1,072	\$	_	\$ 97,155
Comprehensive income attributable to:														
Equity owners of the Company	\$	104,570	\$ (707)	\$ 2,082	\$	-	\$ (13,426)	\$ 2,814	\$	18	\$ 1,072	\$	-	\$ 96,423
Non-controlling interest		732	_	-		-	-	_		-	-		-	732
	\$	105,302	\$ (707)	\$ 2,082	\$	_	\$ (13,426)	\$ 2,814	\$	18	\$ 1,072	\$	-	\$ 97,155

Reconciliation of the Company's consolidated statement of cash flows for the year ended November 30, 2011, prepared in accordance with Canadian GAAP and IFRS, is as follows:

(in thousands of Canadian dollars) Year ended November 30, 2011	Canadian GAAP	IFRS adjustments	AGF Trust reclass	DSC reclass	Investments reclass	Interest reclass	Tax reclass	Discontinued operations	IFRS
OPERATING ACTIVITIES		(A) to (I)						Note 5	
OPERATING ACTIVITIES Net income for the year	\$ 112,974	\$ (8,669)	\$ -	\$ -	\$ - \$	_	\$ -	\$ -	\$ 104,305
Adjustments for									
Net income from discontinued operations	_	_	_	_	_	_	_	(27,690)	(27,690)
Amortization, derecognition and depreciation	100,693	(2,215)	_	_	_	_	_	(1,255)	97,223
Impairment of goodwill	_	13,426	_	_	_	_	_	_	13,426
Interest expense	_	_	_	_	_	11,750	_	_	11,750
AGF Trust interest expense, net of payments	_	_	(31,055)	_	_	_	_	31,055	· _
Income tax expense	38,741	802	_	_	_	_	10,464	(11,941)	38,066
Income taxes paid	(50,334)	_	_	_	_	_	_	18,861	(31,473)
RSP loan securitization income, net of impairment	(2,602)	_	_	_	_	_	_	2,602	_
Provision for AGF Trust loan losses	12,302	(636)	_	_	_	_	_	(11,666)	-
Stock-based compensation	8,805	_	_	_	_	_	_	(380)	8,425
Share of profit (loss) of associated company	(4,874)	_	_	_	_	_	_	_	(4,874)
Dividends from associated company	5,493	_	_	_	_	_	_	_	5,493
Deferred selling commissions paid	_	_	_	(49,013)	_	_	_	_	(49,013)
Purchase of AGF Trust investments	_	_	_	_	(152,003)	_	_	152,003	_
Proceeds from sale of AGF Trust investments	_	_	_	_	135,029	_	_	(135,029)	_
Other	1,600	_	_	_	_	_	_	(1,529)	71
	222,798	2,708	(31,055)	(49,013)	(16,974)	11,750	10,464	15,031	165,709
Net change in non-cash working capital balances related to operations									
Accounts receivable	11,840	(3,361)	(9,760)	_	_	_	_	(4,378)	(5,659)
Other assets	(8,955)	1,378	_	_	_	_	_	8,541	964
Accounts payable and accrued liabilities	(55,005)	39,698	40,815	_	_	(2,445)	(10,464)	(27,946)	(15,347)
Other liabilities	2,720	(42,561)	_	_	_	(1,409)	_	40,176	(1,074)
Net change in balances related to AGF Trust deposits and loans	_	2,842	(445,293)	_	_	_	_	442,451	_
	(49,400)	(2,004)	(414,238)	_	_	(3,854)	(10,464)	458,844	(21,116)
Net cash provided by (used in) continuing operating activities	173,398	704	(445,293)	(49,013)	(16,974)	7,896	_	473,875	144,593
Net cash provided by (used in) discontinued operating activities	_	_	-	-	-	-	-	(473,875)	(473,875)
Net cash provided by (used in) operating activities	173,398	704	(445,293)	(49,013)	(16,974)	7,896	_	_	(329,282)
FINANCING ACTIVITIES									
Repurchase of Class B Non-Voting Shares for cancellation	(8,082)	_	-	-	-	-	-	-	(8,082)
Issue of Class B Non-Voting shares	6,960	-	-	-	-	-	-	-	6,960
Dividends paid	(97,325)	_	-	-	-	-	-	-	(97,325)
Increase in secured financing	238,624	_	-	-	-	-	-	(238,624)	-
Increase in long-term debt related to Facility 1	(143,678)	-	-	-	-	(322)	-	-	(144,000)
Increase in long-term debt related to Facility 2 and Acquisition facility	309,341	(1,072)	-	-	-	1,731	-	-	310,000
Investment Management interest paid	-	-	-	-	-	(9,305)	-	-	(9,305)
Net decrease in AGF Trust deposits	(610,537)		610,537	_		_	_	_	
Net cash provided by (used in) continuing financing activities	(304,697)	(1,072)	610,537	-	-	(7,896)	-	(238,624)	58,248
Net cash provided by (used in) discontinued financing activities	-	_	_	_		_	_	238,624	238,624
Net cash provided by (used in) financing activities	(304,697)	(1,072)	610,537	_		(7,896)	_	_	296,872
INVESTING ACTIVITIES									
Deferred selling commissions paid	(49,013)	-	-	49,013	-	-	-	-	-
Acquisition of Highstreet Partners Limited	(3,868)	-	-	-	-	-	-	-	(3,868)
Acquisition of Acuity Funds Ltd. and Acuity Investment Management,	(3.50 (5.50								(3.50 (5.50
net of cash acquired	(173,415)	_	-	_	_	_	-	-	(173,415)
Purchase of property, equipment and computer software	(3,962)	_	_	_	(0.552)	_	_	312	(3,650)
Purchase of Investment Management investments available for sale	_	-	-	-	(8,553)	-	-	-	(8,553)
Proceeds from sale of Investment Management investments available for sale		_	_	_	11,921	_	_	_	11,921
Net proceeds from sale (purchase) of investments available for sale	(13,606)	_	_	_	13,606	_	_	_	
Net decrease in AGF Trust real estate secured and investment loans	165,244	_	(165,244)	_	-	_	_	_	
Net cash provided by (used in) continuing investing activities	(78,620)		(165,244)	49,013	16,974	_		312	(177,565)
Net cash provided by (used in) discontinued investing activities	(78,020)	_	(103,244)		-	_	_	(312)	(312)
Net cash provided by (used in) investing activities	(78,620)	_	(165,244)	49,013	16,974	_	_	-	(177,877)
, , , , , , , , , , , , , , , , , , , ,	, , , ,								, ,,
Decrease in cash and cash equivalents, during the year	(209,919)	(368)	-	-	-	_	-	-	(210,287)
Balance of cash and cash equivalents, beginning of year	456,550	371	_	_	_	_	_	_	456,921
or Jean	.50,550	371							.50,521
Balance of cash and cash equivalents, end of year	\$ 246,631	\$ 3	\$ -	\$ -	\$ - \$		\$ -	\$ -	\$ 246,634

(in thousands of Canadian dollars, except per share amounts) Years ended November 30	IFRS 2012	IFRS 2011	GAAP 2010	GAAP 2009	GAAP 2008
OPERATIONS					
Total revenue (continuing operations)	\$ 510,216	\$ 585,672	\$ 512,967	\$ 476,022	\$ 609,104
Net income attributable to equity owners of the Company	52,260	103,573	116,775	97,694	128,592
Dividends	101,973	99,440	91,792	88,821	84,860
PER SHARE					
Net income – basic	\$ 0.55	\$ 1.09	\$ 1.31	\$ 1.10	\$ 1.44
Dividends	1.08	1.07	1.04	1.00	0.95
(in thousands of Canadian dollars, except per share amounts) Years ended November 30	GAAP 2007	GAAP 2006	GAAP 2005	GAAP 2004	GAAP 2003
OPERATIONS					
Total revenue (continuing operations)	\$ 678,531	\$ 540,056	\$ 510,968	\$ 522,560	\$ 494,370
Net income attributable to equity owners of the Company	178,687	112,657	91,872	77,287	44,016
Dividends	70,151	61,521	50,522	37,474	27,150
PER SHARE					
Net income – basic	\$ 1.99	\$ 1.26	\$ 1.02	\$ 0.85	\$ 0.48
Dividends	0.78	0.69	0.56	0.41	0.30

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