A MESSAGE TO SHAREHOLDERS

Our history, your future.

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

Fiscal 2012 remained a challenging year for the markets and the asset management industry. Europe continued the geopolitical stand-off that began in 2010, while Brazil, Russia, India and China (BRIC countries) experienced slowing growth and the United States nearly fell over the 'fiscal cliff.' For a firm such as AGF, with a large exposure to equity markets, this proved to be a challenging and highly volatile operating environment.

In our 55 years of business, we've grown from a retail mutual fund company to a global investment firm offering a wide range of investment products and services and we've accomplished this by always meeting the challenges ahead of us and doing what is necessary to continue to grow and succeed. For our firm, 2012 was a year of making foundational changes to better position the company for future success for our investors, clients, shareholders and employees. Today we are one of the largest independent Canadian investment management firms. We remain committed to our core business of investment management and are focused on our mission of 'Helping Investors Succeed.'

Early in 2012, we made a strategic decision to focus exclusively on investment management and exit the lending business. We completed the sale of AGF Trust on August 1, 2012. In connection with the sale, we received cash proceeds of $421.5 million, which further strengthened our financial position and will provide important flexibility through times of volatility. Returning capital to our shareholders has always been a priority and we utilized a portion of the proceeds to repurchase shares. As a result, in fiscal 2012, a total of 7,697,609 Class B Non-Voting shares were repurchased for a total consideration of $88.7 million. AGF has a long history of paying dividends and it is an important component of our value proposition for our shareholders. Dividend decisions are approved by our Board of Directors on a quarterly basis and the cash on hand will support the dividend as we reposition the firm for growth.

Our investment management organization experienced both challenges as well as successes over the past year. In April, a manager's departure on the Global Equity team negatively impacted our AUM growth in the institutional and retail segments. At the time, we promised our clients that we would rebuild the team and maintain the award-winning performance on all the Global mandates managed. I am very pleased with the results. We have hired five talented individuals with global expertise and insight. The addition of these investment professionals is a testament to our ability to attract and retain top industry talent and highlights our commitment to assembling an experienced roster that will build upon our strong track record. Led by Stephen Way, a 25-year industry veteran with the longest tenure of any Global Equity manager in Canada, our Global Equity team continued to deliver excellent investment performance beating industry benchmarks, while enjoying a five-star rating from Morningstar.

This past year also saw a landmark win for our expanding global institutional business as AGF was selected for a key mandate by China's National Council for Social Security Fund, a Chinese sovereign investor. The mandate will be managed by our Global Resources team, led by Robert Lyon – a seasoned resources manager with over 20 years of investment experience.

The changes that were implemented within the investment management organization in 2011 are being reflected in steadily improving investment results. The strength of our investment management performance grew in 2012, with 44% of the retail mutual funds ranked by Morningstar in the first or second quartile, up from 19% a year ago. AGF Emerging Markets Fund was also highlighted at the 2012 Lipper Fund Awards with wins in both the three- and five-year return categories. In addition, AGF Global Resources Class was also recognized for having the best five-year returns in the Natural Resources Equity category. We are pleased that the industry continues to recognize our commitment to excellence in investment management. These industry awards not only reflect AGF's investment management expertise, but also the strength of our organization.

In the third quarter of 2012, we announced the acquisition of 100% of Robitaille Asset Management Inc. (RAM), a Montreal-based investment firm responsible for the management of AGF Dividend Income Fund. Founded by Marc-André Robitaille in 2007, RAM manages AUM in excess of $615 million, specializing in Canadian equity and income mandates. As a result of the acquisition and amalgamation, Robitaille and his team joined AGF's investment management team. Other significant investments in 2012 were made in the investment management platform and operational capabilities to support our investment management professionals.

As part of our commitment to our investors' success and to providing unique and innovative products, in 2012 we also introduced AGF Floating Rate Income Fund, launched with Eaton Vance Management, which has demonstrated sales success.

2012 FINANCIAL OVERVIEW

In 2012, AGF's earnings before interest, taxes, depreciation, amortization and impairment of goodwill and management contracts (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.

Diluted earnings per share (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. One-time adjustments include a restructuring charge, Acuity integration costs, and goodwill impairment.

We have an established track record of maintaining our dividend and we were pleased to continue it in 2012 and are grateful to our shareholders for their sustained support. Dividends paid in 2012 increased by 1% to $1.08 per share on an annual basis from $1.07 in 2011.

2013 OUTLOOK

With uncertainties remaining in the global economy, Canadian investors can expect ongoing volatility in the markets for 2013 driven by partisanship in the U.S. political environment, ongoing concerns with European debt, and slowing growth among traditional emerging markets, particularly China. Over the next few years, given the low interest rates and a steadily improving global economy, we believe that the equity markets will outperform the bond markets. More importantly to AGF, this means global investing will be a key theme for the next cycle.

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We believe that we are uniquely positioned to meet the challenges for investors and therefore we can take advantage of the opportunities before us. With the depth of experience and independence required to deliver strong results and outstanding client service, we will continue to grow and strengthen the relationships we have built with our investors across Canada and around the world. Finally, we will continue to invest a portion of our capital in our investment management business in order to foster organic growth. We will also continue to review acquisition opportunities that align with our strategy, expand our investment capabilities and add value for our stakeholders.

IN APPRECIATION

In closing, I would like to express my sincere thanks to all of our stakeholders for their continued support and confidence throughout 2012, and especially our Board of Directors for their commitment and counsel. Lastly, to my AGF team members in Canada and around the world, I could not be more proud to call you colleagues – you conduct yourselves with professionalism and have demonstrated your dedication and enthusiasm and for that I am always grateful.

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