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Caution regarding forward-looking statements

This Management's Discussion and Analysis (MD&A) includes forward-looking statements about the Company, including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as 'expects,' 'anticipates,' 'intends,' 'plans,' 'believes' or negative versions thereof and similar expressions, or future or conditional verbs such as 'may,' 'will,' 'should,' 'would' and 'could.' In addition, any statement that may be made concerning future financial performance (including revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future action on our part, is also a forward-looking statement. Forward-looking statements are based on certain factors and assumptions, including expected growth, results of operations, business prospects, business performance and opportunities. While we consider these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about our operations, economic factors and the financial services industry generally. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by us due to, but not limited to, important risk factors such as level of assets under our management, volume of sales and redemptions of our investment products, performance of our investment funds and of our investment managers and advisors, competitive fee levels for investment management products and administration, and competitive dealer compensation levels 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 of Financial Condition and Results of Operations

This Management's Discussion and Analysis (MD&A) is as of January 28, 2014, and presents an analysis of the financial condition of AGF and its subsidiaries as at November 30, 2013, compared to November 30, 2012. The MD&A commentary is as of January 28, 2014. The MD&A should be read in conjunction with the 2013 Consolidated Financial Statements for the year ended November 30, 2013. All dollar amounts are in Canadian dollars unless otherwise indicated. Throughout this discussion, percentage changes are calculated based on results rounded to the nearest thousand. Results, except per share information, are presented in millions of dollars. Percentage changes are calculated using numbers rounded to the decimals that appear in this MD&A. For purposes of this discussion, the operations of AGF and our subsidiary companies are referred to as 'we,' 'us,' 'our,' 'the firm' or 'the Company.'

Basis of Presentation and Summary of Accounting Policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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.

Our Business

AGF Management Limited, with $34.4 billion in assets under management (AUM) as at November 30, 2013, 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, 2013, 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, sovereign wealth funds 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 retail business delivers a wide range of products across a number of investment strategies including AGF mutual funds, the AGF Elements portfolios and the Harmony Private Investment Program. Our products are delivered through multiple channels, including advisors, financial planners, banks, life insurance companies and brokers. We have sales organizations located across Canada serving regional advisors and their clients, while our strategic accounts team serves our corporate distribution partners.

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

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

We hold a 31.5% 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. S&WHL is one of the top 10 largest firms of accountants in the U.K. and its investment management business has over £14.7 billion of funds under management and advice as at November 30, 2013. This interest is accounted for using the equity method.

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 37 of this MD&A.

On August 1, 2012, AGF successfully completed the sale of AGF Trust Company (AGF Trust) to B2B Bank, a subsidiary of Laurentian Bank. The operating results of AGF Trust for the year ended November 30, 2012 are presented 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 drive shareholder value 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, investment 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 our 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 operating 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 calculated 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

During fiscal 2013, equity markets were generally strong. In particular, U.S. and European markets saw impressive gains. However, Emerging Markets' performance significantly lagged as equity and bond outflows put pressure on markets and economic fundamentals further deteriorated.

AGF remained committed to our mission of 'Helping Investors Succeed'. We focused on our strategic priorities and have made excellent progress in several key areas. While our net redemption levels in our retail business are lower than 2012, returning to positive sales remains a priority for the Company. In our retail business, gross sales increased 6.6% from 2012, reflecting the success of our new products launched in 2012 and 2013. The level of gross redemptions improved, declining 14.7% from 2012. In addition, we renewed our fund relationship agreement with our largest partner, Primerica, for an additional six years. Our institutional and sub-advisory assets declined year-over-year due to client redemptions throughout the year. In particular, we experienced a $2.6 billion redemption from a single legacy client in November 2013. However, we made substantial strategic progress through the launch of our Undertakings for Collective Investment in Transferable Securities (UCITS) structure in Europe, the opening of our London distribution office, and the continued rollout of our consultant program.

During 2013, we remained focused on our key priorities:

- Improving our investment management performance continues to be a primary focus and while we have seen improvements in some areas, we were impacted by our relative weighting in Emerging Markets. We recognize that the improvements need to be consistent and on a broad basis. During 2013, our Dublin and Highstreet teams were seeing positive investment performance results, due in part to the process improvements that were implemented in 2012. For example, 100.0% of our retail AUM managed by our Dublin office is ranked in the first performance quartile over one year. In addition, we have continued to bolster our research capability in Toronto, adding industry veterans across our North American and Global teams throughout the year.

  During December 2013, we announced the departure of our CIO, Martin Hubbes. A search for his replacement is underway and Mr. Hubbes will continue in his role throughout the transition.

- We continue to focus on offering advisors and clients a broad range of investment products. In 2012, we launched AGF Floating Rate Income Fund. The fund provides safety, yield and a hedge against rising rates. This fund continues to attract strong demand with over $300.0 million in sales in 2013. In August 2013, we launched AGF U.S. AlphaSector Class, a fund that offers exposure to U.S. equities with a managed volatility overlay. To date, demand for this product remains high with AUM nearing $100.0 million and a net sales run rate of $1.0 million per day. Another innovation launched in 2012 was AGF Focus Funds, which are thematic bundles of our internally managed funds. They have enjoyed wide appeal with our clients. During the year, this product suite surpassed $200.0 million in AUM, with net sales in the area of $150.0 million annually.

- We remain focused on our international expansion. In December 2013, we announced the opening of a representative office in London, England. Late in 2013, we also announced the launch of our Dublin-based UCITS fund family, offering AGF Global Core Equity Fund and AGF Emerging Markets All Cap Equity Fund. These funds were launched with significant initial funding commitments from new investors. This product offering creates an opportunity for AGF to market its fund offering to a €6 trillion UCITS market and will allow AGF to diversify its global client base. As at November 30, 2013, we had received total new flows of $65.0 million with an additional $425.0 million received during the first week of December 2013.

- AGF remains committed to returning value to shareholder through share buybacks and dividends. During 2013, we remained active under our normal course issuer bid, repurchasing 2,658,258 Class B Non-Voting shares for consideration of $30.7 million. We paid dividends, including dividends reinvested, of $95.2 million during 2013.

Outlook

Fiscal 2013 has been a year with a number of successes and we are well positioned to take advantage of future opportunities. We believe the themes that were prevalent in 2013, retail investor concern regarding higher interest rates and managed volatility within equity investing, will continue in 2014. We have positioned our product lineup to help our clients with these needs. AGF Floating Rate Income Fund positions investors well for a rising interest rate environment, while the launch of AGF U.S. AlphaSector Class provides a more risk-sensitive investor an excellent solution to U.S. equity exposure. Our focus on international equities will be a benefit to investors as investors begin to reintroduce more equity exposure into their portfolios as a way to meet their retirement goals. In the institutional business, the launch of our UCITS structure and our success with consultants in Canada and Europe provide a foundation for successful distribution of our Global Core and Emerging Markets products.

On December 31, 2013, the Company entered into a shareholder agreement with Instar Group Inc. related to the formation of an alternative asset management platform. The launch of InstarAGF Asset Management Inc., a new joint venture, will provide global institutional investors with access to infrastructure investment opportunities. The joint venture will invest in and manage a range of alternative asset funds, with primary focus on infrastructure assets.

AGF will continue to build on the momentum gained in 2013 and we will continue to leverage our competitive advantage in global equity investing and distribution to support the return to organic asset growth.

2013 Financial and Operational Performance Overview

Summary of Key Financial and Operational Results:

- Total AUM were $34.4 billion at November 30, 2013, as compared to $39.2 billion at November 30, 2012.
- Retail fund net redemptions improved to $2.4 billion for the year ended November 30, 2013, compared to net redemptions of $3.3 billion for the year ended November 30, 2012. Since January 2013, each month has shown improvements in the level of retail outflows as compared to the same month of the prior year.
- We launched our UCITS structure in Europe during the fourth quarter of 2013, with initial funding of $65.0 million in November and an additional $425.0 million received in December 2013. We also announced the opening of a representative office in London, England.
- In August 2013, we successfully launched AGF U.S. AlphaSector Class, which offers our clients exposure to U.S. equities with a managed volatility overlay. The Fund has generated net sales of approximately $100.0 million since its launch.
- We signed a six-year extension related to a funds of funds relationship agreement with a long-term partner.
- High-net-worth AUM increased 16.0% to $4.0 billion, compared to $3.4 billion at November 30, 2012.
- We delivered value directly to our shareholders through dividend payments and share buybacks. During 2013, we paid dividends of $1.08 per share (2012 – $1.08 per share). Dividends paid, including dividends reinvested, on Class A Voting common shares and Class B Non-Voting shares were $95.2 million in fiscal 2013, compared to $102.0 million in fiscal 2012. Under the current normal course issuer bid, 2,685,258 Class B Non-Voting shares were repurchased for a total consideration of $30.7 million at an average price of $11.42.
- Revenue from continuing operations was $484.5 million, compared to $510.2 million in the same period of 2012, reflecting lower AUM levels.
- EBITDA from continuing operations was $163.6 million, compared to $189.0 million in 2012. EBITDA margin decreased to 33.8% compared to 37.0% in 2012.
- Diluted EPS from continuing operations for the year ended November 30, 2013 was $0.25 per share, compared to diluted EPS of $0.29 per share in 2012.
- Our balance sheet remains strong with $369.9 million in cash and a modest long-term debt to equity level of 31.9%.
- For the one-year period ended November 30, 2013, 30% of ranked AUM performed above median, compared to 44% in 2012.

Assets Under Management

The following table illustrates the composition of the changes in total AUM during the years ended November 30, 2013 and 2012:

(in millions of Canadian dollars) **Years ended November 30**		**2013**		**2012**	**% change**
Retail fund AUM (including retail pooled funds), beginning of year	**$**	**20,096**	$	22,703	(11.5%)
Gross sales		**1,993**		1,870	6.6%
Redemptions		**(4,384)**		(5,137)	(14.7%)
Net redemptions		**(2,391)**		(3,267)	(26.8%)
Market appreciation of fund portfolios		**1,886**		660	185.8%
Retail fund AUM (including retail pooled funds), end of year	**$**	**19,591**	$	20,096	(2.5%)
Average daily retail fund AUM for the year	**$**	**19,557**	$	21,511	(9.1%)
Institutional and sub-advisory accounts AUM, beginning of year	**$**	**15,677**	$	20,119	(22.1%)
Net change in institutional and sub-advisory accounts, including market performance		**(4,800)**		(4,442)	8.1%
Institutional and sub-advisory accounts AUM, end of year	**$**	**10,877**	$	15,677	(30.6%)
High-net-worth AUM	**$**	**3,967**	$	3,421	16.0%
Total AUM, end of year	**$**	**34,435**	$	39,194	(12.1%)

Redemptions resulted in a decrease in retail fund AUM, including retail pooled funds, of 2.5% to $19.6 billion, from $20.1 billion as at November 30, 2012. Retail fund net redemptions, including retail pooled funds, improved 26.8% to $2.4 billion from $3.3 billion for the year ended November 30, 2013, compared to the same period in the prior year. The average daily retail fund AUM for the year ended November 30, 2013 decreased to $19.6 billion, compared to $21.5 billion in the corresponding period in 2012. Our institutional and sub-advisory accounts AUM decreased to $10.9 billion as at November 30, 2013, compared to $15.7 billion as at November 30, 2012. The decline in institutional AUM was primarily due to client redemptions. In November 2013, a legacy client redeemed $2.6 billion in AUM invested in two global-oriented strategies with the remaining redemptions related to various strategies. Our high-net-worth AUM increased 16.0% to $4.0 billion at November 30, 2013, compared to $3.4 billion at November 30, 2012. Overall, total AUM decreased to $34.4 billion, compared to $39.2 billion as at November 30, 2012.

Investment Management Performance

Stock market performance influences our AUM levels. Consistent with the increase in the stock market, market appreciation net of management fees increased retail fund AUM by $1.9 billion since November 30, 2012, offset by $2.4 billion in redemptions. For the one-year period ended November 30, 2013, 30% (2012 – 44%) of retail fund AUM (excluding retail pooled funds) performed above median. Over the three-year period ended November 30, 2013, 15% (2012 – 39%) of retail fund AUM (excluding retail pooled funds) performed above median. The composition of AUM 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.

Institutional Pipeline

We define the institutional pipeline as client commitments to fund or redeem a portion or all of their account. As at November 30, 2013, AGF had a net sales pipeline of $756.0 million, which consisted of $950.0 million of the committed gross sales pipeline carried forward from the third quarter of 2013, and new gross sales commitments totalling $149.0 million, offset by redemption notices of $343.0 million. Commitments are not necessarily contractual obligations. Actual amounts funded or redeemed may vary. Substantially all of the November 30, 2013 pipeline transaction commitments were fulfilled during December 2013.

Consolidated Operating Results

The table below summarizes our consolidated operating results for the years ended November 30, 2013 and 2012:

(in millions of Canadian dollars, except per share data) **Years ended November 30**		**2013**		**2012**	**% change**
Revenue					
Management and advisory fees	**$**	**445.9**	$	486.1	(8.3%)
Deferred sales charges		**16.9**		21.1	(19.9%)
Share of profit of associated company		**9.3**		3.5	165.7%
Fair value adjustments and other income (loss)		**12.4**		(0.5)	n/m
		484.5		510.2	(5.0%)
Expenses					
Selling, general and administrative		**190.8**		181.2	5.3%
Trailing commissions		**124.7**		132.8	(6.1%)
Investment advisory fees		**5.4**		7.2	(25.0%)
		320.9		321.2	(0.1%)
EBITDA from continuing operations[1]		**163.6**		189.0	(13.4%)
Amortization, derecognition and depreciation		**86.1**		98.0	(12.1%)
Interest expense		**11.5**		12.4	(7.3%)
Impairment of goodwill and management contracts		**–**		20.0	(100.0%)
Income before taxes		**66.0**		58.6	12.6%
Income taxes		**43.6**		30.9	41.1%
Net income from continuing operations		**22.4**		27.7	(19.1%)
Net income from discontinued operations		**–**		24.8	(100.0%)
Net income attributable to non-controlling interest		**–**		0.2	(100.0%)
Net income attributable to equity owners of the Company	**$**	**22.4**	$	52.3	(57.2%)
Diluted earnings per share					
From continuing operations	**$**	**0.25**	$	0.29	(13.8%)
From discontinued operations		**–**		0.26	n/m
From net income for the year	**$**	**0.25**	$	0.55	(54.5%)

[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 from continuing operations, a defined term under IFRS, are detailed above.

Revenue

For the year ended November 30, 2013, revenue decreased by 5.0% 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 9.1% decrease in average daily retail fund AUM for the year ended November 30, 2013, combined with a decrease in institutional and sub-advisory accounts AUM at November 30, 2013, contributed to an 8.3% decrease in management and advisory fees revenue compared to 2012.

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 19.9% for the year ended November 30, 2013 as compared to 2012, reflecting the redemption of a larger proportion of older, lower-yielding DSC assets and a reduced level of back-end assets.

Share of Profit of Associated Company

Share of profit of associated company increased to $9.3 million for the year ended November 30, 2013, compared to a profit of $3.5 million during the same period in 2012, reflecting improved business conditions. During the year ended November 30, 2012, the Company recognized a $2.1 million charge related to a goodwill impairment recognized 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, 2013 and 2012:

(in millions of Canadian dollars) **Years ended November 30**	**2013**	2012
Fair value adjustment related to investment in AGF mutual funds	**$ 2.8**	$ 0.4
Fair value adjustment related to acquisition consideration payable	**(1.4)**	0.3
Fair value adjustment related to put agreement with non-controlling shareholders	**0.7**	(4.1)
Interest income and other	**10.3**	2.9
	$ 12.4	$ (0.5)

The fair value adjustment related to the put agreement with non-controlling shareholders was a $0.7 million recovery for the year ended November 30, 2013 (2012 – $4.1 million loss), reflecting the settlement of the put liability in the second quarter of 2013.

Interest income and other was $10.3 million for the year ended November 30, 2013 (2012 – $2.9 million), reflecting increased cash levels and $3.7 million of one-time other income recognized during the year.

Expenses

For the year ended November 30, 2013, expenses decreased 0.1% 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 $9.6 million, or 5.3%, for the year ended November 30, 2013, compared to the same period in 2012. A breakdown of the increase is as follows:

(in millions of Canadian dollars) **Year ended November 30**		**2013**
Decrease in salaries and benefits expenses	**$**	**(4.7)**
Increase in stock-based compensation expenses		**11.4**
Increase in restructuring expenses and lease termination fee		**0.6**
Increase in fund absorption expenses		**2.2**
Decrease in other fund costs		**(3.0)**
Increase in fund administration related to change in accounting presentation		**5.9**
Decrease in other expenses		**(2.8)**
	$	**9.6**

The following explains expense changes in the year ended November 30, 2013, compared to the same period in the prior year:

- Salaries and benefits expenses decreased $4.7 million for the year ended November 30, 2013, compared to the prior year, as a result of lower compensation costs reflecting lower staff levels.
- Stock-based compensation increased $11.4 million for the year ended November 30, 2013, compared to the same period in 2012. This increase is mainly attributable to the Restricted Share Units, which are marked to market according to the Class B Non-Voting share price, and reflects the impact of an increasing share price in 2013 versus a declining share price in 2012, combined with an increase in share units outstanding.
- Restructuring charges increased $0.6 million in the year ended November 30, 2013, to $3.6 million, compared to $3.0 million in the year ended November 30, 2012. For the year ended November 30, 2012, the restructuring charge included a $0.8 million lease termination fee.
- Absorption expenses increased $2.2 million for the year ended November 30, 2013, as a result of reduced MER caps on certain funds.
- Other fund costs decreased $3.0 million for the year ended November 30, 2013, reflecting lower fund merger costs and reduced project costs associated with the funds.
- Fund administration expenses increased $5.9 million for the year ended November 30, 2013, related to a change in accounting presentation due to a change in an agreement, offset by a proportional increase in revenue.
- Other expenses decreased $2.8 million for the year ended November 30, 2013, due to lower facility costs and lower professional fees.

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 increased to 0.64% for the year ended November 30, 2013, compared to 0.62% in 2012, reflecting a change in the weighting of trailer-paying assets to total retail AUM over the comparative period.

Investment Advisory Fees

External investment advisory fees decreased 25.0% for the year ended November 30, 2013, as compared to 2012, reflecting lower AUM levels and the repatriation of certain funds' management in-house.

EBITDA, EBITDA Margin and EBITDA per Share

EBITDA from continuing operations were $163.6 million for the year ended November 30, 2013, a 13.4% decrease from $189.0 million for the same period of 2012. EBITDA margin was 33.8% for the year ended November 30, 2013, compared to 37.0% in the corresponding period in 2012. Diluted EBITDA per share from continuing operations for the year ended November 30, 2013 was $1.84, compared to $1.99 for the year ended November 30, 2012.

Amortization and Interest Expense

The category represents amortization of deferred selling commissions, customer contracts, other intangible assets, property, equipment, and computer software and interest expense. Deferred selling commissions 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 $58.6 million for the year ended November 30, 2013, compared to $67.3 million for the same period of 2012. During the year ended November 30, 2013, we paid $36.7 million in selling commissions, compared to $36.2 million in the same period of 2012, reflecting stable sales. As at November 30, 2013, the unamortized balance of deferred selling commissions financed was $114.8 million (2012 – $136.8 million).

Customer contracts amortization decreased $9.2 million for the year ended November 30, 2013, as a result of fewer redemptions and a lower net book value. Customer contracts are immediately expensed upon redemption of the AUM. Interest expense increased as a result of higher interest rates.

Other intangibles amortization increased $5.1 million for the year ended November 30, 2013, as a result of the determination that certain management contracts and other intangibles no longer have an indefinite life. As a result, these intangibles are being amortized over their remaining expected life of five years.

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 cash-generating units (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 year ended November 30, 2013, the Company concluded that no intangible assets were impaired. During the year ended November 30, 2012, we determined that the carrying value of the Highstreet CGU was higher than its recoverable amount. As a result, an impairment charge of $20.0 million was recorded.

Income Tax Expense

Income tax expense for the year ended November 30, 2013 was $43.6 million, as compared to $30.9 million in the corresponding period in 2012. The estimated effective tax rate for the year ended November 30, 2013 was 66.0% (2012 – 52.7%).

In November 2013, the Company received a notice of reassessment (NOR) from the Canada Revenue Agency (CRA) relating to the transfer pricing and allocation of income between one of the Company's Canadian legal entities and a foreign subsidiary, which would increase the Company's taxes payable from its original tax filings by $10.0 million, $10.5 million and $15.4 million (before the application of any interest and penalties of $21.6 million) for its 2005, 2006 and 2007 fiscal years, respectively.

The Company strongly disagrees with the CRA's position and will object to the NOR. In consultation with its external advisors, the Company believes that its tax filing positions continue to be reasonable based on its transfer pricing methodology and the Company is contesting the CRA's position and any related transfer pricing penalty. However, to reflect the uncertainties of the CRA's appeals process, the Company has recorded a tax provision of $27.1 million related to

this matter during the year ended November 30, 2013. The Company recorded a $52.8 million liability on its consolidated statement of financial position as at November 30, 2013, in relation to this transfer pricing tax audit. The Company believes it is likely that the CRA will reassess its taxes for subsequent years on a similar basis and that these may result in future cash payments on receipt of the reassessments. The amount of tax provision recorded on the consolidated statement of financial position reflects management's best estimate of the ultimate resolution on this matter and includes any related estimated interest and penalties for the 2005 to 2013 fiscal years. The final result of the audit and appeals process may vary and may be materially different compared to the estimates and assumptions used by management in determining the Company's non-consolidated income tax provision and in valuing its income tax assets and liabilities.

Further to the Company's decision to object to the NOR, the Company will be pursuing its appeal rights under the *Income Tax Act* (Canada) and also seek Competent Authority relief from any double taxation under the applicable tax treaty. As a result, the Company is required to pay approximately $38.4 million, including interest and penalties, rather than the full amount of the reassessment even though the ultimate outcome may differ from this amount. The Company paid this amount to the CRA in December 2013.

The Company has been accepted by the CRA into a Bilateral Advance Pricing Arrangement (BAPA) between Canada and the relevant tax authorities to establish the appropriate transfer pricing methodologies for the tax years 2009 through 2016.

Pre-tax Profit Margin

Pre-tax profit margin increased to 13.6% for the year ended November 30, 2013, compared to an 11.5% margin in the corresponding period in 2012.

Net Income

The impact of the above revenue and expense items resulted in a net income from continuing operations of $22.4 million for the year ended November 30, 2013, as compared to net income from continuing operations of $27.7 million in the corresponding period in 2012.

Earnings per Share

Diluted earnings per share from continuing operations was $0.25 per share for the year ended November 30, 2013, as compared to earnings of $0.29 per share in the corresponding period of 2012.

One-time Adjustments

The table below summarizes the one-time adjustments for the years ended November 30, 2013 and 2012:

(in millions of Canadian dollars, except per share data) **Years ended November 30**	**2013**	2012
EBITDA from continuing operations	**$ 163.6**	$ 189.0
Add:		
Lease termination fee	**–**	0.8
Restructure charge	**3.6**	2.2
S&WHL goodwill impairment	**–**	2.1
Other income	**(3.7)**	–
Adjusted EBITDA from continuing operations	**$ 163.5**	$ 194.1
Net income from continuing operations	**$ 22.4**	$ 27.7
Add:		
Adjustments to EBITDA from above	**(0.1)**	5.1
Impairment of goodwill, management contracts and investment	**–**	20.0
One-time true-up tax provision for the CRA transfer pricing audit	**25.0**	–
Tax impact on the adjustments to EBITDA above	**–**	(3.7)
Tax rate change	**–**	10.6
Adjusted net income from continuing operations	**$ 47.3**	$ 59.7
Adjusted diluted EPS from continuing operations	**$ 0.53**	$ 0.63

Liquidity and Capital Resources

Free cash flow, as defined on page 30, generated from continuing operating activities was $103.7 million for the year ended November 30, 2013, compared to $95.8 million in the prior year. The primary uses of cash for the year ended November 30, 2013 were as follows:

- During the year ended November 30, 2013, we repurchased a total of 2,685,258 (2012 – 7,697,609) shares for $30.7 million (2012 – $88.7 million).
- We paid $92.8 million in dividends for the year ended November 30, 2013, compared to $99.2 million in 2012.

Consolidated cash and cash equivalents of $369.9 million decreased by $1.4 million from November 30, 2012.

Total long-term debt outstanding at November 30, 2013 was $307.9 million (2012 – $308.4 million). On November 29, 2013, the Company, through its subsidiary AGF Investments Inc., amended and restated its loan agreements for a four-year term and decreased the total credit availability. The new unsecured revolving credit has a maximum aggregate principal amount of $400.0 million and includes an accordion feature providing for an additional $100.0 million. As at November 30, 2013, $84.9 million was available to be drawn. 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 and tax requirements, service debt repayment obligations, 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, 2013. See also Notes 10 and 26 of the Consolidated Financial Statements.

(in millions of Canadian dollars)	Total	2014	2015	2016	2017	2018	Thereafter
Long-term debt	**$ 310.0**	$ –	$ –	$ –	$ 310.0	$ –	$ –
Operating leases	**47.9**	7.4	6.9	6.6	6.4	6.2	14.4
Purchase obligations	**13.7**	5.2	4.0	2.6	1.3	0.5	0.1
Total contractual obligations	**$ 371.6**	$ 12.6	$ 10.9	$ 9.2	$ 317.7	$ 6.7	$ 14.5

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 2013 we paid $124.7 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.
- 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, 2013 is $3.7 million, compared to $4.3 million in 2012.

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, 2013 and 2012 were from the AGF Funds. As at November 30, 2013, the Company had $27.1 million (2012 – $28.3 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, 2013 on behalf of the Funds were approximately $9.8 million (2012 – $7.8 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 and long-term debt. 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 expansion through organic growth and select 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

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 Toronto Stock Exchange (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, 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 TSX. AGF may purchase up to 6,729,228 Class B Non-Voting shares, or 10% of the public float for such shares, through the facilities of the TSX (or as otherwise permitted by the TSX) between February 1, 2013 and January 31, 2014. Subject to regulatory approval, the Company will apply for renewal of its normal course issuer bid.

During the year ended November 30, 2013, under the current normal course issuer bid, 2,685,258 Class B Non-Voting shares were repurchased for a total consideration of $30.7 million at an average price of $11.42.

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 TSX 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	2013[1]	2012	2011	2010	2009
Per share	**$ 1.08**	$ 1.08	$ 1.07	$ 1.04	$ 1.00
Percentage increase	**–**	1%	3%	4%	5%

[1] Represents the total dividends paid in April 2013, July 2013, October 2013 and January 2014.

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 17, 2014 was $0.27 per share.

Outstanding Share Data

Set out below is our outstanding share data as at November 30, 2013 and 2012. For additional detail, see Note 5, Note 13 and Note 18 of the Consolidated Financial Statements.

Years ended November 30	2013	2012
Shares		
Class A Voting common shares	**57,600**	57,600
Class B Non-Voting shares	**87,091,646**	89,057,691
Stock Options[1]		
Outstanding options (including discontinued operations)	**4,823,331**	5,326,844
Exercisable options (including discontinued operations)	**2,617,243**	2,971,590

[1] 2012 includes stock options outstanding related to AGF Trust.

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.

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
- 31.5% equity interest in S&WHL

EBITDA

We define EBITDA from continuing operations as earnings before interest, taxes, depreciation and amortization and impairment of goodwill and management contracts. 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 21 of this MD&A for a schedule showing how EBITDA reconciles to our IFRS financial statements.

Free Cash Flow

We define free cash flow from continuing operations as cash flow from operations before net changes in non-cash balances related to operations less interest 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, share buybacks and general corporate purposes.

(in millions of Canadian dollars) **Years ended November 30**	**2013**	2012
Net cash provided by continuing operating activities	**$ 121.1**	$ 106.6
Adjusted for:		
Net changes in non-cash working capital balances related to continuing operations	**(5.7)**	0.8
Interest paid	**(11.7)**	(11.6)
Free cash flow	**103.7**	95.8

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.

(in millions of Canadian dollars) **Years ended November 30**	**2013**	2012
EBITDA	**$ 163.6**	$ 189.0
Divided by revenue	**484.5**	510.2
EBITDA margin	**33.8%**	37.0%

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.

(in millions of Canadian dollars) **Years ended November 30**	**2013**	2012
Net income from continuing operations	**$ 22.4**	$ 27.7
Add: income taxes	**43.6**	30.8
Income before taxes	**$ 66.0**	$ 58.5
Divided by revenue	**484.5**	510.2
Pre-tax profit margin	**13.6%**	11.5%

Return on Equity (ROE)

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

(in millions of Canadian dollars) **Years ended November 30**	**2013**	2012
Net income from continuing operations	**$ 22.4**	$ 27.7
Divided by average shareholders' equity	**1,010.5**	1,119.5
Return on equity	**2.2%**	2.5%

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 period divided by annualized EBITDA for the period.

(in millions of Canadian dollars) **Years ended November 30**	**2013**	2012
Long-term debt[1]	**$ 307.9**	$ 312.3
Divided by EBITDA	**163.6**	189.0
Long-term debt to EBITDA ratio	**188.2%**	165.2%

[1] Includes deferred cash consideration related to the Acuity acquisition.

Assets Under Management

The amount of AUM and the related fee rates are important to our business as these are the drivers of our revenue 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 determine 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-net-worth 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.

(in millions of Canadian dollars) **Years ended November 30**	**2013**	2012
EBITDA	**$ 154.3**	$ 185.5
Divided by revenue	**475.2**	506.7
EBITDA margin (excluding share of profit of associated company)	**32.5%**	36.6%

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.

(in millions of Canadian dollars) **Years ended November 30**	**2013**	2012
Income before taxes and non-segmented items	**$ 56.7**	$ 55.0
Divided by revenue	**475.2**	506.7
Pre-tax profit margin (excluding share of profit of associated company)	**11.9%**	10.9%

Significant Accounting Policies

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 Consolidate 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 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 used a five-year analysis of the credit quality of the loan portfolio as at the time of sale, adjusted for any significant changes based on discussions with the purchaser. Such an analysis required 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 whether intangible assets have finite or indefinite lives, the accounting implications related to certain legal matters, as well as the assessment of whether or not certain financial instruments are held for trading.

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 Chief Information Officer; 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 that 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 $19.3 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	2013	2012
Domestic equity funds	**17.6%**	32.3%
U.S. and international equity funds	**42.7%**	25.6%
Domestic balanced funds	**15.9%**	17.4%
U.S. and international balanced funds	**2.6%**	2.8%
Domestic fixed income funds	**13.0%**	15.3%
U.S. and international fixed income funds	**7.0%**	5.3%
Domestic money market	**1.2%**	1.3%
	100.0%	100.0%

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 $4.7 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 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, 2013, 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 $3.7 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, 2013. 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 2013 would have resulted in a corresponding change of approximately $1.9 million in interest expense for the year ended November 30, 2013. 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 Chief Executive Officer (CEO) and Chief Financial Officer (CFO), to allow timely decisions regarding required disclosure.

AGF Management Limited's management, under the direction of the CEO and CFO, has evaluated the effectiveness of AGF Management Limited's disclosure controls and procedures (as defined in National Instrument 52-109 of the Canadian Securities Commission) as at November 30, 2013, 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, 2013, 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, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Changes in Information Technology Systems

During 2013, there were no significant changes to Information Technology Systems.

Government Regulations

AGF Management Limited

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

AGF Mutual Funds

To qualify for continuous distribution, each of the mutual funds managed by AGF Investments Inc. (AGFI) must file each year 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.

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 and Reports Analysis Centre of Canada (FINTRAC). AGFI also maintains appropriate registrations in Dublin, Ireland to allow it to promote and distribute its self-managed UCITS, including obtaining 'passport' registrations in other European jurisdictions for its distribution in other European jurisdictions. 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 ex-Japan markets for AGF mutual funds and other clients. AGF Asset Management Asia Limited is regulated by the Monetary Authority of Singapore (MAS) under the *Securities and Futures Act*. The company holds a Capital Markets Services licence, which permits it to offer fund management services to accredited and institutional 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 Limited

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-net-worth, 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

Assets Under Management

The following table illustrates the composition of the changes in retail fund AUM during the three months ended November 30, 2013 and 2012:

(in millions of Canadian dollars) **Three months ended November 30**		**2013**		**2012**	**% change**
Retail fund AUM (including retail pooled funds), beginning of period	**$**	**18,918**	$	20,602	(8.2%)
Gross sales		**443**		423	4.7%
Redemptions		**(1,044)**		(1,572)	(33.6%)
Net redemptions		**(601)**		(1,149)	(47.7%)
Market appreciation of fund portfolios		**1,274**		643	n/m
Retail fund AUM (including retail pooled funds), end of period	**$**	**19,591**	$	20,096	(2.5%)
Average daily retail fund AUM for the period	**$**	**19,360**	$	20,620	(6.1%)
Institutional and sub-advisory accounts AUM, beginning of period	**$**	**13,829**	$	17,286	(20.0%)
Net change in institutional and sub-advisory accounts, including market performance		**(2,952)**		(1,609)	83.5%
Institutional and sub-advisory accounts AUM, end of period	**$**	**10,877**	$	15,677	(30.6%)
High-net-worth AUM	**$**	**3,967**	$	3,421	16.0%
Total AUM, end of period	**$**	**34,435**	$	39,194	(12.1%)

Retail fund AUM, including retail pooled funds, declined to $19.6 billion, compared to $20.1 billion in 2012. Redemptions in the fourth quarter of 2013 were 33.6% lower than the corresponding period in 2012. During the quarter, institutional and sub-advisory accounts decreased by $3.0 billion, to $10.9 billion, reflecting a $2.7 billion redemption related to a single legacy account. High-net-worth AUM increased by 16.0% to $4.0 billion. Overall, total AUM decreased 12.1% to $34.4 billion from $39.2 billion at November 30, 2012.

Consolidated Operational Results

The table below summarizes the consolidated operating results for the three months ended November 30, 2013 and 2012:

(in millions of Canadian dollars, except per share data) **Three months ended November 30**	**2013**	**2012**	**% change**
Revenue			
Management and advisory fees	**$ 108.6**	$ 116.6	(6.9%)
Deferred sales charges	**3.8**	5.0	(24.0%)
Share of profit of associated company	**2.6**	1.4	85.7%
Fair value adjustments and other income	**2.4**	1.9	26.3%
	117.4	124.9	(6.0%)
Expenses			
Selling, general and administrative	**51.6**	41.3	24.9%
Trailing commissions	**30.8**	32.1	(4.0%)
Investment advisory fees	**1.4**	1.6	(12.5%)
	83.8	75.0	11.7%
EBITDA from continuing operations[1]	**33.6**	49.9	(32.7%)
Amortization, derecognition and depreciation	**21.0**	23.4	(10.3%)
Interest expense	**2.9**	3.0	(3.3%)
Income before taxes	**9.7**	23.5	(58.7%)
Income taxes	**2.6**	10.5	(75.2%)
Net income (loss) from continuing operations	**7.1**	13.0	(45.4%)
Net income from discontinued operations	**–**	2.9	(100.0%)
Net income attributable to non-controlling interest	**–**	0.2	(100.0%)
Net income (loss) attributable to equity owners of the Company	**$ 7.1**	$ 15.7	(54.8%)
Diluted earnings (loss) per share			
From continuing operations	**$ 0.08**	$ 0.14	(42.9%)
From discontinued operations	**–**	0.03	n/m
From net income (loss) for the period	**$ 0.08**	$ 0.17	(52.9%)

[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 from continuing operations, a defined term under IFRS, are detailed above.

Revenue

For the three months ended November 30, 2013, revenue decreased 6.1% 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 6.1% decrease in average daily retail fund AUM for the quarter ended November 30, 2013 contributed to a 6.9% decrease in management and advisory fee revenue compared to the fourth quarter of 2012.

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 24.0%, or $1.2 million, to $3.8 million in the fourth quarter of 2013 compared to 2012, 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 increased to $2.6 million for the three months ended November 30, 2013, compared to the same period in 2012, reflecting improved business conditions.

Fair Value Adjustments and Other Income

The following table illustrates the fair value adjustments and other income for the three months ended November 30, 2013 and 2012:

(in millions of Canadian dollars) **Three months ended November 30**		**2013**		**2012**
Fair value adjustment related to investment in AGF mutual funds	**$**	**0.7**	$	0.5
Fair value adjustment related to acquisition consideration payable		**(0.3)**		0.5
Fair value adjustment related to put agreement with non-controlling shareholders		**–**		(0.6)
Interest income and other		**2.0**		1.6
	$	**2.4**	$	2.0

Expenses

For the three months ended November 30, 2013, expenses increased 11.7% from the previous year. Changes in specific categories are described in the discussion that follows:

Selling, General and Administrative Expenses

Selling, general and administrative expenses (SG&A) increased by $10.3 million or 24.9% in the fourth quarter of 2013 compared to the same period in 2012. The decrease is made up of the following amounts:

(in millions of Canadian dollars) **Three months ended November 30**		**2013**
Decrease in salaries and benefits expenses	**$**	**(2.5)**
Increase in stock-based compensation expenses		**4.0**
Increase in restructuring expenses		**4.4**
Increase in fund absorption expenses		**3.9**
Decrease in other fund costs		**(0.4)**
Increase in fund administration related to change in accounting presentation		**1.6**
Decrease in other expenses		**(0.7)**
	$	**10.3**

The following explains expense changes in the three months ended November 30, 2013, compared to the same periods in the prior year:

- Salaries and benefits expenses decreased $2.5 million for the three months ended November 30, 2013, compared to the prior year, as a result of lower compensation costs reflecting lower staff levels.
- Stock-based compensation increased $4.0 million for the three months ended November 30, 2013, compared to the same period in 2012. This increase is mainly attributable to the Restricted Share Units, which are marked to market according to the Class B Non-Voting share price, and reflects the impact of an increasing share price in 2013 versus a declining share price in 2012, combined with an increase in share units outstanding.
- Restructuring charges increased $4.4 million due to a $3.6 million restructuring charge accrued in the fourth quarter of 2013 related primarily to the fund restructuring announcement in the fourth quarter of 2013, offset by a $0.8 million restructuring recovery recorded in the same period in 2012.
- Absorption expenses increased $3.9 million for the year ended November 30, 2013, as a result of reduced MER caps on certain funds.
- Other fund costs decreased $0.4 million for the three months ended November 30, 2013, due to specific fund pricing reductions.
- Fund administration expenses increased $1.6 million for the three months ended November 30, 2013, related to a change in accounting presentation due to a change in an agreement, offset by a proportional increase in revenue.
- Other expenses decreased $0.7 million for the three months ended November 30, 2013, due to lower facility costs.

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 0.64% for the three months ended November 30, 2013, compared to 0.62% in the same 2012 period, reflecting a change in the weighting of trailer-paying assets to total retail AUM over the comparative period.

Investment Advisory Fees

External investment advisory fees decreased to $1.4 million in the fourth quarter of 2013, compared to $1.6 million during the same period in 2012, reflecting lower AUM levels and the repatriation of certain funds' management in-house.

EBITDA, EBITDA Margin and EBITDA per Share

EBITDA from continuing operations for the three months ended November 30, 2013 was $33.6 million, a 32.7% decrease from $49.9 million for the same period in 2012. EBITDA margins were 28.6% for the fourth quarter of 2013, compared to 40.0% in 2012. Diluted EBITDA per share from continuing operations for the three months ended November 30, 2013 was $0.38, compared to $0.55 for the three months ended November 30, 2012.

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 $13.4 million in the fourth quarter of 2013, compared to $15.7 million in 2012.

For the three months ended November 30, 2013, we paid $8.0 million in selling commissions, compared to $7.9 million in 2012. 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 2013 compared to 2012.

Customer contracts amortization decreased $1.6 million for the three months ended November 30, 2013, as a result of fewer redemptions and a lower net book value. Customer contracts are immediately expensed upon redemption of the AUM. Interest expense increased as a result of higher interest rates.

Other intangibles amortization increased $1.4 million for the three months ended November 30, 2013, as a result of the determination that certain management contracts and other intangibles no longer have an indefinite life. As a result, these intangibles are being amortized over their remaining expected life of five years.

Income Tax Expense

Income tax expense for the three months ended November 30, 2013 was $2.6 million as compared to $10.5 million in the corresponding period in 2012.

Pre-tax Profit Margin

Pre-tax profit margin was at 8.3% for the three months ended November 30, 2013, compared to 18.8% for the three months ended November 30, 2012.

Net Income

The impact of the above revenue and expense items resulted in a net income from continuing operations of $7.1 million for the three months ended November 30, 2013, as compared to net income from continuing operations of $13.0 million in the corresponding period in 2012.

Earnings per Share

Diluted earnings per share from continuing operations was $0.08 per share for the three months ended November 30, 2013, as compared to earnings of $0.14 per share in the corresponding period of 2012.

One-time Adjustments

The table below summarizes one-time adjustments for the three months ended November 30, 2013 and 2012:

(in millions of Canadian dollars, except per share data)

Three months ended November 30		**2013**		**2012**
EBITDA from continuing operations	**$**	**33.6**	$	49.9
Add:				
Restructure charge		**3.6**		(0.8)
Adjusted EBITDA from continuing operations	**$**	**37.2**	$	49.1
Net income from continuing operations	**$**	**7.1**	$	13.0
Add:				
Adjustments to EBITDA from above		**3.6**		(0.8)
Tax impact on the adjustments to EBITDA above		**(1.0)**		(0.2)
Tax rate change		**–**		2.6
Adjusted net income from continuing operations	**$**	**9.7**	$	14.6
Adjusted diluted EPS from continuing operations	**$**	**0.11**	$	0.16

Selected Quarterly Information

(in millions of Canadian dollars, except per share amounts) **For the three-month period ended**	**Nov. 30, 2013**	**Aug. 31, 2013**	**May 31, 2013**	**Feb. 28, 2013**
Revenue (continuing operations)	**$ 117.4**	$ 117.7	$ 126.9	$ 122.5
Free cash flow[1]	**26.2**	25.4	27.7	24.4
EBITDA (continuing operations)[1]	**33.6**	38.6	46.1	45.3
Pre-tax income (loss) (continuing operations)	**9.7**	14.1	20.5	21.8
Net income (loss) attributable to equity owners of the Company	**7.1**	10.1	(10.4)	15.6
Net income (loss) (continuing operations)	**7.1**	10.1	(10.4)	15.6
EBITDA per share (continuing operations)				
Basic	**$ 0.39**	$ 0.44	$ 0.52	$ 0.51
Diluted	**$ 0.38**	$ 0.44	$ 0.52	$ 0.51
Earnings (loss) per share attributable to equity owners of the Company				
Basic (continuing operations)	**$ 0.08**	$ 0.12	$ (0.12)	$ 0.18
Diluted (continuing operations)	**$ 0.08**	$ 0.11	$ (0.12)	$ 0.17
Basic	**$ 0.08**	$ 0.12	$ (0.12)	$ 0.18
Diluted	**$ 0.08**	$ 0.11	$ (0.12)	$ 0.17
Weighted average basic shares	**87,145,604**	87,411,167	88,880,598	89,229,202
Weighted average fully diluted shares	**87,911,391**	88,026,012	89,395,236	89,538,278

(in millions of Canadian dollars, except per share amounts) **For the three-month period ended**	**Nov. 30, 2012**	**Aug. 31, 2012**	**May 31, 2012**	**Feb. 29, 2012**
Revenue (continuing operations)	**$ 124.9**	$ 119.8	$ 133.5	$ 131.9
Free cash flow[1]	**24.9**	17.6	29.0	24.3
EBITDA (continuing operations)[1]	**49.9**	36.3	50.3	52.5
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
Net income (loss) (continuing operations)	**13.0**	(19.3)	16.8	17.3
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

[1] As previously defined, see 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section.

Selected Annual Information

(in millions of Canadian dollars, except per share amounts) **Years ended November 30**	**IFRS 2013**	**IFRS 2012**	**IFRS 2011**	**GAAP 2010**	**GAAP 2009**
Revenue (continuing operations)	**$ 484.5**	$ 510.2	$ 585.7	$ 513.0	$ 476.0
EBITDA (continuing operations)[1]	**163.6**	189.0	238.0	215.6	188.0
Net income attributable to equity owners of the Company	**22.4**	52.3	103.6	116.8	97.7
Earnings per share attributable to equity owners of the Company					
Basic	**$ 0.25**	$ 0.55	$ 1.09	$ 1.31	$ 1.10
Diluted	**$ 0.25**	$ 0.55	$ 1.09	$ 1.30	$ 1.09
Dividends per share	**$ 1.08**	$ 1.08	$ 1.07	$ 1.04	$ 1.00
Total assets[2]	**$ 1,617.9**	$ 1,685.4	$ 5,150.6	$ 5,253.9	$ 5,675.9
Total long-term debt[3]	**$ 307.9**	$ 312.3	$ 315.2	$ 143.7	$ 143.6

[1] As previously defined, see 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section.
[2] From 2009 to 2011 includes assets from AGF Trust.
[3] Includes deferred cash consideration related to the Acuity acquisition.

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, 2013, the Company's 2013 Annual Information Form (AIF) and other documents filed with applicable securities regulators in Canada and may be accessed at www.sedar.com.

TORONTO, JANUARY 28, 2014

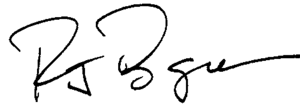
The accompanying consolidated financial statements of AGF Management Limited (the Company) were prepared by management, which is responsible for the integrity and fairness of the information presented, including the amounts based on estimates and judgements. These consolidated financial statements were 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
Chairman and Chief Executive Officer



Robert J. Bogart
Executive Vice-President and 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, 2013 and 2012 and the consolidated statements of income, comprehensive income, changes in equity and cash flow for the years ended November 30, 2013 and 2012, 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, 2013 and 2012 and their financial performance and their cash flows for the years ended November 30, 2013 and 2012, in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Professional Accountants, Licensed Public Accountants
January 28, 2014
Toronto, Canada

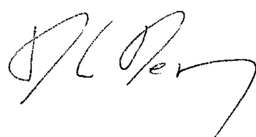
(in thousands of Canadian dollars)

November 30	Note	2013	2012
ASSETS			
Current Assets			
Cash and cash equivalents		**$ 369,865**	$ 371,299
Investments	4	**12,272**	30,177
Accounts receivable, prepaid expenses and other assets		**49,173**	58,135
		431,310	459,611
Investment in associated company	6	**84,876**	74,362
Management contracts	8	**689,759**	704,842
Customer contracts, net of accumulated amortization and derecognition	8	**10,565**	18,692
Goodwill	8	**244,549**	244,549
Other intangibles, net of accumulated amortization and derecognition	8	**19,739**	17,285
Deferred selling commissions, net of accumulated amortization and derecognition	8	**114,848**	136,787
Property, equipment and computer software, net of accumulated depreciation	9	**12,169**	13,556
Deferred income tax assets	11	**3,951**	4,624
Other assets	5	**6,107**	11,123
Total assets		**$ 1,617,873**	$ 1,685,431

(in thousands of Canadian dollars) November 30	Note	2013	2012
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		**$ 84,494**	$ 85,969
Income tax liability	20, 25	**53,034**	23,159
Provision for Elements Advantage	12	**1,652**	2,557
Acquisition consideration payable	7	**6,731**	3,652
Derivative financial instrument	10	**1,609**	1,603
		147,520	116,940
Long-term debt	10	**307,888**	308,401
Acquisition consideration payable	7	**–**	5,150
Deferred income tax liabilities	11	**179,329**	188,156
Derivative financial instrument	10	**1,734**	2,784
Provision for Elements Advantage	12	**2,012**	1,780
Other long-term liabilities		**13,163**	6,898
Total liabilities		**651,646**	630,109
EQUITY			
Equity attributable to owners of the Company			
Capital stock	13	**524,681**	533,684
Contributed surplus		**28,440**	26,677
Retained earnings		**405,989**	495,323
Accumulated other comprehensive income (loss)	14	**7,117**	(852)
		966,227	1,054,832
Non-controlling interest		**–**	490
Total equity		**966,227**	1,055,322
Total liabilities and equity		**$ 1,617,873**	$ 1,685,431

(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

(in thousands of Canadian dollars, except per share data)

Years ended November 30	Note	2013	2012
REVENUE			
Management and advisory fees		**$ 445,923**	$ 486,069
Deferred sales charges		**16,891**	21,075
Share of profit of associated company	6	**9,340**	3,477
Fair value adjustments and other income (loss)	15	**12,381**	(405)
Total revenue		**484,535**	510,216
EXPENSES			
Selling, general and administrative	16	**190,783**	181,226
Trailing commissions		**124,707**	132,773
Investment advisory fees		**5,352**	7,219
Amortization and derecognition of deferred selling commissions	8	**58,617**	67,338
Amortization and derecognition of customer contracts	8	**8,127**	17,279
Amortization and derecognition of other intangibles	8	**14,564**	9,492
Depreciation of property, equipment and computer software	9	**4,811**	3,934
Interest expense	19	**11,611**	12,412
Impairment of goodwill and management contracts	8	**–**	20,013
		418,572	451,686
Income before income taxes		**65,963**	58,530
Income tax expense (benefit)			
Current	20	**51,973**	37,065
Deferred	20	**(8,424)**	(6,192)
		43,549	30,873
Income from continuing operations, net of tax		**22,414**	27,657
Income from discontinued operations, net of tax	5	**–**	24,767
Net income for the year		**$ 22,414**	$ 52,424
NET INCOME ATTRIBUTABLE TO:			
Equity owners of the Company		**$ 22,447**	$ 52,260
Non-controlling interest		**(33)**	164
		$ 22,414	$ 52,424
EARNINGS PER SHARE FOR THE YEAR ATTRIBUTABLE TO THE EQUITY OWNERS OF THE COMPANY			
Basic earnings per share			
Continuing operations	21	**$ 0.25**	$ 0.29
Discontinued operations	21	**–**	0.26
		$ 0.25	$ 0.55
Diluted earnings per share			
Continuing operations	21	**$ 0.25**	$ 0.29
Discontinued operations	21	**–**	0.26
		$ 0.25	$ 0.55

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

(in thousands of Canadian dollars)

Years ended November 30	2013	2012
NET INCOME FOR THE YEAR	$ 22,414	$ 52,424
OTHER COMPREHENSIVE INCOME (LOSSES), NET OF TAX		
Cumulative translation adjustment		
Foreign currency translation adjustments related to net investments in foreign operations	7,298	(717)
	7,298	(717)
Net unrealized gains on investments		
Unrealized gains	1,599	12
Reclassification of realized gain to earnings	(1,702)	–
	(103)	12
Net unrealized losses on cash flow hedge		
Unrealized losses	(246)	(451)
Reclassification of realized loss to earnings	1,020	1,018
	774	567
Total other comprehensive income (loss) from continuing operations, net of tax	7,969	(138)
Total other comprehensive loss from discontinued operations, net of tax	–	(2,875)
Recycling of unrealized gain on investments related to the sale of AGF Trust	–	(6,699)
COMPREHENSIVE INCOME	$ 30,383	$ 42,712
Comprehensive income attributable to:		
Equity holders of the Company	$ 30,416	$ 42,548
Non-controlling interest	(33)	164
	$ 30,383	$ 42,712

All items presented in other comprehensive income will be reclassified to the consolidated statement of income in subsequent years.

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

(in thousands of Canadian dollars)	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Attributable to equity owners of the Company	Non-controlling interest	Total equity
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)**
BALANCE, NOVEMBER 30, 2012	$ 533,684	$ 26,677	$ 495,323	$ (852)	**$ 1,054,832**	$ 490	**$ 1,055,322**
BALANCE, DECEMBER 1, 2012	$ 533,684	$ 26,677	$ 495,323	$ (852)	**$ 1,054,832**	$ 490	**$ 1,055,322**
Net income (loss) for the year	–	–	22,447	–	**22,447**	(33)	**22,414**
Other comprehensive income (net of tax)	–	–	–	7,969	**7,969**	–	**7,969**
Comprehensive income (loss) for the year	–	–	22,447	7,969	**30,416**	(33)	**30,383**
Issued through dividend reinvestment plan	2,470	–	–	–	**2,470**	–	**2,470**
Stock options	3,433	1,763	–	–	**5,196**	–	**5,196**
AGF Class B Non-Voting shares repurchased for cancellation	(16,137)	–	(14,517)	–	**(30,654)**	–	**(30,654)**
AGF Class B Non-Voting shares issued on acquisition of Acuity	1,231	–	–	–	**1,231**	–	**1,231**
Dividends on AGF Class A Voting common shares and AGF Class B Non-Voting shares, including tax of $1.0 million	–	–	(96,268)	–	**(96,268)**	–	**(96,268)**
Increase in ownership interest in Highstreet Partners Limited	–	–	(996)	–	**(996)**	(457)	**(1,453)**
BALANCE, NOVEMBER 30, 2013	$ 524,681	$ 28,440	$ 405,989	$ 7,117	**$ 966,227**	$ –	**$ 966,227**

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

(in thousands of Canadian dollars)

Years ended November 30	Note	2013	2012
OPERATING ACTIVITIES			
Net income for the year		$ 22,414	$ 52,424
Adjustments for			
Net income from discontinued operations		–	(24,767)
Amortization, derecognition and depreciation		86,119	98,043
Interest expense		11,611	12,412
Impairment of goodwill and management contracts		–	20,013
Income tax expense		43,549	30,873
Income taxes paid		(23,048)	(46,234)
Stock-based compensation	17	12,830	1,950
Share of profit of associated company	6	(9,340)	(3,477)
Dividends from associated company	6	6,249	5,418
Deferred selling commissions paid	8	(36,678)	(36,175)
Purchase of residual rights and consent fees associated with deferred selling commissions		–	(3,520)
Other		1,651	496
		115,357	107,456
Net change in non-cash working capital balances related to operations			
Accounts receivable		8,962	10,798
Other assets		(3,922)	(1,286)
Accounts payable and accrued liabilities		(4,047)	(2,461)
Other liabilities		4,723	(7,867)
		5,716	(816)
Net cash provided by continuing operating activities		121,073	106,640
Net cash used in discontinued operating activities	5	–	(214,306)
Net cash provided by (used in) operating activities		121,073	(107,666)
FINANCING ACTIVITIES			
Repurchase of Class B Non-Voting shares for cancellation	13	(30,654)	(88,735)
Issue of Class B Non-Voting shares	13	3,210	2,554
Dividends paid		(92,775)	(99,222)
Transaction costs on amendment of long-term debt		(765)	–
Interest paid		(11,691)	(11,611)
Net cash used in continuing financing activities		(132,675)	(197,014)
Net cash provided by discontinued financing activities	5	–	464,359
Net cash provided by (used in) financing activities		(132,675)	267,345
INVESTING ACTIVITIES			
Increase in ownership interest in Highstreet Partners Limited	7	(4,423)	(3,955)
Acquisition of Acuity Funds Ltd. and Acuity Investment Management, net of cash acquired	7	(2,713)	(20,976)
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, net of disposals	9	(3,424)	(9,504)
Purchase of investments	4	(5,076)	(15,735)
Proceeds from sale of investments	4	25,804	7,368
Net cash provided by (used in) continuing investing activities		10,168	(34,848)
Net cash used in discontinued investing activities	5	–	(166)
Net cash provided by (used in) investing activities		10,168	(35,014)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		(1,434)	124,665
BALANCE OF CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		371,299	246,634
BALANCE OF CASH AND CASH EQUIVALENTS, END OF YEAR		$ 369,865	$ 371,299

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

FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

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).

These consolidated financial statements were authorized for issue by the Board of Directors on January 28, 2014.

Note 2 Basis of Preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Certain comparative figures have been reclassified to conform to the consolidated financial statement presentation in the current year.

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.[1]	Investment management	Canada	100%
AGF Securities (Canada) Limited	Securities dealer	Canada	100%
20/20 Financial Corporation	Holding company	Canada	100%

[1] During the year ended November 30, 2013, the Company increased its ownership interest in Highstreet Asset Management Inc. from 89.4% to 100.0%. Refer to Note 7(b) for additional detail.

(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 31.5% interest in Smith & Williamson Holdings Limited (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 and other intangible assets 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 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.

3.4 Assets Under Management (AUM)

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, which was extinguished during the year ended November 30, 2013.

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) on the date they become legally receivable. 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.

A financial liability is derecognized when it is extinguished. When a liability is extinguished, the difference between its carrying amount and the consideration paid including any non-cash assets transferred and any new liabilities assumed is recognized in profit or loss. A modification of the terms of a liability is accounted for as an extinguishment of the original liability and recognition as a new liability when the modification is substantial. The Company deems an amendment of the terms of a liability to be substantially different if the net present value of the cash flows under the new liability, including any fees paid, is at least 10 percent different from the net present value of the remaining cash flows of the existing liability, both discounted at the original effective interest rate of the original liability.

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 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 five 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 deferred sales charge (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 derecognized and immediately charged to net income and included in amortization and derecognition of deferred selling commissions. Derecognition is calculated based on actual DSC units redeemed.

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.

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.

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.

Management regularly evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

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, interest and penalties on reassessments, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of tax losses and credits carryforwards and 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 or associates, 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 it is 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 Company has established stock option plans for senior employees and utilizes the fair-value-based method of accounting for stock options. The fair value of stock options, determined on the grant date using an option pricing model, is recorded over the vesting period as a charge to net earnings with a corresponding credit to contributed surplus, taking into account forfeitures. Awards are settled by issuance of AGF Class B Non-Voting shares upon exercise of the options. The stock options are issued with an exercise price not less than the market price of the Class B Non-Voting shares immediately prior to the grant date. Stock option awards are granted on a four-year graded-vesting basis whereby 25% of the total awards vest each year on the anniversary of the grant date.

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 are 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 had a put agreement with the non-controlling shareholders of one of its subsidiaries. Under the agreement, the Company was obligated to purchase shares from the non-controlling shareholders at a specified price determined in part by reference to earnings. The Company accounted for the obligation as a share-based payment at fair value. The fair value of the obligation was 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 were recorded in net income. The put agreement was settled on May 31, 2013.

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

(c) Unit Appreciation Rights (UAR) Plan
The Company has a UAR plan for certain employees of Doherty and Associates Limited (Doherty) and Cypress Capital Management Limited (Cypress). The purpose of the plan is retention of key employees, including senior management and key succession employees, and to promote the profitability and growth of these two subsidiaries by creating a performance incentive for such key employees so that they may benefit from any appreciation in the value of Doherty and Cypress. The plan provides for the grant of performance appreciation rights to certain employees, the value of which are linked to the change in value of Doherty and Cypress by reference to changes in Doherty and Cypress earnings before interest, taxes, depreciation and amortization (EBITDA). Obligations related to the UAR plan are recorded under accounts payable and accrued liabilities and other long-term liabilities on the consolidated statement of financial position.

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

Dividends to AGF shareholders are 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. The Company is currently evaluating the impact the following new standards will have on its financial statements.

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 standard is effective for annual periods beginning on or after January 1, 2013.

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 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 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 standard is effective for annual periods beginning on or after January 1, 2013.

IFRS 13, Fair Value Measurement, provides a single source of guidance on how to measure fair value where its use is already required or permitted by other IFRS and enhances disclosure requirements for information about fair value measurements. Under the current IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value. The standard is effective for annual periods beginning on or after January 1, 2013.

IAS 19, Employee Benefits, has been amended to reflect changes to recognition and measurement of defined benefit pension expense and termination benefits and expanded disclosure requirements. The standard is effective for annual periods beginning on or after January 1, 2013.

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 period.

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 estimated 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 used a five-year analysis of the credit quality of the loan portfolio as at the time of sale, adjusted for any significant changes based on discussions with the purchaser. Such an analysis required 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. When the estimated outcome of these matters is different from the amounts that were 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 whether intangible assets have finite or indefinite lives, the accounting implications related to certain legal matters, as well as the assessment of whether or not certain financial instruments are held for trading.

Note 4 Investments

The following table presents a breakdown of investments:

(in thousands of Canadian dollars) **November 30**		**2013**		**2012**
Fair value through profit or loss				
AGF mutual funds and other	**$**	**10,779**	$	25,269
Equity securities		**509**		1,612
		11,288		26,881
Available for sale				
Equity securities		**679**		2,995
Loans and receivables				
Canadian government debt – Federal		**305**		301
	$	**12,272**	$	30,177

AGF mutual funds and other are primarily composed of seed capital, of which $14.5 million (2012 – $9.6 million) has been repatriated during the year ended November 30, 2013. The investment in Canadian government debt is composed of a fixed-rate Treasury bond with a maturity date within one year and a credit rating of AAA. During the years ended November 30, 2013 and 2012, no impairment charges were required.

The continuity of investments for the years ended November 30, 2013 and 2012 is as follows:

(in thousands of Canadian dollars) **Years ended November 30**		**2013**		**2012**
Beginning of the year	**$**	**30,177**	$	517,486
Additions		**5,076**		15,735
Disposals		**(25,804)**		(7,368)
Net gains recognized on the consolidated statement of income		**2,804**		433
Reinvested dividends and interest		**716**		814
Net unrealized and realized losses transferred to/from other comprehensive income		**(697)**		(450)
Activity related to discontinued operations		**–**		(496,473)
End of the year	**$**	**12,272**	$	30,177

Note 5 Discontinued Operations

On August 1, 2012, the Company completed its sale of 100% of the shares of AGF Trust Company (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. As at November 30, 2013, the contingent consideration receivable was $6.1 million (2012 – $5.9 million) and was included in other assets on the consolidated statement of financial position, representing management's best estimate of the fair value thereof. The key assumptions used at the time of sale 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.

For the year ended November 30, 2012, the operating performance of AGF Trust has been included in the Company's consolidated statement of income (loss) as discontinued operations as follows:

(in thousands of Canadian dollars)

Year ended November 30		2012[1]
Revenue		
RSP loan securitization income, net of impairment	$	1,263
Other income		3,713
AGF Trust net interest income[2]		53,744
Total revenue		58,720
Expenses		
Selling, general and administrative		28,721
Amortization of property, equipment and computer software		563
Provision for AGF Trust loan losses		4,195
		33,479
Income before income taxes		25,241
Income tax expense (benefit)		
Current[2]		8,398
Deferred		(1,328)
		7,070
Net income related to AGF Trust	$	18,171
Net income attributable to:		
Equity owners of the Company	$	18,171
Non-controlling interest		–
	$	18,171

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

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

For the year ended November 30, 2012, the Company recorded a gain on disposal of $6.6 million related to the sale of AGF Trust.

The change in stock options related to AGF Trust during the years ended November 30, 2013 and 2012 is summarized as follows:

	2013			2012		
Years ended November 30	Options		Weighted average exercise price	Options		Weighted average exercise price
Class B Non-Voting share options related to AGF Trust						
Balance, beginning of the year	**393,505**	**$**	**17.61**	456,750	$	17.93
Options granted	**–**		**–**	31,505		15.87
Options expired	**(299,905)**		**20.53**	(90,000)		19.13
Options exercised	**(93,600)**		**8.24**	(4,750)		8.24
Balance, end of the year	**–**	**$**	**–**	393,505	$	17.61

As at November 30, 2013 and 2012, AGF Trust employees did not hold any RSUs.

Note 6 Investment in Associated Company

The Company holds a 31.5% investment in S&WHL accounted for using the equity method. At November 30, 2013, the carrying value was $84.9 million (2012 – $74.4 million). During the year ended November 30, 2013, the Company recognized earnings of $9.3 million (2012 – $3.5 million) and received $6.2 million (2012 – $5.4 million) in dividends from S&WHL. During the year ended November 30, 2013, S&WHL's revenue, adjusted for the Company's ownership interest, was $103.6 million (2012 – $97.5 million). 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.

The continuity for the investment in S&WHL for the years ended November 30, 2013 and 2012 is as follows:

(in thousands of Canadian dollars)

Years ended November 30		2013		2012
Balance, beginning of year	**$**	**74,362**	$	76,616
Share of profit		**9,340**		3,477
Foreign exchange differences		**6,838**		(723)
Dividends received		**(6,249)**		(5,418)
Share of other comprehensive income		**585**		410
Balance, end of year	**$**	**84,876**	$	74,362

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.

The remaining outstanding deferred cash payment and Class 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 deferred cash payment date and the redemption date of these preferred shares. As at November 30, 2013, the maximum adjustment to the acquisition consideration payable related to Acuity's net sales of institutional AUM would be an increase of $3.4 million (2012 – $6.7 million) and a decrease of nil (2012 – nil). Based on the current projection of net sales, no adjustment is expected. The Class 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 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.

As part of the consideration paid, the remaining Class B Non-Voting shares held in escrow will be released to the Acuity vendors on 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, 2013, 185,117 (2012 – 3,105,516) Class B Non-Voting shares were released from escrow. As at November 30, 2013, 185,119 (2012 – 370,236) Class B Non-Voting shares continued to be held in escrow.

On February 1, 2013, $3.9 million was paid to the Acuity vendors, consisting of $2.7 million in cash and a settlement of the Class D exchangeable preferred shares through the issuance of 107,138 Class B Non-Voting shares valued at $1.2 million. 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, 2013 and 2012:

(in thousands of Canadian dollars)

November 30		2013		2012
Cash payments due February 1, 2013	$	–	$	2,718
Cash payments due February 1, 2014		4,318		3,908
Issuance of Class D exchangeable preferred shares, redeemable February 1, 2013		–		934
Issuance of Class E exchangeable preferred shares, redeemable February 1, 2014		2,413		1,242
	$	6,731	$	8,802
Less: current portion		6,731		3,652
	$	–	$	5,150

During the year ended November 30, 2013, $1.9 million (2012 – $0.7 million) in charges were recognized related to the fair value adjustment on the mark to market related to the AGF Class B Non-Voting shares and interest accretion on the acquisition consideration payable.

(b) Acquisition of Highstreet Partners Ltd.

During the year ended November 30, 2013, the Company increased its ownership interest in Highstreet Partners Ltd. (Highstreet) to 100.0% from 89.4%. The Company paid cash consideration of $4.4 million and extinguished receivables of $3.2 million. The payments were recorded as an adjustment to the non-controlling interest balance on the consolidated statement of financial position of $0.5 million, and to the liability for the put obligation of $6.0 million, with the remaining difference of $1.0 million and $0.1 million charged to retained earnings and income, respectively. Refer to Note 18 for details regarding the put agreement. During the year ended November 30, 2012, the Company increased its ownership of Highstreet from 84.0% to 89.4% for cash consideration of $4.0 million. The payments were recorded as an adjustment to the put agreement liability and retained earnings.

In connection with the purchase of the remaining non-controlling interest, the Company determined that certain Highstreet management contracts and other intangibles no longer have an indefinite life. As a result, as of the second quarter of 2013, these assets are being amortized over their remaining expected useful lives, which have been estimated at five years. The net book values of the management contracts and other intangibles prior to the commencement of amortization were $15.1 million and $1.9 million, respectively. The Company recorded $3.4 million related to amortization expense during the year ended November 30, 2013 (2012 – nil).

Note 8 Intangible Assets

(in thousands of Canadian dollars)	Management contracts	Customer contracts	Goodwill	Other intangibles	Deferred selling commissions	Total
At December 1, 2011						
Cost, net of derecognition and impairment	$ 715,769	$ 70,638	$ 254,588	$ 28,945	$ 444,510	$ 1,514,450
Less: fully amortized assets	–	–	–	–	(42,979)	(42,979)
	715,769	70,638	254,588	28,945	401,531	1,471,471
Accumulated amortization	–	(34,667)	–	(6,986)	(276,560)	(318,213)
Less: fully amortized assets	–	–	–	–	42,979	42,979
	–	(34,667)	–	(6,986)	(233,581)	(275,234)
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	$ 64,237	$ 244,549	$ 32,977	$ 422,526	$ 1,469,131
Less: fully amortized assets	–	(11,877)	–	(90)	(44,154)	(56,121)
	704,842	52,360	244,549	32,887	378,372	1,413,010
Accumulated amortization	–	(45,545)	–	(15,692)	(285,739)	(346,976)
Less: fully amortized assets	–	11,877	–	90	44,154	56,121
	–	(33,668)	–	(15,602)	(241,585)	(290,855)
Net book amount	$ 704,842	$ 18,692	$ 244,549	$ 17,285	$ 136,787	$ 1,122,155
Year ended November 30, 2013						
Opening net book amount	**$ 704,842**	**$ 18,692**	**$ 244,549**	**$ 17,285**	**$ 136,787**	**$ 1,122,155**
Additions	**–**	**–**	**–**	**–**	**36,678**	**36,678**
Reclassification of assets[1]	**(15,083)**	**–**	**–**	**17,018**	**–**	**1,935**
Derecognition	**–**	**(1,732)**	**–**	**(1,455)**	**(12,547)**	**(15,734)**
Amortization	**–**	**(6,395)**	**–**	**(13,109)**	**(46,070)**	**(65,574)**
Closing net book amount	**$ 689,759**	**$ 10,565**	**$ 244,549**	**$ 19,739**	**$ 114,848**	**$ 1,079,460**
At November 30, 2013						
Cost, net of derecognition and impairment	**$ 689,759**	**$ 50,628**	**$ 244,549**	**$ 48,450**	**$ 402,503**	**$ 1,435,889**
Less: fully amortized assets	**–**	**(7,778)**	**–**	**(576)**	**(70,656)**	**(79,010)**
	689,759	**42,850**	**244,549**	**47,874**	**331,847**	**1,356,879**
Accumulated amortization	**–**	**(40,063)**	**–**	**(28,711)**	**(287,655)**	**(356,429)**
Less: fully amortized assets	**–**	**7,778**	**–**	**576**	**70,656**	**79,010**
	–	**(32,285)**	**–**	**(28,135)**	**(216,999)**	**(277,419)**
Net book amount	**$ 689,759**	**$ 10,565**	**$ 244,549**	**$ 19,739**	**$ 114,848**	**$ 1,079,460**

[1] The excess is a result of an asset reclassified during the year from other assets.

During the year ended November 30, 2013, in accordance with its accounting policies, the Company completed its annual impairment test on its goodwill and 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 the retail CGU. The following is a summary of the goodwill allocation by CGU:

(in thousands of Canadian dollars)	Investment Management – Retail	Investment Management – Institutional	Highstreet Partners Limited	Cypress Capital Management Ltd.	Doherty & Associates Ltd.	AGF Trust	Total
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
Year ended November 30, 2013							
Opening net book amount	**$ 151,624**	**$ 76,656**	**$ –**	**$ 12,548**	**$ 3,721**	**$ –**	**$ 244,549**
Impairment	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Disposal	**–**	**–**	**–**	**–**	**–**	**–**	**–**
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 CGU is compared to its recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell 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. Accordingly, the Company determined 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. Based on the test, the Company concluded that no goodwill or indefinite life intangible assets were impaired for the year ended November 30, 2013 (2012 – $20.0 million). Management continues to regularly monitor its intangibles for indications of potential impairment.

Note 9 Property, Equipment and Computer Software

(in thousands of Canadian dollars)	Furniture and equipment	Leasehold improvements	Computer hardware	Computer software	Total
At December 1, 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
Year ended November 30, 2013					
Opening net book amount	**$ 2,547**	**$ 3,037**	**$ 6,492**	**$ 1,480**	**$ 13,556**
Additions	**44**	**448**	**1,604**	**1,363**	**3,459**
Disposals	**–**	**–**	**(35)**	**–**	**(35)**
Depreciation	**(503)**	**(1,207)**	**(2,172)**	**(929)**	**(4,811)**
Closing net book amount	**$ 2,088**	**$ 2,278**	**$ 5,889**	**$ 1,914**	**$ 12,169**
At November 30, 2013					
Cost	**$ 7,707**	**$ 7,494**	**$ 18,346**	**$ 13,660**	**$ 47,207**
Less: fully depreciated assets	**(993)**	**(242)**	**(2,123)**	**(895)**	**(4,253)**
	6,714	**7,252**	**16,223**	**12,765**	**42,954**
Accumulated depreciation	**(5,619)**	**(5,216)**	**(12,457)**	**(11,746)**	**(35,038)**
Less: fully depreciated assets	**993**	**242**	**2,123**	**895**	**4,253**
	(4,626)	**(4,974)**	**(10,334)**	**(10,851)**	**(30,785)**
Net book amount	**$ 2,088**	**$ 2,278**	**$ 5,889**	**$ 1,914**	**$ 12,169**

Note 10 Long-term Debt

(in thousands of Canadian dollars)

November 30		2013		2012
Revolving credit facility[1]	**$**	**307,888**	$	–
Revolving term loans[1]				
Facility 1		**–**		–
Facility 2		**–**		124,300
Acquisition facility[1]		**–**		184,101
	$	**307,888**	$	308,401

[1] Net of transaction costs.

(a) Revolving Credit Facility

On November 29, 2013, the Company, through its subsidiary AGF Investments Inc., amended and restated its loan agreements for a four-year term and decreased the total credit availability. Facility 1, Facility 2 and the acquisition facility are now under one syndicated agreement with two Canadian chartered banks. The new unsecured revolving credit facility (the Facility) has a maximum aggregate principal amount of $400.0 million (2012 – nil). The agreement includes an accordion feature that allows the Company to increase its Facility by $100.0 million (2012 – nil) to $500.0 million at a future date, subject to certain terms and conditions. Advances under the Facility are made available by prime-rate loans in U.S. or Canadian dollars, under banker's acceptances (BAs) or by issuance of letters of credit. The Facility is due in full on November 29, 2017, and no principal repayments are due until this date. As at November 30, 2013, AGF had drawn $310.0 million (2012 – nil) against the Facility in the form of two one-month BAs at an effective average interest rate of 3.2% per annum.

(b) Revolving Term Loans

Facility 1 was a syndicated revolving term loan with two Canadian chartered banks and with a maximum aggregate principal of $200.0 million. Advances under Facility 1 were made available by prime-rate loans in U.S. or Canadian dollars, under banker's acceptances (BAs) or by issuance of letters of credit. Facility 1, if not renewed, was due in full on January 28, 2015. As at November 30, 2012, AGF had not drawn against Facility 1.

Facility 2 was a five-year revolving term loan with a maximum aggregate principal of $125.0 million. Advances under Facility 2 were 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, was due in full on August 31, 2016. As at November 30, 2012, AGF had drawn down $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.

(c) Acquisition Facility

The acquisition facility was originally arranged on January 28, 2011, to partially fund the acquisition of Acuity. The facility consisted of a one-time drawdown of $185.0 million and had to be fully repaid by January 28, 2015. Advances under the facility were 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 against the facility in the form of a one-month BA at an effective average interest rate of 3.2% per annum.

(d) Interest Rate Swap

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, which involves the exchange of a one-month BA rate, plus 150 basis points, to pay a fixed interest rate of 3.8%. The swap transaction expires in July 2016. The swap contract is designated as a cash flow hedging instrument and is used to mitigate interest expense volatility on the issuances of BAs over the term to maturity. As at November 30, 2013, the notional amount of the swap was $125.0 million (2012 – $125.0 million) and its fair value was $3.3 million (2012 – $4.4 million), which was recorded as a liability on the consolidated statement of financial position.

Note 11 Deferred Income Tax Assets and Liabilities

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

(in thousands of Canadian dollars) **November 30**	**2013**	**2012**
Deferred income tax assets		
Deferred income tax asset to be recovered after more than 12 months	**$ 2,712**	$ 2,972
Deferred income tax asset to be recovered within 12 months	**1,239**	1,652
	3,951	4,624
Deferred income tax liabilities		
Deferred income tax liability to be settled after more than 12 months	**165,864**	174,656
Deferred income tax liability to be settled within 12 months	**13,465**	13,500
	179,329	188,156
Net deferred income tax liabilities	**$ 175,378**	$ 183,532

The movement in deferred income tax assets and liabilities during the years ended November 30, 2013 and 2012, 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, 2013**	**Balance, beginning of year**	**Recognized in income**	**Recognized in OCI**	**Balance, end of year**
Deferred income tax assets				
Expenses deductible in future periods	**$ 7,582**	**$ (855)**	**$ –**	**$ 6,727**
Property and equipment	**3,461**	**(1,024)**	**–**	**2,437**
Loss carryforwards	**439**	**196**	**–**	**635**
Investments	**970**	**(384)**	**(270)**	**316**
Other credits and carryforwards	**69**	**129**	**–**	**198**
	$ 12,521	**$ (1,938)**	**$ (270)**	**$ 10,313**
Deferred income tax liabilities				
Management contracts and other intangibles	**$ 160,892**	**$ (4,359)**	**$ –**	**$ 156,533**
Deferred sales commissions	**33,461**	**(6,047)**	**–**	**27,414**
Other	**1,700**	**44**	**–**	**1,744**
	$ 196,053	**$ (10,362)**	**$ –**	**$ 185,691**
Net deferred income tax liabilies	**$ 183,532**	**$ (8,424)**	**$ 270**	**$ 175,378**

(in thousands of Canadian dollars) **Year ended November 30, 2012**	**Balance, beginning of year**	**Recognized in income**	**Recognized in OCI**	**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 liabilities	$ 190,522	$ (6,192)	$ 59	$ (857)	$ 183,532

(b) 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, 2013, the Company recognized deferred income tax assets of $0.6 million related to $2.3 million of non-capital losses and $0.3 million of capital losses. Deferred income tax assets have not been recognized for $0.3 million of non-capital losses carryforward and $15.7 million of capital losses carried forward that have no expiry date.

Non-capital loss carryforwards by year of expiry as at November 30, 2013 are summarized below:

(in thousands of Canadian dollars)	
2027	$ 517
2029	390
2030	77
2031	8
2032	461
2033	1,106
No expiry	51

(c) The aggregate amount of temporary differences associated with investments in subsidiaries for which deferred income tax liabilities have not been recognized is $18.4 million.

Note 12 Provision for Elements Advantage

(in thousands of Canadian dollars) Years ended November 30	2013	2012
Beginning of the year	$ 4,337	$ 6,643
Additional provision charged to the income statement	2,162	2,063
Used during the year	(2,835)	(4,369)
	3,664	4,337
Less: non-current portion	2,012	1,780
	$ 1,652	$ 2,557

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 Period

The change in capital stock is summarized as follows:

(in thousands of Canadian dollars, except share amounts)	2013		2012	
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	89,057,691	$ 533,684	95,406,796	$ 560,838
Issued through dividend reinvestment plan	222,580	2,470	210,102	2,751
Stock options exercised	389,495	3,433	309,950	2,734
Issued on acquisition of Acuity	107,138	1,231	828,452	13,321
Repurchased for cancellation	(2,685,258)	(16,137)	(7,697,609)	(45,960)
Balance, end of the year	87,091,646	$ 524,681	89,057,691	$ 533,684

(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 6,729,228 shares through to January 31, 2014. Subject to regulatory approval, the Company will apply for renewal of its normal course issuer bid. During the year ended November 30, 2013, 2,685,258 (2012 – 7,697,609) Class B Non-Voting shares were repurchased at a cost of $30.7 million (2012 – $88.7 million) and the excess paid of $14.5 million (2012 – $42.8 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	Discontinued operations	Total
Opening composition of accumulated other comprehensive income at November 30, 2011					
Accumulated other comprehensive income (loss)	$ 50	$ 3,306	$ (4,772)	$ 13,635	$ 12,219
Income tax recovery (expense)	(6)	(485)	1,193	(4,061)	(3,359)
Balance, November 30, 2011	44	2,821	(3,579)	9,574	8,860
Transactions during the year ended November 30, 2012					
Other comprehensive income (loss)	(723)	(41)	674	(13,635)	(13,725)
Income tax recovery (expense)	6	53	(107)	4,061	4,013
Balance, November 30, 2012	(673)	$ 2,833	$ (3,012)	$ –	$ (852)
Transactions during the year ended November 30, 2013					
Other comprehensive income (loss)	**7,298**	**(111)**	**1,052**	**–**	**8,239**
Income tax recovery (expense)	**–**	**8**	**(278)**	**–**	**(270)**
Balance, November 30, 2013	**$ 6,625**	**$ 2,730**	**$ (2,238)**	**$ –**	**$ 7,117**

Note 15 Fair Value Adjustments and Other Income (Loss)

(in thousands of Canadian dollars) **Years ended November 30**	**2013**	**2012**
Fair value adjustment related to investment in AGF mutual funds (Note 4)	**$ 2,804**	$ 433
Fair value adjustment related to acquisition consideration payable (Note 7(a))	**(1,417)**	332
Fair value adjustment related to put agreement with non-controlling shareholders (Note 18(c))	**677**	(4,107)
Interest income and other	**10,317**	2,937
	$ 12,381	$ (405)

During the year ended November 30, 2013, $3.7 million (2012 – nil) of one-time other income was recognized in interest income and other.

Note 16 Expenses by Nature

(in thousands of Canadian dollars) **Years ended November 30**	**2013**	**2012**
Selling, general and administrative		
Employee benefit expense	**$ 111,582**	$ 101,201
Sales and marketing	**12,637**	12,322
Information technology and facilities	**23,339**	25,484
Professional fees	**17,711**	20,997
Fund absorption and other fund costs	**21,467**	16,275
Other	**4,047**	4,947
	$ 190,783	$ 181,226

Note 17 Employee Benefit Expense

(in thousands of Canadian dollars)

Years ended November 30		2013		2012
Salaries and benefits, including restructuring and termination	**$**	**97,723**	$	98,775
Stock option plans		**1,612**		1,327
Share purchase plan		**1,029**		476
RSU and PSU plans		**8,863**		(664)
DSU plan		**1,326**		(66)
Partners Incentive Plan		**1,029**		1,353
	$	**111,582**	$	101,201

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

(a) Stock Option Plans

Under the Company's stock option plans, an additional maximum of 4,068,024 Class B Non-Voting shares could have been granted as at November 30, 2013 (2012 – 3,954,006).

The change in stock options, excluding those related to AGF Trust (refer to Note 5), during the years ended November 30, 2013 and 2012 is summarized as follows:

	2013			2012		
Years ended November 30	Options		Weighted average exercise price	Options		Weighted average exercise price
Class B Non-Voting share options						
Balance, beginning of the year	**4,933,339**	**$**	**15.33**	4,942,679	$	17.47
Options granted	**649,061**		**11.38**	1,737,170		10.81
Options forfeited	**(153,174)**		**22.05**	(532,910)		19.79
Options expired	**(310,000)**		**25.44**	(908,400)		18.10
Options exercised	**(295,895)**		**8.24**	(305,200)		8.24
Balance, end of the year	**4,823,331**	**$**	**14.37**	4,933,339	$	15.33

The outstanding stock options as at November 30, 2013 have expiry dates ranging from 2014 to 2020. The following table summarizes additional information about stock options outstanding as at November 30, 2013 and 2012:

November 30, 2013 Range of exercise prices	Number of options outstanding	Weighted average remaining life		Weighted average exercise price	Number of options exercisable		Weighted average exercise price
$8.01 to $15.00	2,575,912	4.9 years	$	9.33	1,031,273	$	8.45
$15.01 to $25.00	1,834,687	3.7		17.47	1,173,238		17.58
$25.01 to $35.00	400,000	1.0		31.90	400,000		31.90
$35.01 to $45.00	12,732	0.3		35.70	12,732		35.70
	4,823,331	4.1	$	14.37	2,617,243	$	16.26

November 30, 2012 Range of exercise prices	Number of options outstanding	Weighted average remaining life		Weighted average exercise price	Number of options exercisable		Weighted 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, 2013, 649,061 (2012 – 1,737,170) stock options were granted. Refer to Note 17 for expenses related to stock options. The fair value of options granted during the year ended November 30, 2013 has been estimated at $1.64 per option 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 option and 1,235,915 stock options were granted at fair value of $0.98 per option. The following assumptions were used to determine the fair value of the options granted during the years ended November 30, 2013 and 2012:

Years ended November 30	2013	2012
Risk-free interest rate	**1.5%**	1.3%
Expected dividend yield	**9.6%**	6.8% – 12.1%
Five-year historical-based expected share price volatility	**41.9%**	41.8% – 42.0%
Option term	**5.0 years**	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, 2013, the Company has recorded a $16.1 million (2012 – $8.0 million) liability related to other stock-based compensation.

The change in share units of RSU, PSU and DSU, excluding those related to AGF Trust (refer to Note 5), during the years ended November 30, 2013 and 2012 is as follows:

	2013	2012
Years ended November 30	Number of share units	Number of share units
Outstanding, beginning of the year		
Non-vested	**995,682**	391,154
Issued		
Initial grant	**578,944**	1,020,467
In lieu of dividends	**137,727**	74,464
Settled in cash	**(300,129)**	(265,247)
Forfeited and cancelled	**(100,407)**	(225,156)
Outstanding, end of the year	**1,311,817**	995,682

(c) Put Agreement with Non-controlling Shareholders

During the year ended November 30, 2013, the Company settled the liability related to the put agreement with non-controlling shareholders of one of its subsidiaries in connection with the purchase of the remaining non-controlling interest. As at November 30, 2012, the put liability was $6.7 million. Prior to the final settlement of the liability, in the year ended November 30, 2013, the Company recorded a gain of $0.7 million (2012 – loss of $4.1 million) related to the change in the fair value of the put agreement. Refer to Note 7 for details regarding the acquisition.

Note 19 Interest Expense

(in thousands of Canadian dollars)

Years ended November 30	2013	2012
Interest on long-term debt and standby fees	**$ 10,324**	$ 10,055
Interest on cash flow hedge	**1,388**	1,385
Unwinding of discount on notes portion of acquisition consideration payable	**456**	1,052
Other	**(557)**	(80)
	$ 11,611	$ 12,412

Note 20 Income Tax Expense

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

(in thousands of Canadian dollars) Years ended November 30		2013		2012
Current income tax				
Current income tax on profits for the year	**$**	**23,438**	$	34,299
Adjustments in respect of prior years		**307**		692
Accrual with respect to the CRA transfer pricing audit, including one-time true-up		**27,100**		2,074
Other		**1,128**		–
Total current income tax expense	**$**	**51,973**	$	37,065
Deferred income tax				
Origination and reversal of temporary differences	**$**	**(8,315)**	$	(16,419)
Impact of change in Canadian tax rate		**–**		10,646
Adjustments in respect of prior years		**(66)**		(440)
Other		**(43)**		21
Total deferred income tax benefit		**(8,424)**		(6,192)
Income tax expense	**$**	**43,549**	$	30,873

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

(in thousands of Canadian dollars) Years ended November 30	2013	2012
Canadian corporate tax rate	**26.5%**	26.7%
Impact of Canadian tax rate change	**–**	18.2
Rate differential on earnings of subsidiaries	**(1.7)**	(1.7)
Tax exempt investment income	**(4.3)**	(1.3)
Accrual with respect to the CRA transfer pricing audit	**41.1**	3.5
Non-deductible expenses	**1.4**	1.5
Impairment and other	**3.0**	5.8
Effective income tax rate	**66.0%**	52.7%

The income tax expense related to income from discontinued operations for the year ended November 30, 2013 was nil (2012 – $8.5 million).

(c) The Company's statutory corporate tax rate was 26.5% (2012 – 26.7%).

(d) The tax charged (credited) relating to components of other comprehensive income, excluding discontinued operations, is as follows:

	2013				2012			
(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	**$**	**–**	**$**	**(8)**	$	(11)	$	(41)
Impact of change in tax rate on deferred tax		**–**		**–**		–		(127)
Foreign currency translation differences		**–**		**–**		–		(6)
Other		**–**		**278**		–		233
	$	**–**	**$**	**270**	$	(11)	$	59

The tax credited to components of OCI from discontinued operations for the year ended November 30, 2013 was nil (2012 – $4.1 million).

Note 21 Earnings per Share

(in thousands of Canadian dollars)

Years ended November 30	2013	2012
Numerator		
Net income for the year from continuing operations attributable to the equity holders of the Company	**$ 22,447**	$ 27,493
Net income for the year from discontinued operations attributable to the equity holders of the Company	**–**	24,767
Net income for the year attributable to the equity holders of the Company	**22,447**	52,260
Denominator		
Weighted average number of shares – basic	**88,163,616**	94,117,889
Dilutive effect of employee stock options	**526,794**	814,324
Weighted average number of shares – diluted	**88,690,410**	94,932,213
Basic earnings per share		
Continuing operations	**$ 0.25**	$ 0.29
Discontinued operations	**–**	0.26
	0.25	0.55
Diluted earnings per share		
Continuing operations	**$ 0.25**	$ 0.29
Discontinued operations	**–**	0.26
	$ 0.25	$ 0.55

Note 22 Dividends

During the year ended November 30, 2013, the company paid dividends of $1.08 (2012 – $1.08) per share. Total dividends paid, including dividends reinvested, in the year ended November 30, 2013 were $95.2 million (2012 – $102.0 million). On December 12, 2013, 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, 2013, amounting to a total dividend of approximately $23.5 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 (the Funds) and receives management and advisory fees from the 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, 2013 and 2012 were from the Funds. As at November 30, 2013, the Company had $27.1 million (2012 – $28.3 million) receivable from the Funds. The Company also acts as trustee for the 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, 2013 on behalf of the Funds were approximately $9.8 million (2012 – $7.8 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 is as follows:

(in thousands of Canadian dollars)

Years ended November 30		2013		2012
Salaries and other short-term employee benefits	**$**	**5,043**	$	3,512
Share-based payments		**3,688**		1,931
	$	**8,731**	$	5,443

Note 24 Financial Risk Management

(a) Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and 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 foreign currency denominated financial instruments, of which it has limited use, 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 a portion of its long-term debt. As at November 30, 2013, if interest rates had been 1% higher/lower with all other variables held constant, profit before tax for the year would have been $1.9 million (2012 – $1.9 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, on certain derivative positions and on its consideration payable that is associated with future share payments. The Company's investments that have price risk include mutual funds managed by the Company of $10.8 million (2012 – $25.3 million) and equity securities of $1.2 million (2012 – $4.6 million) as at November 30, 2013. At November 30, 2013, the effect of a 10% decline or increase in the value of investments would result in a $1.1 million (2012 – $2.7 million) pre-tax unrealized gain or loss in net income and a $0.1 million (2012 – $0.3 million) pre-tax unrealized gain or loss to 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 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 credit 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,

obligations to taxation authorities and the repayment of its long-term debt. The Company is subject to certain financial loan covenants under its revolving credit facility and has met all of these conditions.

The tables below analyze the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from November 30, 2013 and 2012 to the contractual maturity date.

(in thousands of Canadian dollars) **November 30, 2013**	**Demand**	**1 year or less**	**1 to 5 years**
Accounts payable and accrued liabilities	**$ –**	**$ 84,495**	**$ –**
Income tax liability	**–**	**53,034**	**–**
Provision for Elements Advantage	**–**	**1,652**	**2,012**
Long-term debt	**–**	**–**	**310,000**
Acquisition consideration payable	**–**	**4,391**	**–**
Other liabilities	**–**	**–**	**13,162**
Total	**$ –**	**$ 143,572**	**$ 325,174**

(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

(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 Finance 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. Refer to Notes 10 and 13 for additional information.

The Company's long-term debt is subject to certain covenants and the Company has been in compliance with these covenants as at November 30, 2013. The Company is not subject to significant regulatory capital requirements in each of the jurisdictions in which it is registered and operates.

(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, 2013:

(in thousands of Canadian dollars) **November 30, 2013**	**Level 1**	**Level 2**	**Level 3**	**Total**
ASSETS				
Financial assets at fair value through profit or loss				
Cash and cash equivalents	**$ 369,865**	**$ –**	**$ –**	**$ 369,865**
AGF mutual funds and other	**10,779**	**–**	**–**	**10,779**
Equity securities	**509**	**–**	**–**	**509**
Available for sale				
Equity securities	**679**	**–**	**–**	**679**
Loans and receivables				
Canadian government debt – Federal	**–**	**305**	**–**	**305**
Total financial assets	**$ 381,832**	**$ 305**	**$ –**	**$ 382,137**
LIABILITIES				
Financial liabilities at fair value through profit or loss				
Acquisition consideration payable	**$ –**	**$ –**	**$ 6,731**	**$ 6,731**
Derivatives used for hedging	**–**	**3,343**	**–**	**3,343**
Total financial liabilities	**$ –**	**$ 3,343**	**$ 6,731**	**$ 10,074**

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

(in thousands of Canadian dollars) **November 30, 2012**	**Level 1**	**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	$ 401,175	$ 301	$ –	$ 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 fair value of financial instruments traded in active markets is 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 bank and non-Irish banks in Ireland, as well as bank term deposits.

Level 2 instruments include derivative instruments with major Canadian chartered banks and Canadian federal government debt. 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. 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 acquisition consideration payable is comprised of deferred cash payments and Class 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 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, 2012, level 3 instruments also included Class D exchangeable preferred shares related to the acquisition consideration payable and the NCI put liability as noted in Note 18. The fair value of the NCI put liability was determined as the difference between the specified price determined in part by reference to earnings and a market multiple based on precedent transactions.

The following table presents changes in level 3 instruments for the year ended November 30, 2013:

(in thousands of Canadian dollars)	Acquisition consideration payable	NCI put liability	Total
Balance at December 1, 2012	$ 8,802	$ 6,665	$ 15,467
Gains and losses recognized in profit or loss	1,873	(677)	1,196
Exercised put	–	(5,988)	(5,988)
Consideration paid	(3,944)	–	(3,944)
Balance at November 30, 2013	$ 6,731	$ –	$ 6,731

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

(in thousands of Canadian dollars)	Acquisition consideration payable	NCI put liability	Total
Balance at December 1, 2011	$ 42,380	$ 5,724	$ 48,104
Gains and losses recognized in profit or loss	719	4,107	4,826
Exercised put	–	(3,166)	(3,166)
Consideration paid	(34,297)	–	(34,297)
Balance at November 30, 2012	$ 8,802	$ 6,665	$ 15,467

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 deferred income tax assets and liabilities, and could, in certain circumstances, result in the assessment of interest and penalties.

In November 2013, the Company received a notice of reassessment (NOR) from the Canada Revenue Agency (CRA) relating to the transfer pricing and allocation of income between one of the Company's Canadian legal entities and a foreign subsidiary, which would increase the Company's taxes payable from its original tax filings by $10.0 million, $10.5 million and $15.4 million (before the application of any interest and penalties of $21.6 million) for its 2005, 2006 and 2007 fiscal years, respectively.

The Company strongly disagrees with the CRA's position and will object to the NOR. In consultation with its external advisors, the Company believes that its tax filing positions continue to be reasonable based on its transfer pricing methodology and the Company is contesting the CRA's position and any related transfer pricing penalty. However, to reflect the uncertainties of the CRA's appeals process, the Company has recorded a tax provision of $27.1 million related to this matter during the year ended November 30, 2013. The Company recorded a $52.8 million liability on its

consolidated statement of financial position as at November 30, 2013 in relation to this transfer pricing tax audit. The Company believes it is likely that the CRA will reassess its taxes for subsequent years on a similar basis and that these may result in future cash payments on receipt of the reassessments. The amount of tax provision recorded on the consolidated statement of financial position reflects management's best estimate of the ultimate resolution on this matter and includes any related estimated interest and penalties for the 2005 to 2013 fiscal years. The final result of the audit and appeals process may vary and may be materially different compared to the estimates and assumptions used by management in determining the Company's consolidated income tax provision and in valuing its income tax assets and liabilities.

Further to the Company's decision to object to the NOR, the Company will be pursuing its appeal rights under the *Income Tax Act* (Canada) and also seek Competent Authority relief from any double taxation under the applicable tax treaty. As a result, the Company is required to pay approximately $38.4 million, including interest and penalties, rather than the full amount of the reassessment even though the ultimate outcome may differ from this amount. The Company paid this amount to the CRA in December 2013.

The Company has been accepted by the CRA into a Bilateral Advance Pricing Arrangement (BAPA) between Canada and the relevant tax authorities to establish the appropriate transfer pricing methodologies for the tax years 2009 through 2016.

(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. The amounts of the losses related to these claims or potential claims, if any, cannot be determined at this time.

Note 26 Commitments and Guarantees

(a) Commitments

The Company is committed under operating leases for office premises and equipment. The Company is also committed to reimbursing 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, 2013, AGF met this commitment. The approximate minimum annual cash payments related to the above are as follows:

(in thousands of Canadian dollars)

Years ended November 30		
2014	$	12,552
2015		10,899
2016		9,204
2017		7,649
2018		6,790
Thereafter		14,482

(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 Subsequent Events

On December 31, 2013, the Company entered into a shareholder agreement with Instar Group Inc. related to the formation of an alternative asset management platform. As part of the agreement, the Company has committed to provide a capital commitment of not less than $100.0 million subject to certain conditions being achieved.

Consolidated 10-year review

(in thousands of Canadian dollars, except per share amounts) **Years ended November 30**	**IFRS 2013**	**IFRS 2012**	**IFRS[1] 2011**	**GAAP 2010**	**GAAP 2009**
OPERATIONS					
Total revenue (continuing operations)	**$ 484,535**	$ 510,216	$ 585,672	$ 512,967	$ 476,022
Net income attributable to equity owners of the Company	**22,447**	52,260	103,573	116,775	97,694
Dividends	**95,245**	101,973	99,440	91,792	88,821
PER SHARE					
Net income – basic	**$ 0.25**	$ 0.55	$ 1.09	$ 1.31	$ 1.10
Dividends	**1.08**	1.08	1.07	1.04	1.00

(in thousands of Canadian dollars, except per share amounts) **Years ended November 30**	**GAAP 2008**	**GAAP 2007**	**GAAP 2006**	**GAAP 2005**	**GAAP 2004**
OPERATIONS					
Total revenue (continuing operations)	$ 609,104	$ 678,531	$ 540,056	$ 510,968	$ 522,560
Net income attributable to equity owners of the Company	128,592	178,687	112,657	91,872	77,287
Dividends	84,860	70,151	61,521	50,522	37,474
PER SHARE					
Net income – basic	$ 1.44	$ 1.99	$ 1.26	$ 1.02	$ 0.85
Dividends	0.95	0.78	0.69	0.56	0.41

[1] Refer to Annual Report 2012 for transition adjustments from GAAP to IFRS.

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.