

A MESSAGE TO SHAREHOLDERS

# Helping investors succeed



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

As we reflect on the markets in 2013, it is heartening to see that investor confidence has begun to improve. Over the past 12 months, we have seen the U.S. equity markets reach new record highs and European markets make great strides in their recovery. Closer to home, Canadian markets lagged during the first half of the year, but market sentiment has gradually improved in response to positive economic signs and projections of a global recovery.

At AGF, we have been in the investment management business for over 55 years. We have expanded from a domestic retail mutual fund company to a global investment management firm. Our mission is 'Helping Investors Succeed' and in 2013, we made significant progress, expanding our global footprint and entering new markets.

We are committed to delivering innovative solutions and products to investors. Over the last two years, AGF launched AGF Floating Rate Income Fund, AGF U.S. AlphaSector Class and the AGF Focus Funds, new strategies for those clients who may be looking to diversify their fixed-income holdings or to increase their equity exposure without significantly increasing risk.

During the year, we also re-signed a long-term contract with our largest strategic partner, Primerica.

Under the agreement, AGF will continue to support the investment needs of over 10,000 Primerica representatives.

We continue to focus on expanding our global operations. We opened a sales representative office in London, England, and launched our Undertakings for Collective Investment in Transferable Securities (UCITS) platform, a co-mingled pooled fund structure for marketing in Europe. The launch of this platform will provide AGF access into new markets and allow us to diversify our global client base.

We also continue to enhance and strengthen our investment management capabilities. We have added bench strength to our North American Research team, refined our centralized research platform and streamlined our product offering to better meet the needs of our investors.

In December, we announced that Martin Hubbes, Executive Vice-President and Chief Investment Officer, will be stepping aside.

I want to express my thanks to Martin and wish him the best in the next chapter of his professional career. A global search for his replacement is underway.

## 2013 financial overview

Financially, AGF's earnings before interest, taxes, depreciation, amortization and impairment of goodwill and management contracts (EBITDA) from continuing operations were \$163.6 million, compared to \$189.0 million in 2012. EBITDA margin was 33.8% compared to 37.0% in 2012.

Diluted earnings per share (EPS) from continuing operations for the year ended November 30, 2013 was \$0.25 per share, compared to

\$0.29 per share in 2012. Adjusted EPS from continuing operations was \$0.53 per share in fiscal 2013, compared to \$0.63 in fiscal 2012.

Our balance sheet remains strong with \$369.9 million in cash as at November 30, 2013 and a modest debt to equity ratio of 30.5%. The

Our expanding global position and focus on the long term continue to position us well to help investors achieve their goals.

share price increased 62.5% from \$8.83 at November 30, 2012 to \$14.35 at November 30, 2013, driven in part by rising markets and overall increased valuations of mutual fund companies.

AGF is focused on increasing value for shareholders and remains committed to returning value through dividends and share buybacks. We maintained our dividend in 2013 at \$1.08 per share

on an annual basis. In total, we returned \$123.4 million of free cash flow from operations through a combination of cash dividends and share buybacks. Overall, while results in 2013 were mixed, we are confident that the operational changes we have made combined with the opportunities we are seeing set the foundation for a strong 2014.

### 2014 outlook and opportunities

As a premier independent global investment management firm, our goal is to ensure we are well positioned to meet the needs of all our investors. We believe investor concern regarding higher interest rates and managing volatility within equity investing will continue into 2014 and we are well positioned to help our clients address these concerns. Our focus on international equities will be a benefit to investors as they begin to reintroduce more global equity exposure into their portfolios and move away from lower-return options such as fixed-income solutions. The launch of our UCITS platform will continue to facilitate global growth and allow us to enter new markets. Finally, we continue to review investment

opportunities that align with our strategy and add value for our stakeholders. Product innovation has been a hallmark for AGF and we continue this tradition with the January 2014 launch of InstarAGF Asset Management, a new joint venture that will provide global institutional investors with access to infrastructure investment opportunities.

### In appreciation

In closing, I would like to express my sincere thanks to all of our stakeholders for their continued support and confidence throughout 2013. I also wish to thank AGF's Board of Directors for their continued counsel and advice. Finally, to my AGF team members in Canada and around the world – thank you for your continued dedication and enthusiasm as we work together to achieve AGF's goals and Help our Investors Succeed.



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January 28, 2014