

# AGF MANAGEMENT LIMITED ACQUISITION OF ACUITY

November 30, 2010



LONDON UK BOSTON TORONTO MONTREAL SINGAPORE HONG KONG DUBLIN BEIJING  
VANCOUVER SASKATOON CALGARY LONDON ON WINNIPEG HALIFAX OTTAWA



What are you doing after work?

# CAUTION REGARDING FORWARD-LOOKING STATEMENTS

*The forward looking information is provided as of November 30, 2010. Certain information presented in these remarks and in this presentation that is not historical factual information may constitute forward-looking information within the meaning of securities laws. Actual results could differ materially from a conclusion, forecast or projection contained in such forward-looking information. Forward-looking information may relate to our future outlook and anticipated events or results and may include statements about AGF Management Limited ("AGF") or the investment funds it manages (the "Funds"), including 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", or "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, size and default experience on our loan portfolio and cost efficiency in our loan 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 AGF's most recent financial statements and MD&A and, for the Funds, to each Fund's most recent prospectus and MRFP, as applicable, all available on [www.sedar.com](http://www.sedar.com).*



# CONFERENCE CALL PARTICIPANTS

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

Robert J. Bogart, CPA, Senior Vice President and Chief Financial Officer, AGF

Rob Badun, MBA, Executive Vice President, Investments, AGF

Ian O. Ihnatowycz, MBA, CFA, C.Dir. President & Chief Executive Officer, Acuity



# ACQUISITION OF ACUIITY

- Increases AUM to over \$51 billion
- Significantly enhances both retail and institutional businesses
- Provides substantial opportunities for growth
- Strong investment performance and continuity of investment team
- Exceptional fit between two strong independent Canadian firms:
  - Complementary products; capabilities; clients and culture
  - Success through independent distribution



# STRATEGIC RATIONALE

## Increases Scale

- Increases AUM by 16% to over \$51B
- Mutual fund AUM increases 12%, institutional AUM increases 20% and high net worth AUM increases 29%
- Significantly enhances position in the institutional community

## Platform for Growth

- Expands presence across asset classes and client segments
- Combines Acuity's products with AGF's robust sales and marketing expertise
- Investment teams and process remain in place

## Complementary Products

- Enhances products in fixed income and balanced categories
- Offers broad array of specialized equity mandates with strong institutional and retail appeal
- Pooled funds to serve high net worth market
- Acuity's Socially Responsible Investing (SRI) products are unique in the industry

## Financially attractive

- Accretive to cash EPS in 2011
- Revenue and cost synergies



# OVERVIEW OF ACUITY

- Founded in 1990 and 100% employee owned, Acuity is one of Canada's last remaining mid-sized asset management firms
- An independent and integrated portfolio and mutual fund management firm offering a full array of domestic mutual funds, pooled funds, Alpha wrap programs and SRI and environmental mutual funds
- Excellent, long standing relationships with a substantial, broadly diversified client base
- Strong retail distribution relationships with 14,000 financial advisors and 290 dealers
- Strong profitability with minimal marketing and overhead costs
- Well-established among pension plans, foundations and endowments

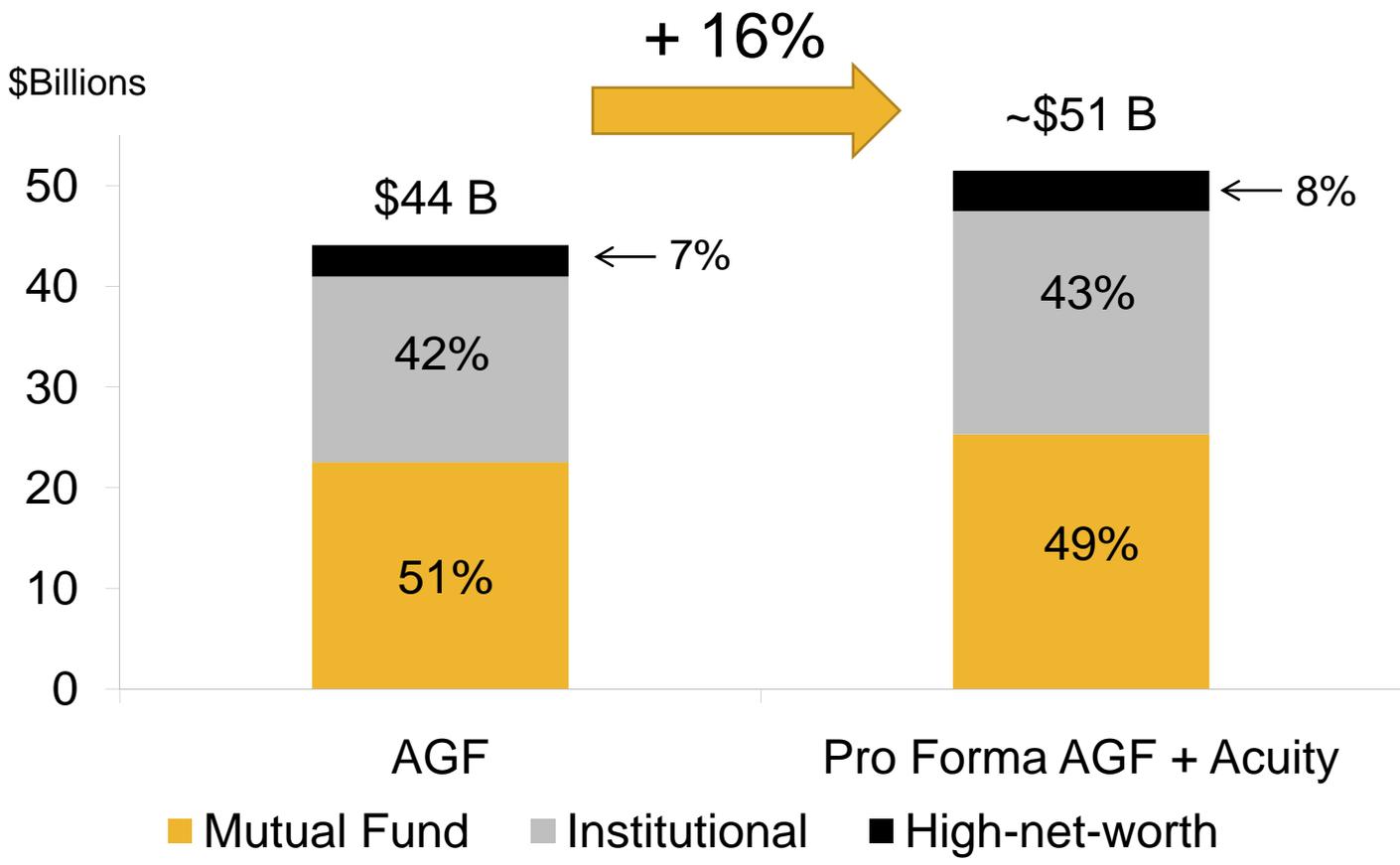


# ACUITY'S INDUSTRY LEADING LONG-TERM TRACK RECORD

- Winner of numerous investment awards over the years
  - Top quartile equity returns since inception in most strategies
  - Number 1 fixed income fund in Canada over 10-year and 15-year periods
  - Four balanced funds 1<sup>st</sup> quartile over 10-year and 15-year periods
    - Three balanced funds ranked in top 10 over 10-year period
  - Strong short-term performance across most mandates

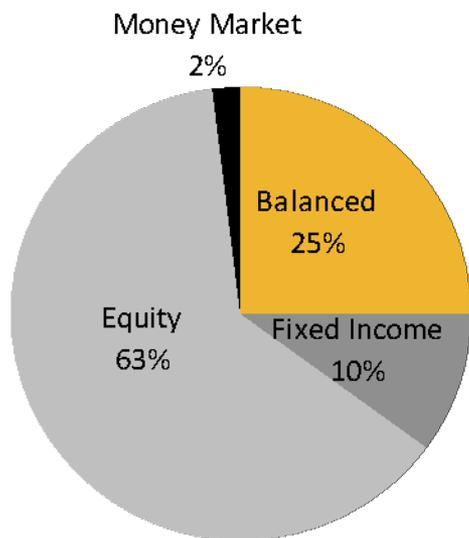


# STRATEGIC RATIONALE: FURTHER ENHANCES SCALE



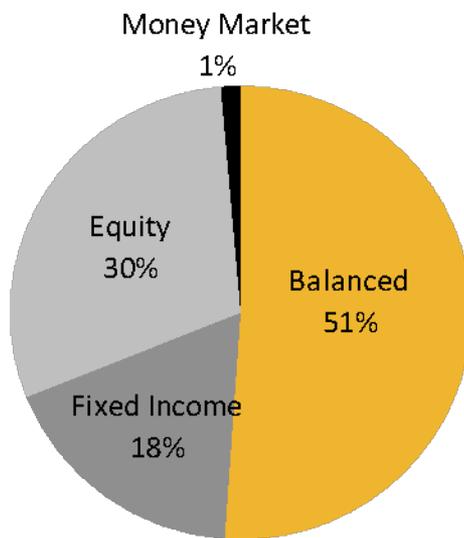
# STRATEGIC RATIONALE: BETTER BALANCE OF PRODUCTS

## AGF AUM



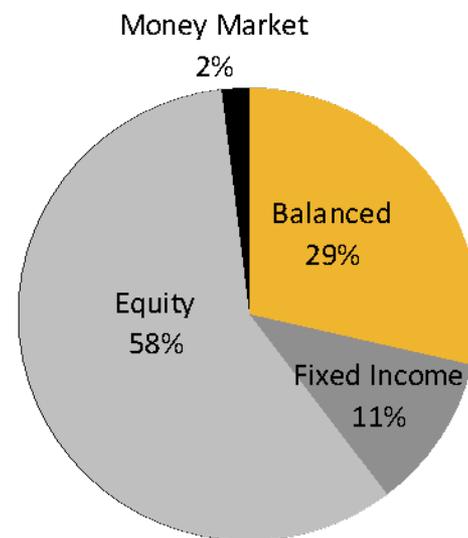
**\$22.5B**

## Acuity AUM



**\$3.7B\***

## Pro Forma AUM



**\$26.2B\***

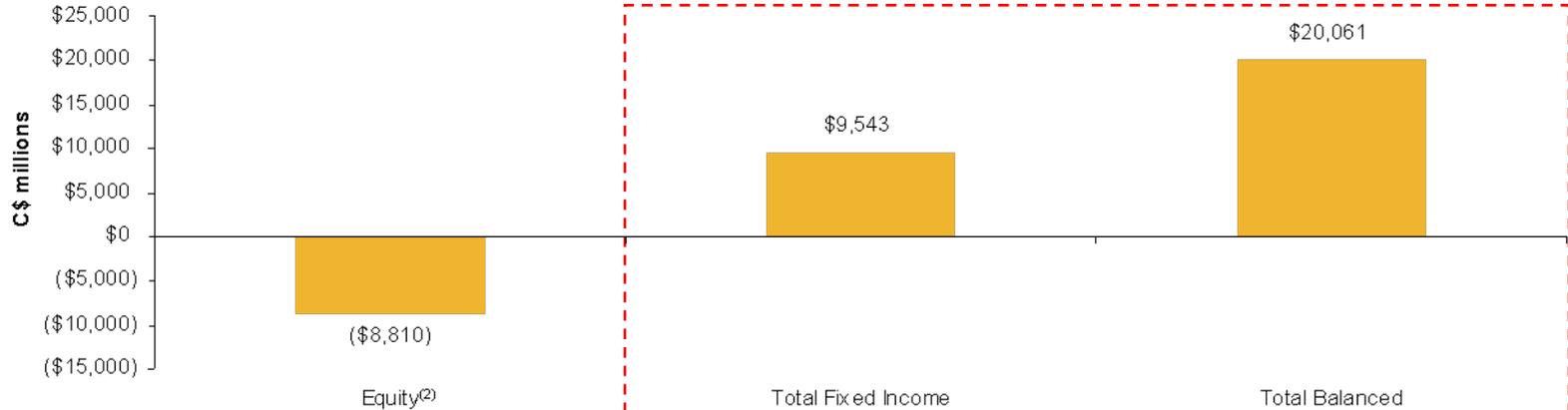
Source: IFIC (Primary Investment Management Role) October 2010 and Acuity reports

\* Includes retail pooled funds

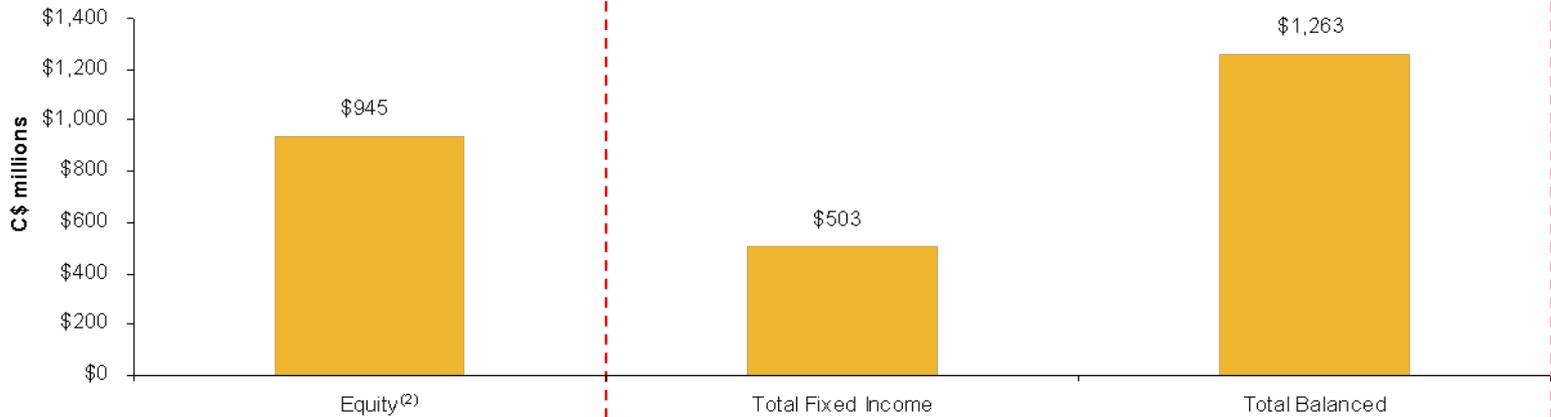


# STRATEGIC RATIONALE: COMPLEMENTARY PRODUCTS IN HIGHER FLOW ASSET CLASSES

Industry Net Flows  
(YTD 2010)



Acuity AUM<sup>1</sup>



% of AUM  
# of Funds

Equity <sup>(2)</sup>	34%	18%	46%
	16	3	9

**64% of Acuity's Mutual Fund AUM is concentrated in high flow asset classes**



(1) Excludes speciality funds and money market funds (2% of Acuity AUM) as well as retail pooled funds. Net sales include distributions.

(2) Equity includes Domestic, U.S., Global and Sector Equity

Source: IFIC (October 31, 2010)

# STRATEGIC RATIONALE:

## ADDITIVE TO INSTITUTIONAL BUSINESS

- Expands our product offerings in the institutional space:
  - Equity
  - Core-plus fixed income
  - Balanced
  - SRI and environmental
- Pooled funds expand our offerings to high net worth clients and smaller institutions
- Enhances our presence in the Canadian institutional marketplace in terms of assets and talent



# TRANSACTION SUMMARY

Offer:	\$325 million for 100% of Acuity; 60% cash and 40% AGF Class B Non-Voting shares
Upfront consideration:	\$223 million paid upfront at closing
Deferred consideration:	\$102 million is subject to deferral – to be paid over 3 years
Purchase Price Adjustment:	Purchase price will be adjusted based on client growth or contraction of Acuity's institutional assets
Financing:	\$200 million in bank financing from two Canadian chartered banks
Continuity:	Long-term incentives for Acuity portfolio managers
Expected Closing:	On or about February 1, 2011



# ACQUISITION OF ACUITY

Increases Scale

Platform for Growth

Complementary Products

Financially attractive

Delivering value to all stakeholders



# QUESTIONS?

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# THANK YOU



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