

AGF MANAGEMENT LIMITED
QUARTERLY REPORT

for the three months ended February 29, 2000

To the Shareholders

The three months ended February 29, 2000 saw volatile stock markets in both the U.S. and Canada. For example, the Dow Jones Industrial Average rose from 10,000 in mid-October 1999 to 11,700 in January 2000 and then pulled back to 10,000 again by the end of February. Showing a marked divergence, the Nasdaq Composite Index representing primarily technology stocks rose consistently from 3,000 at the beginning of November 1999 to 4,700 at the end of February 2000.

It is in these volatile and divergent markets that the true value of proper diversification becomes apparent. All AGF funds are well diversified and individual investors should consider having a number of AGF funds so that their portfolios will participate in the many diverse market trends.

The outlook for the market for the next quarter is somewhat more restrained because of the excesses of the previous quarter. Globally, business remains strong and while market overvaluation in certain sectors will be adjusted, the broad market has strong underpinnings.



C. Warren Goldring

Chairman and Chief Executive Officer
April 10, 2000

It is a pleasure to report that AGF Management Limited had consolidated net earnings after income taxes of \$21.2 million or \$0.52 per share fully diluted for the three months ended February 29, 2000, an increase of 61.9 per cent from the comparable period last year. Cash flow from operations (before net change in non-cash balances related to operations) was \$52.8 million or \$1.28 per share fully diluted for the quarter, compared with \$36.4 million or \$0.88 per share fully diluted for the first quarter last year, a gain of 45.1 per cent. Total consolidated revenue for the three months ended February 29, 2000 grew 43.6 per cent to \$112.1 million, up from \$78.1 million one year ago.

The Corporation's success during the most recent quarter was attributable to a powerful combination of steady sales during the RRSP season, a commitment to cost control, development of new distribution channels, a unique emphasis on brand awareness, and strong investment performance in the mutual fund portfolios. The Corporation's mutual fund assets under management increased \$2.2 billion during the quarter to \$21.2 billion at February 29, 2000. As of the date of this message to shareholders, total assets under management by the Corporation were in excess of \$24.5 billion.



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What are you doing after work?

Consolidated Statements of Income (unaudited)

| | Three months ended February 29, 2000 | Three months ended February 28, 1999 |
|--|---|---|
| (in thousands of dollars, except per share amounts) | | |
| Revenue | | |
| Wealth Management Operations | | |
| Net management and advisory fees | \$ 92,303 | \$ 66,046 |
| Administration fees and other revenue | 9,020 | 5,412 |
| Deferred sales charges | 7,426 | 3,855 |
| Investment income | 311 | 218 |
| | 109,060 | 75,531 |
| Trust Company interest, dividends and administration fees | 3,057 | 2,519 |
| | 112,117 | 78,050 |
| Expenses | | |
| Wealth Management Operations | | |
| Selling, general and administrative | 22,629 | 15,694 |
| Trailing commissions | 22,588 | 15,334 |
| Investment advisory fees | 7,696 | 5,995 |
| Amortization of deferred selling commissions | 17,739 | 13,315 |
| Amortization of management contracts | 1,281 | 1,281 |
| Amortization of capital assets and goodwill | 1,347 | 1,279 |
| Long-term interest expense | 964 | 1,015 |
| | 74,244 | 53,913 |
| Trust Company Operations | | |
| Interest on deposits | 1,882 | 1,584 |
| General and administrative | 652 | 532 |
| Provision for mortgage losses | 21 | 17 |
| | 2,555 | 2,133 |
| | 76,799 | 56,046 |
| Income before income taxes | 35,318 | 22,004 |
| Income taxes | | |
| Current | 2,503 | 1,357 |
| Deferred | 11,618 | 7,555 |
| | 14,121 | 8,912 |
| Net income for the period | \$ 21,197 | \$ 13,092 |
| Earnings per share | | |
| Basic | \$ 0.54 | \$ 0.34 |
| Fully diluted | \$ 0.52 | \$ 0.32 |
| Number of shares outstanding at period end | 38,915,813 | 38,674,725 |

Consolidated Statements of Cash Flow (unaudited)

| | Three months ended February 29, 2000 | Three months ended February 28, 1999 |
|--|---|---|
| (in thousands of dollars, except per share amounts) | | |
| Operating activities | | |
| Net income for the period | \$ 21,197 | \$ 13,092 |
| Items not affecting cash | | |
| Amortization of deferred selling commissions | 17,739 | 13,315 |
| Deferred income taxes | 11,618 | 7,555 |
| Amortization of management contracts | 1,281 | 1,281 |
| Amortization of capital assets and goodwill | 1,347 | 1,279 |
| Other | (369) | (126) |
| | 52,813 | 36,396 |
| Net increase in non-cash balances related to operations | (13,624) | (11,853) |
| | 39,189 | 24,543 |
| Financing activities | | |
| Net change in Class B shares | (5,121) | 1,014 |
| Decrease in bank loan | (4,000) | (2,000) |
| Dividends | (3,121) | (2,689) |
| Increase (decrease) in Trust Company deposits | (1,381) | 739 |
| | (13,623) | (2,936) |
| Investing activities | | |
| Deferred selling commissions paid | (41,581) | (30,821) |
| Purchase of investments | (1,490) | - |
| Purchase of capital assets | (1,463) | (855) |
| (Purchase) sale of investments - Trust Company Operations | 99 | (1,746) |
| Increase in Trust Company mortgages and other loans | (119) | (2,627) |
| | (44,554) | (36,049) |
| Decrease in cash and cash equivalents during the period | (18,988) | (14,442) |
| Balance of cash and cash equivalents, beginning of period | 72,056 | 60,084 |
| Balance of cash and cash equivalents, end of period | \$ 53,068 | \$ 45,642 |
| Represented by: | | |
| Cash and term deposits | | |
| Wealth Management Operations | \$ 32,607 | \$ 35,626 |
| Trust Company Operations | 12,478 | 3,956 |
| Short-term investments | 7,983 | 6,060 |
| | \$ 53,068 | \$ 45,642 |
| Supplemental disclosure of cash flow information | | |
| Interest payments during the period | \$ 2,198 | \$ 1,961 |
| Income tax payments during the period | \$ 2,856 | \$ 2,358 |
| Cash flow from operations per share (before net change in non-cash balances related to operations) | | |
| Basic | \$ 1.35 | \$ 0.94 |
| Fully diluted | \$ 1.28 | \$ 0.88 |