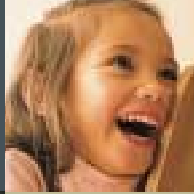
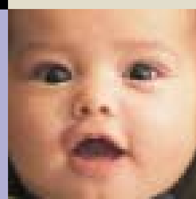


AGF MANAGEMENT LIMITED



QUARTERLY REPORT

for the nine months ended August 31, 2001

Dear fellow shareholders

I am pleased to report that AGF has recorded another strong quarter during the three month period ended August 31, 2001. As detailed in the consolidated financial statements and Management's Discussion and Analysis, AGF posted a 24.5 per cent increase in cash flow from operations of $71.5 million up from $57.5 million for the comparable period of the prior year, or $0.78 per share fully diluted compared with $0.71 per share fully diluted for the third quarter last year.

Consolidated revenue for the quarter grew to $163.2 million up 27.1 per cent from the same period last year. In addition, for the first three fiscal quarters, AGF has led the industry in sales of long-term mutual funds with a record $2.4 billion in net sales.

To maintain momentum, we have redoubled our efforts to contain costs and work diligently to steer our way through the challenges presented by the current volatile markets. The tragic events of September 11, 2001, may have a short-term impact on our revenue and cash flow from operations as we head towards the end of the fiscal year.

However, with the perspective, experience and wisdom of more than 40 years in the money management business and a solid financial foundation, I believe we are well-positioned not only for the current environment, but also for the eventual market recovery.

Blake Goldring, CFA
President & Chief Executive Officer
October 4, 2001

Management's Discussion and Analysis

AGF Management Limited is one of Canada's largest independent companies offering wealth management products and services to the investing public. The company and its principal subsidiaries (collectively referred to as the "Corporation") serve over one million investors through a broad range of mutual funds, private investment management for high-net-worth clients, trust products and services, investment advisory services and third-party fund administration for individual and institutional clients.

Management's Discussion and Analysis ("MD & A") presents an analysis of the Corporation's financial condition as at August 31, 2001 compared to November 30, 2000 and the results of operations for the three and nine months ended August 31, 2001 compared to the corresponding periods of 2000. It should be read in conjunction with the MD & A included in the Corporation's 2000 annual report and the quarterly report for the six months ended May 31, 2001.

The MD & A contains forward-looking statements that are inherently subject to risks and uncertainties beyond the Corporation's control. These risks and uncertainties include economic conditions, market fluctuations, interest rate and foreign exchange movements, political events, regulatory change and competitive developments. Actual results could differ materially from those contemplated by the forward-looking statements.

Results of Operations

Effective December 1, 2000, the Corporation changed its method of accounting for income taxes from the deferral method to the liability method as required by Canadian accounting standards. The requirements, as stated in Section 3465 of the Canadian Institute of Chartered Accountants' ("CICA") Handbook, were applied retroactively and the financial results for the prior periods have been restated.

Consolidated net income for the three months ended August 31, 2001 was $25.9 million, compared with net income of $26.7 million for the three months ended August 31, 2000. Fully diluted earnings per share were $0.28, versus $0.33 per share a year ago. Net income for the nine months ended August 31, 2001 was $145.7 million or $1.58 per share fully diluted, compared with $80.6 million or $0.99 per share a year ago. The 2001 financial results include the operations of Global Strategy Holdings Inc. ("Global Strategy"), acquired on November 20, 2000, and AGF Private Investment Management Limited (formerly Magna Vista Capital Management Inc.) ("Magna Vista"), acquired on August 29, 2000. In addition, the adoption of Section 3465 of the CICA Handbook, including the impact of declining Canadian federal and provincial income tax rates, increased net income by $2.7 million ($0.03 per share fully diluted) and $73.5 million ($0.79 per share fully diluted) respectively for the three months and nine months ended August 31, 2001. The comparative year 2000 net income was reduced by $27,000 (nil per share fully diluted) and increased by $7.6 million ($0.09 per share fully diluted) respectively for the three months and nine months ended August 31, 2000.

Wealth Management Operations

Revenue

Consolidated revenue for the three months and nine months ended August 31, 2001 were $163.2 million and $488.9 million, increases of 27.1% and 34.5%, respectively, as compared to $128.3 million and $363.5 million for the corresponding periods in the prior year.

Management and advisory fee revenue, net of distribution fees, was $134.2 million for the three months ended August 31, 2001 compared with $108.7 million for the corresponding period in 2000. Management and advisory fee revenue rose 33.3% from $301.6 million for the nine months ended August 31, 2000 to $402.1 million for the corresponding period in 2001. These increases reflected the growth in mutual fund assets under management, including the mutual fund assets acquired from Global Strategy.

Mutual fund assets under management stood at $28.52 billion at August 31, 2001, increasing 18.6% from assets under management of $24.05 billion at August 31, 2000 but down slightly from $28.57 billion of assets under management at November 30, 2000. The amounts exclude the Harmony Investment Pools but, for August 31, 2001 and November 30, 2000, include the Rothschild Select Funds (managed by the Corporation and distributed exclusively by Investors Group Inc.). During the nine months ended August 31, 2001, the Corporation recorded net mutual fund sales of $2.25 billion ($410 million for the three months ended August 31, 2001), which was the highest amongst major independent mutual fund management companies. However, assets under management gained during the nine months ended August 31, 2001 through net sales were offset by net depreciation of the fund investment portfolios. In Canada, the TSE 300 Index was down 16.1% from November 30, 2000 to August 31, 2001. Equity markets in the United States and many other countries also experienced sharp declines during this period. At approximately 91%, the percentage of assets under management in equity and balanced funds as at August 31, 2001 was little changed from November 30, 2000 and August 31, 2000.

Administration fees and other revenue increased 59.5% to $16.3 million for the three months ended August 31, 2001 from $10.2 million a year ago. Administration fees and other revenue for the nine months ended August 31, 2001 were $50.3 million, up 66.1% from the same period a year ago. The increase demonstrates the Corporation's success in positioning itself in the high net-worth and institutional client markets. Assets under management for these clients stood at $4.68 billion as at August 31, 2001 as compared to approximately $1 billion at the beginning of 2000. In addition, the Corporation's third party administration operation in Canada continues to expand its client base and achieved a 59.9% growth in revenue during the nine months ended August 31, 2001 as compared to the prior year. AdminSource (UK) Limited has also experienced significant growth with its revenue increasing 127.2% during the nine months ended August 31, 2001 versus a year ago.

Deferred sales charge revenue amounted to $8.1 million and $23.5 million for the three months and nine months ended August 31, 2001, as compared to $5.6 million and $20.5 million for the corresponding periods in the prior year. Since December 1, 1997, the Corporation has financed internally selling commissions of $582.7 million resulting in an increase in deferred sales charges received.

Expenses

Selling, general and administrative expenses ("SG&A") were $28.6 million for the three months ended August 31, 2001, an increase of 29.3% over SG & A of $22.1 million for the same period in the prior year. SG & A for the nine months ended August 31, 2001 amounted to $87.5 million as compared to $66.7 million a year ago. The increase in SG & A is attributable to higher costs incurred to support expanded activities within the mutual fund, private investment management and third-party administration businesses. Further, the Corporation maintained its investment in building strong brand awareness through advertising and other marketing programs. Nevertheless, strong cost-control measures and synergies realized from integrating and rationalizing the Global Strategy operations reduced the SG & A in respect of mutual fund operations expressed as a percentage of average assets under management by 2 basis points during the nine months ended August 31, 2001 as compared to the corresponding period a year ago.

Trailing commissions increased by 30.1% to $34.5 million for the three months ended August 31, 2001 from $26.5 million in the previous year. Trailing commissions for the nine months ended August 31, 2001 were $98.3 million, up from $74.3 million a year ago. The increase is attributable to the growth in mutual fund assets under management.

Investment advisory fees for the three months ended August 31, 2001 amounted to $12.4 million, as compared to $9.2 million for the corresponding period last year. Investment advisory fees for the nine months ended August 31, 2001 were $36.6 million as compared to $25.3 million in 2000. Higher investment advisory fees reflect the increase in mutual fund assets advised by external investment advisors.

Amortization of deferred selling commissions increased to $26.4 million and $74.5 million for the three months and nine months ended August 31, 2001, from $20.0 million and $57.3 million for the respective period in 2000. The increase is the result of the Corporation's decision to finance selling commissions internally in recent years.

Amortization of management contracts and goodwill totaled $12.6 million and $37.9 million for the three months and nine months ended August 31, 2001 as compared to $1.8 million and $5.5 million for the corresponding 2000 periods. The increase is due to the acquisitions of Magna Vista and Global Strategy and the adoption of CICA Handbook Section 3465 as described in Note 1 to the interim consolidated financial statements.

Interest expense amounted to $3.8 million and $12.5 million, respectively, for the three months and nine months ended August 31, 2001, as compared to $0.6 million and $2.5 million for the comparable periods a year ago. The increase is a result of the increase in bank loans and notes payable issued to finance the Global Strategy and Magna Vista acquisitions. The Corporation has entered into interest rate swap transactions which convert the floating interest rates paid by the Corporation on $61.6 million of its outstanding term loan into fixed interest rates of 5.47% to 5.56% per annum.

Trust Company Operations

The momentum in the housing market continued to have a positive impact on the operating results of AGF Trust Company ("Trust Company"), despite the slowdown in the economy. Net investment income for the three months ended August 31, 2001 grew 19.6% to $1.1 million, compared with $0.9 million for the three months ended August 31, 2000. For the nine months ended August 31, 2001, net investment income was $3.3 million, up 26.0% from the comparable nine-month period last year.

Net income for the three months ended August 31, 2001 amounted to $0.4 million, down 9.9% from the comparable period last year. For the nine months ended August 31, 2001, net income was $1.3 million, up 7.5% from the comparable period last year.

The Trust Company's balance sheet and financial position remained sound. Total assets grew to $218.0 million at August 31, 2001, an increase of 21.7% from November 30, 2000. The assets to capital multiple was 11.7 times as at August 31, 2001, compared with 10.4 as at November 30, 2000. These multiples are well within the permitted multiple of 15 times.

Financial Position

Total assets of the Corporation amounted to $1.55 billion at August 31, 2001 as compared to $1.47 billion at November 30, 2000. Shareholders' equity increased $271.6 million during the nine-month period to $751.7 million at August 31, 2001. The impacts of adopting CICA Handbook Section 3465 on the Corporation's total assets and shareholders' equity are described in Note 1 to the interim consolidated financial statements.

On December 6, 2000, the Corporation closed the sale of 5,500,000 Class B shares to public investors for net cash proceeds of $131.7 million. During the three months ended August 31, 2001, the Corporation repaid $39.0 million of the outstanding bank loans, bringing total bank loan repayments during 2001 to $140.5 million. As at August 31, 2001, the Corporation's long-term debt (excluding the portion due within one year) to equity ratio stood at 0.30 to 1, a significant improvement from the ratio of 0.58 to 1 as at November 30, 2000.

Cash Flow and Liquidity

The Corporation's cash flow remains strong. For the three months ended August 31, 2001, cash flow from operations (before net change in non-cash balances related to operations) increased 24.5% as compared to last year, from $57.5 million or $0.71 per share fully diluted to $71.5 million or $0.78 per share. Cash flow from operations was $223.6 million or $2.42 per share fully diluted for the nine months ended August 31, 2001, compared with $168.3 million or $2.06 per share a year ago.

Selling commissions financed by the Corporation amounted to $156.8 million for the nine months ended August 31, 2001, as compared to $121.9 million for the corresponding period a year ago. In the current interest rate environment, the Corporation intends to continue to internally finance the selling commissions paid during the balance of fiscal 2001.

Cash and short-term investments declined from $107.1 million at November 30, 2000 to $69.2 million at August 31, 2001. In addition to its cash and short-term investments, the Corporation has a ten-year prime rate based revolving term loan facility to a maximum of $150.0 million of which $87.3 million was available to be drawn as at August 31, 2001. The Corporation believes it has sufficient liquidity to support its normal business and operating activities during the remainder of 2001.

Outlook

World equity markets have suffered significant declines following the tragedy that occurred in the United States on September 11, 2001. With a deteriorating economic outlook, financial markets are expected to remain volatile in the near term as investors connect the fear and terror caused by this traumatic event with fear of investing. This may adversely impact the Corporation's revenue and earnings in the short term. Historically though, equity markets recover rapidly from downward trends triggered by tragic events or crises and particularly so with interest rates as low as they are currently. With industry-leading net sales of long-term funds, solid fund performance and management's commitment to strict cost controls, the Corporation believes it is well positioned to continue to succeed during this challenging environment.

CONSOLIDATED BALANCE SHEETS

(in thousands of dollars)
(unaudited)

	August 31, 2001	November 30, 2000 (restated)
ASSETS		
Wealth Management Operations		
Current assets		
Cash and term deposits	$ 16,643	$ 49,422
Short-term investments	30,334	45,454
Accounts receivable and prepaid expenses	65,554	32,351
Income taxes recoverable	1,373	–
	113,904	127,227
Investment in associated company	27,847	18,308
Other investments	796	766
Management contracts, net of accumulated amortization	566,187	597,528
Deferred selling commissions, net of accumulated amortization	476,910	394,620
Capital assets, net of accumulated amortization	33,303	27,653
Goodwill, net of accumulated amortization	116,445	122,971
	1,335,392	1,289,073
Trust Company Operations		
Cash and term deposits	22,253	12,221
Accounts receivable and other assets	3,780	3,345
Investments	5,612	6,088
Mortgages and consumer loans	185,774	157,150
	217,419	178,804
	$ 1,552,811	$ 1,467,877
LIABILITIES		
Wealth Management Operations		
Current liabilities		
Accounts payable and accrued liabilities	$ 53,504	$ 67,340
Long-term debt due within one year (note 3)	48,896	148,896
Income taxes payable	–	8,823
	102,400	225,059
Long-term debt (note 3)	223,918	278,051
Participation units	6,157	6,157
Future income taxes	269,783	316,541
Non-controlling interest in subsidiary	27	564
	602,285	826,372
Trust Company Operations		
Accounts payable and accrued liabilities	5,664	4,426
Deposits	193,202	156,988
	198,866	161,414
SHAREHOLDERS' EQUITY		
Capital stock (note 2)	361,245	221,107
Retained earnings	390,264	258,838
Foreign currency translation adjustment	151	146
	751,660	480,091
	$ 1,552,811	$ 1,467,877

CONSOLIDATED STATEMENTS OF INCOME

(in thousands of dollars, except per share amounts)

(unaudited)

	Three months ended August 31, 2001	Three months ended August 31, 2000 (restated)	Nine months ended August 31, 2001	Nine months ended August 31, 2000 (restated)
Revenue				
Wealth Management Operations				
Net management and advisory fees	$ 134,201	$ 108,696	$ 402,143	$ 301,624
Administration fees and other revenue	16,348	10,248	50,303	30,291
Deferred sales charges	8,134	5,632	23,516	20,519
Investment income	587	587	1,728	1,838
	159,270	125,163	477,690	354,272
Trust Company interest, dividends and administration fees	3,900	3,177	11,170	9,243
	163,170	128,340	488,860	363,515
Expenses				
Wealth Management Operations				
Selling, general and administrative	28,567	22,086	87,526	66,705
Trailing commissions	34,493	26,511	98,254	74,251
Investment advisory fees	12,381	9,225	36,555	25,269
Amortization of deferred selling commissions	26,381	20,042	74,512	57,261
Amortization of management contracts	10,448	1,426	31,341	4,275
Amortization of goodwill	2,175	410	6,526	1,227
Amortization of capital assets	3,229	1,753	9,012	4,316
Interest expense	3,785	642	12,531	2,542
	121,459	82,095	356,257	235,846
Trust Company Operations				
Interest on deposits	2,442	1,965	7,088	5,724
General and administrative	993	666	2,480	1,964
	3,435	2,631	9,568	7,688
	124,894	84,726	365,825	243,534
Income before income taxes and non-controlling interest	38,276	43,614	123,035	119,981
Income taxes				
Current	9,833	8,966	22,556	16,491
Future	2,843	7,914	(44,666)	22,896
	12,676	16,880	(22,110)	39,387
Net income before non-controlling interest	25,600	26,734	145,145	80,594
Non-controlling interest share of loss of subsidiary	283	–	537	–
Net income for the period	$ 25,883	$ 26,734	$ 145,682	$ 80,594
Earnings per share				
Basic	$ 0.29	$ 0.34	$ 1.64	$ 1.03
Fully diluted	$ 0.28	$ 0.33	$ 1.58	$ 0.99

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(in thousands of dollars)
(unaudited)

	Three months ended August 31, 2001	Three months ended August 31, 2000 (restated)	Nine months ended August 31, 2001	Nine months ended August 31, 2000 (restated)
Retained earnings, beginning of period	$ 369,710	$ 226,054	$ 258,838	$ 184,579
Net income for the period	25,883	26,734	145,682	80,594
	395,593	252,788	404,520	265,173
Deduct:				
Dividends on Class A and Class B shares	5,329	3,908	14,205	10,162
Excess paid over average issue price of Class B shares purchased for cancellation	–	1,449	51	7,580
	5,329	5,357	14,256	17,742
Retained earnings, end of period	$ 390,264	$ 247,431	$ 390,264	$ 247,431

CONSOLIDATED STATEMENTS OF CASH FLOW

(in thousands of dollars, except per share amounts)
(unaudited)

	Three months ended August 31, 2001	Three months ended August 31, 2000 (restated)	Nine months ended August 31, 2001	Nine months ended August 31, 2000 (restated)
Operating activities				
Net income for the period	$ 25,883	$ 26,734	$ 145,682	$ 80,594
Items not affecting cash				
Amortization of deferred selling commissions	26,381	20,042	74,512	57,261
Future income taxes	2,843	7,914	(44,666)	22,896
Amortization of management contracts	10,448	1,426	31,341	4,275
Amortization of goodwill	2,175	410	6,526	1,227
Amortization of capital assets	3,229	1,753	9,012	4,316
Other	570	(818)	1,161	(2,236)
	71,529	57,461	223,568	168,333
Net (increase) decrease in non-cash balances related to operations	(10,463)	4,461	(56,159)	(817)
	61,066	61,922	167,409	167,516
Financing activities				
Net change in Class B shares	1,435	(1,138)	134,316	(5,051)
Dividends	(5,329)	(3,908)	(14,205)	(10,162)
Decrease in bank loan	(39,000)	(7,000)	(140,450)	(22,000)
Decrease in notes and instalment payable	(6,404)	–	(10,272)	(62)
Increase in Trust Company deposits	26,188	5,268	36,214	5,940
	(23,110)	(6,778)	5,603	(31,335)
Investing activities				
Deferred selling commissions paid	(37,244)	(35,764)	(156,802)	(121,885)
Acquisition of subsidiary net of cash acquired	–	(7,664)	–	(7,664)
Investment in associated company	–	–	(11,237)	–
Purchase of capital assets	(3,818)	(3,779)	(14,662)	(8,167)
Sale (purchase) of investments	–	1,196	(30)	1,836
Sale (purchase) of investments: Trust Co. Operations	514	(264)	476	888
Increase in Trust Company mortgages and consumer loans	(12,249)	(3,700)	(28,624)	(9,260)
	(52,797)	(49,975)	(210,879)	(144,252)
Increase (decrease) in cash and cash equivalents during the period	(14,841)	5,169	(37,867)	(8,071)
Balance of cash and cash equivalents, beginning of period	84,071	58,816	107,097	72,056
Balance of cash and cash equivalents, end of period	$ 69,230	$ 63,985	$ 69,230	$ 63,985
Represented by:				
Cash and term deposits				
Wealth Management Operations	$ 16,643	$ 14,138		
Trust Company Operations	22,253	7,485		
Short-term investments	30,334	42,362		
	$ 69,230	$ 63,985		
Supplemental disclosure of cash flow information				
Interest payments during the period	$ 6,252	$ 2,627	$ 19,694	$ 8,306
Income tax payments during the period	$ 1,884	$ 1,581	$ 32,752	$ 8,512
Cash flow from operations per share (before net change in non-cash balances related to operations)				
Basic	$ 0.81	$ 0.74	$ 2.52	$ 2.16
Fully diluted	$ 0.78	$ 0.71	$ 2.42	$ 2.06

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended August 31, 2001 and August 31, 2000 (unaudited)
(in dollars, except as otherwise stated)

These unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended November 30, 2000, the unaudited interim consolidated financial statements for the three months ended February 28, 2001 and the unaudited interim consolidated financial statements for the six months ended May 31, 2001. Certain comparative amounts have been reclassified to conform to the current period's presentation.

1. Significant accounting policies

These interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada, using the same significant accounting policies as set out in Note 1(b) to the consolidated financial statements for the year ended November 30, 2000, on pages 51 to 53 in the 2000 Annual Report, except as noted below:

Effective December 1, 2000 the Corporation adopted Section 3465 "Accounting for Income Taxes" of the Canadian Institute of Chartered Accountants' Handbook, and changed its method of accounting for income taxes from the deferral method to the liability method. The requirements of Section 3465 were applied retroactively and financial statements for the prior periods have been restated.

Under the liability method of accounting for income taxes, future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities. These differences are remeasured at each period end using the substantively enacted tax rates and laws that are expected to be in effect in the periods in which the future income tax assets or liabilities are expected to be realized or settled.

The impacts of adopting Section 3465 on the consolidated balance sheets and statements of income were as follows:

(in thousands of dollars)	as at August 31, 2001	as at November 30, 2000
Changes in consolidated balance sheets		
Goodwill	$ 115,308	$ 121,743
Management contracts	64,302	67,845
Total assets	$ 179,610	$ 189,588
Future income taxes	$ 98,020	$ 181,545
Retained earnings	81,590	8,043
Total liabilities and shareholders' equity	$ 179,610	$ 189,588

	Three months ended August 31, 2001	Three months ended August 31, 2000	Nine months ended August 31, 2001	Nine months ended August 31, 2000
Changes in consolidated statements of income				
Amortization of goodwill	$ 2,145	$ 336	$ 6,435	$ 1,005
Amortization of management contracts	1,181	144	3,543	431
Future income tax expense	(6,045)	(453)	(83,525)	(9,057)
Net income for the period	$ 2,719	$ (27)	$ 73,547	$ 7,621
Changes in earnings per share				
Basic	$ 0.03	$ 0.00	$ 0.83	$ 0.10
Fully diluted	$ 0.03	$ 0.00	$ 0.79	$ 0.09

2. Capital stock

(a) Authorized capital

The authorized capital of AGF consists of an unlimited number of Class B Non-Voting Shares ("Class B shares") and an unlimited number of Class A Voting Common Shares ("Class A shares"). The Class B shares are listed for trading on The Toronto Stock Exchange. The issued and outstanding Class B and Class A shares were subdivided on a two-for-one basis on August 29, 2000. All number of shares and per share amounts have been restated to give effect to the share subdivision.

(b) Equity offering of Class B shares

On December 6, 2000, AGF issued 5,500,000 Class B shares at $25.00 per share. The net cash proceeds amounting to $131.7 million (gross proceeds of $137.5 million less share issue costs of $5.8 million) were used to fully repay the bank bridge loan and partially repay the revolving term loan (see note 3).

(c) Movement during the period

The movement in capital stock during the nine months ended August 31, 2001 is summarized as follows:

	Number of shares issued		Amount (000's)
Class B shares			
Balance, November 30, 2000	83,046,454	$	221,107
Issued on equity offering	5,500,000		134,103
Issued on repayment of instalment (see note 3(d))	123,460		3,411
Issued through dividend reinvestment plan	1,037		26
Stock options exercised	582,082		2,611
Purchased for cancellation	(3,000)		(13)
Balance, August 31, 2001	89,250,033		361,245
Class A shares			
Balance, August 31, 2001 and November 30, 2000	57,600		–
Total stated capital		$	361,245

(d) Class B shares purchased for cancellation

AGF has obtained applicable regulatory approval to purchase for cancellation, from time to time, certain of its Class B shares through the facilities of The Toronto Stock Exchange. Present approval for such purchases extends through to February 2002.

(e) Stock option plans

AGF has established stock option plans for senior employees under which stock options to purchase an aggregate maximum of 5,690,864 Class B shares could have been granted as at August 31, 2001. Stock options are vested to the extent of 25% to 33% of the individual's entitlement per annum.

The movement in stock options during the nine months ended August 31, 2001 is summarized as follows:

	Number of options	Weighted average exercise price
Class B share options		
Balance outstanding, November 30, 2000	4,241,340	$ 6.98
Options granted	433,950	$ 27.73
Options cancelled	19,651	$ 13.80
Options exercised	582,082	$ 4.57
Balance outstanding, August 31, 2001	4,073,557	$ 9.50

The outstanding options have expiry dates ranging from December 2001 to June 2008.

3. Long-term debt

	(000's)	
	August 31, 2001	November 30, 2000
Bank loans		
Fully amortizing term loan	$ 150,450	$ 177,000
Bridge loan	–	100,000
Revolving term loan	62,700	76,600
Notes payable due November 22, 2004	19,259	19,875
Notes payable due April 30, 2013	31,265	35,675
Instalment payable due July 31, 2002	8,527	17,054
Loan notes due September 30, 2004	613	743
	272,814	426,947
Less: amount included in current liabilities	48,896	148,896
	$ 223,918	$ 278,051

(a) Bank loans

Fully amortizing term loan

Fully amortizing 5-year term loan with a Canadian chartered bank, repayable in equal quarterly instalments over the period of 20 quarters following advance plus interest payable. The facility can be funded by direct advances and/or bankers' acceptances ("BA's"). At August 31, 2001, the Corporation has drawn the facility in the form of 63-day and 84-day BA's at an effective interest rate of 4.86% per annum.

Revolving term loan

The Corporation has arranged a 10-year prime rate based revolving term loan to a maximum of $150.0 million with a Canadian chartered bank. Under the loan agreement, the Corporation is permitted to avail the revolving term loan by direct advances and/or bankers' acceptances. The revolving term loan is available at any time for a period of 364 days from commencement of the loan (the "Commitment Period"). The expiration of the current Commitment Period is June 30, 2002. However, the Corporation may request, by April 15, 2002, and prior to April 15 in any calendar year thereafter, for a recommencement of the 10-year term at the expiry of the then current Commitment Period. No repayment of the principal amount outstanding pursuant to the revolving term loan is required during the first three years of the then applicable term. Thereafter, the loan balance shall be repaid in minimum monthly instalments of at least one-eighty-fourth of the amount of principal outstanding.

As at August 31, 2001, the Corporation has drawn $62.7 million against the available loan amount in the form of 4-day to 121-day BA's at an effective interest rate of 4.72% per annum.

Security for the bank loans includes a specific claim over the management fees owing from the mutual funds (subject to the existing claims of related limited partnerships) for which the Corporation acts as manager and, depending upon the amount of the loan outstanding, an assignment of AGF's investments in 20/20 Financial Corporation and AGF International Company Limited.

(b) Notes payable due November 22, 2004

Amortizing 4-year notes payable relating to the acquisition of Global Strategy, repayable in equal annual instalments of $5.0 million. Interest is payable monthly based on the 30-day BA rate plus 0.40% per annum. The notes are secured by irrevocable letters of credit from a Canadian chartered bank.

(c) Notes payable due April 30, 2013

Proceeds from notes payable issued to Multi-Fund Income Trust ("Multi-Fund") were used to pay sales commissions incurred on the sale of units of the Global Strategy funds purchased on a contingent deferred sales charge basis from July 30, 1997 to June 30, 1998.

The notes payable bear interest at 5% per annum accrued daily and payable monthly. Monthly repayments of interest and principal are required until the full principal amount of the notes is repaid or until April 30, 2013, whichever comes first. Monthly repayments are determined based on a specified percentage (up to 0.47% per annum) of the net asset value of mutual fund assets financed by Multi-Fund ("distributed securities"). Monthly repayments will also include all contingent deferred sales charges received by the Corporation related to distributed securities.

Multi-Fund has no recourse to any other assets of the Corporation to satisfy any amount payable in respect of the notes.

(d) Instalment payable due July 31, 2002

Instalment payable relates to the acquisition of AGF Private Investment Management Limited. It is non-interest bearing and unsecured.

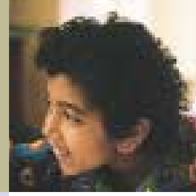
(e) Loan notes due September 30, 2004

Loan notes are payable in British pounds. Interest is payable semi-annually at an interest rate that is reset semi-annually based on LIBOR.

4. Interest rate swap and foreign exchange hedge transactions

The Corporation has entered into, for hedging purposes, three interest rate swap transactions (the "Swap Transactions") with a Canadian chartered bank. The Swap Transactions expire between October 28, 2007 and January 27, 2008. They involve the exchange of three-month bankers' acceptance floating interest rates for fixed interest rates of 5.47% to 5.56% per annum. As at August 31, 2001, the aggregate notional amount of the Swap Transactions was $61.6 million. The aggregate fair value of the Swap Transactions which represents the amount that would be paid (received) by the Corporation if the transactions were terminated at August 31, 2001 was $1,192,000.

To hedge its currency exposure in connection with its investment in U.K.-based NCL (Securities) Limited, an associated company, the Corporation has entered into a foreign exchange forward contract to sell U.K. £14,500,000 on April 17, 2002 at an exchange rate of 2.2308 for CDN $32,347,000. The fair value of the forward contract at August 31, 2001 has been included in the foreign currency translation adjustment.





What are you doing after work?

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