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AGF MANAGEMENT LIMITED

Third Quarter Report to Shareholders for the three and nine months ended August 31, 2009

AGF MANAGEMENT LIMITED REPORTS THIRD QUARTER FINANCIAL RESULTS

AGF reports net income of $22.8 million

Toronto | September 23, 2009

AGF Management Limited (AGF) today announced financial results for the third quarter ended August 31, 2009 with net income of $22.8 million, up $5.6 million from net income reported in the second quarter ended May 31, 2009. Net income was down from $41.1 million in the same period in 2008 as a result of declines in Investment Management Operations revenue primarily related to declines in global markets and an increase in Trust Company Operations provision for loan losses. These impacts were partially offset by a 12.5% decline in selling, general and administrative (SG&A) expenses.

Earnings per share in the third quarter of 2009, on a fully diluted basis, were $0.25 compared with $0.19 in the second quarter of 2009 and $0.46 in the third quarter of last year.

While the global economy continues to face strong challenges, economic indicators suggest a recovery may be starting to take shape. The third quarter showed signs of improvement over the second quarter of 2009 with AGF reporting a 9.6% increase in assets under management (AUM), a 2.4% increase in total revenue, and a 14.5% increase in earnings before interest, taxes, depreciation and amortization (EBITDA). Year-over-year results, however, show that the economy has yet to reach pre-recession levels as evidenced by third quarter numbers that show a 15.8% decline in AUM, a 20.5% decline in revenue and a 31.2% decrease in EBITDA compared with the same period a year earlier.

"There were signs during the third quarter that the global economy is moving toward a recovery. Global markets continued to improve with higher indices contributing to increases in our AUM and profitability compared to the second quarter," said Chairman and CEO Blake C. Goldring. "While encouraged by the steady growth in our AUM over the past quarter, we will continue to strengthen the business through expense discipline, improving our future operating capabilities and servicing our clients."

Added Mr. Goldring, "We are very pleased that Manulife Investments announced on September 16 that its new GIF Select platform will include a number of new investment fund options, including a bundle from AGF. The product, to be called Manulife AGF Bundle, will consist of three AGF funds -- AGF Canada Class, AGF Global Equity Class and AGF Canadian Bond Fund. We are enthusiastic about embarking on this new step and look forward to its rollout in October."

During this quarter, total consolidated revenue decreased to $146.9 million compared with $184.7 million in the third quarter of the prior year. EBITDA totalled $56.1 million for the three months ended August 31, 2009, compared with $81.5 million for the three months ended August 31, 2008. For the third quarter of 2009, EBITDA margins declined to 38.2% from 44.1% in the same period a year earlier.

Total AUM decreased 15.8% to $41.0 billion at August 31, 2009 from $48.7 billion as at August 31, 2008. Over the same period, mutual fund assets declined by 16.0% primarily as a result of market depreciation combined with net redemptions. However, the level of net redemptions showed improvement on a year-over-year basis. Institutional and high-net-worth client assets declined 15.5% year-over-year primarily as a result of market depreciation but improved 14.3% quarter-over-quarter with the addition of new institutional mandates.

Also in the quarter, in keeping with our stated strategy to slow loan growth and suspend new originations of lower margin lending products, our Trust Company Operations loan assets declined 14.1% over August 31, 2008 to $3.8 billion as at August 31, 2009. AGF Trust remained focused on credit and collections activities in the third quarter of 2009 to mitigate potential future loan losses.

This strategy has helped to deliver an 87.8% increase in Trust EBITDA in the third quarter ended August 31, 2009 over the second quarter ended May 31, 2009. This improvement was primarily driven by a 51.7% decline in the provision for loan losses in the third quarter ended August 31, 2009 as compared to the second quarter ended May 31, 2009.

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, performance and opportunities. 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 factors such as level of assets under our management, volume of sales and redemption 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 the 'Managing Risk – Overview' section of this MD&A and to the 'Risk Factors and Risk Management' section of our 2008 annual MD&A.

Dear fellow shareholders

The mutual fund industry showed some positive signs in the third quarter that investors are slowly regaining confidence in the markets. Industry redemptions of money market funds accelerated during the summer months and net sales of long-term funds showed improvement when compared with the first half of the year. Industry mutual fund assets increased amid improving equity markets but still lagged levels from a year ago.

AGF's total assets under management (AUM) grew to $41.0 billion at the end of the third quarter of fiscal 2009, down 15.8% from August 2008 levels but up 9.6% since the end of May 2009. We are pleased with the steady improvement in our AUM over the past six months. On a year-over-year basis, Investment Management revenues were down 22.4% for the quarter. Accordingly, we will continue to focus on improving gross mutual fund sales by targeting our sales efforts on the categories that matter the most to investors. We are very pleased that Manulife Investments announced on September 16 that its new GIF Select platform will include a number of new investment fund options, including a bundle from AGF. The product, to be called Manulife AGF Bundle, will consist of three AGF funds -- AGF Canada Class, AGF Global Equity Class and AGF Canadian Bond Fund. We are enthusiastic about embarking on this new step and look forward to its rollout in October. We were awarded new institutional mandates during the third quarter and we will continue to aggressively market our institutional product platform and expand our international reach as we grow assets in this space. We have reduced our SG&A expenses by 11.5% year-to-date and will continue to take further action to reduce costs in a manner that enhances our future operating capabilities and sustainability.

Our Trust Company Operations continued to focus on responsible management of our lending portfolios during the third quarter of 2009. Despite the fact that loan assets declined 14.1% year-over-year at August 31, 2009 and net interest income decreased 12.5%, results were much improved in the third quarter compared to the first six months of fiscal 2009. The success in the Trust business reflects our stated strategy to ensure that AGF Trust remains well-capitalized and focused on increased credit and collection activities, reducing operating expenses and managing liquidity. AGF Trust remained a profitable contributor to AGF during the third quarter of fiscal 2009 contributing EBITDA of $9.2 million.

Consolidated revenue was $146.9 million, compared with $184.7 million in the third quarter of the prior year. Earnings before interest, taxes, depreciation and amortization[1] (EBITDA) from continuing operations declined to $56.1 million from $81.5 million for the three months ended August 31, 2008 as declining revenue outpaced expense savings. Selling, general and administrative (SG&A) expenses of $48.4 million were 12.5% lower compared to $55.3 million in the third quarter of last year. We continue to target permanent SG&A expense savings compared with 2008.

For the three months ended August 31, 2009, AGF reported cash flow from continuing operations[1] (before net change in non-cash balances related to operations) of $49.0 million, compared with $66.3 million one year ago. Free cash flow[1] (cash flow from continuing operations less selling commissions paid) for the same period was $35.9 million, compared with $48.7 million one year ago.

Our focus and commitment continues to be providing excellence in the investment management business. We believe that prudent management of our expenses and balance sheet will allow AGF to weather future challenges and positions us appropriately as an economic recovery begins to take shape. We remain committed to achieving our long-term objectives and delivering superior value to our shareholders, clients and unitholders.

Blake C. Goldring, M.S.M., CFA
Chairman and Chief Executive Officer
September 23, 2009

[1] Cash flow from continuing operations, free cash flow and EBITDA are non-GAAP measures. Please refer to pages 5 and 6 of this report for definitions of these metrics.

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the three and nine months ended August 31, 2009

This Management's Discussion and Analysis (MD&A) presents an analysis of the financial condition of AGF Management Limited and its subsidiaries (AGF) as at August 31, 2009, compared with November 30, 2008. The MD&A also includes the results of operations for the three and nine months ended August 31, 2009, compared with the corresponding periods of 2008. This discussion should be read in conjunction with our 2008 annual MD&A and 2008 annual audited Consolidated Financial Statements and Notes. Certain comparative amounts in these financial statements have been reclassified to conform with the current year's presentation. The financial information presented herein has been prepared on the basis of Canadian Generally Accepted Accounting Principles (GAAP). Percentage changes are calculated using numbers, rounded to the decimals that appear in this MD&A. All dollar amounts are in Canadian dollars unless otherwise indicated.

There have been no material changes to the information discussed in the following sections of the 2008 annual MD&A: "Risk Factors and Risk Management", "Controls and Procedures", "Contractual Obligations", "Intercompany and Related Party Transactions" and "Government Regulations". The "Key Performance Indicators and Non-GAAP Measures" section contains a reconciliation of non-GAAP measures to GAAP measures.

Overview

With $41.0 billion in assets under management (AUM) as at August 31, 2009, AGF is one of Canada's premier investment management companies, 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 August 31, 2009, our products and services include a diversified family of award-winning mutual funds, AGF Elements portfolios, the Harmony asset management program, services for institutional and high-net-worth clients, as well as AGF Trust GICs, loans and mortgages.

For purposes of this discussion, the operations of AGF and our subsidiary companies are referred to as "we", "us", "our" or "the Company". The financial results relating to the operations have been reported in three segments: Investment Management Operations, Trust Company Operations and Other.

The Investment Management Operations segment includes the results of our retail mutual fund, institutional and high-net-worth client businesses. The Trust Company Operations segment includes the results of AGF Trust Company, and the Other segment includes our equity interest in Smith and Williamson Holdings Limited (S&WHL).

Strategy and Quarterly Overview

As stated in our 2008 annual MD&A, our overall business strategy is to foster the development of best-in-class operating segments to provide world-class financial services to investors in Canada and internationally. We continue to identify opportunities within our business segments to ensure that the appropriate resources are allocated to each of these segments to maximize shareholder value over the long term. Our strategy also recognizes that our investment management and trust businesses operate in cyclical industries and our financial results will be affected by global stock markets, credit availability, employment levels and other economic factors.

Profitability and operating conditions improved in the third quarter of 2009 compared to the second quarter of this year. However, profitability and operating conditions in the third quarter of 2009 compared to the same quarter in 2008 remained challenging due to lower year over year global stock market indices. During the third quarter of 2009:

- Revenue decreased 20.5% as compared with the same period in 2008, driven primarily by a 22.4% decline in Investment Management Operations revenue which was directly related to lower year-over-year AUM levels.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) decreased 31.2% during the same period to $56.1 million as declining revenue outpaced expense savings.
- EBITDA margin declined to 38.2% in the third quarter of 2009 as compared to 44.1% in the third quarter of 2008 but increased from 34.1% in the second quarter of 2009.
- Net income decreased 44.5% over the same period in 2008 primarily due to a decline in Investment Management Operations revenue and an increase in Trust Company Operations provision for loan losses. This was partly offset by declines in selling, general and administrative (SG&A) expenses.

- Total AUM declined 15.8% from $48.7 billion at August 31, 2008 to $41.0 billion as at August 31, 2009. AUM increased by 9.6% from $37.4 billion at May 31, 2009 due to improving stock markets during the third quarter of 2009.
- SG&A expenses declined 12.5% in the quarter ended August 31, 2009 as compared to the corresponding period in 2008 as a result of cost reduction initiatives across the Company.
- AGF Trust real estate secured loan assets declined 22.6% over the previous year and investment loans declined 6.8% with total loan assets declining 14.1% year-over-year. This decline in loan assets is reflective of our strategy to suspend new originations of lower margin lending products and slow loan growth in 2009.
- AGF Trust remained profitable in the third quarter of 2009, representing 27.6% of AGF Management Limited's pre-tax income.
- We delivered value directly to our shareholders through dividend payments. Dividends paid, including dividends reinvested, on Class A voting common shares (Class A shares) and Class B non-voting shares (Class B shares) remained steady at $22.2 million in the third quarter of 2009 compared to $22.4 million in the same period in 2008.
- Following the end of our third quarter, on September 16, 2009, Manulife Investments announced that its new GIF Select platform will include a number of new investment fund options, including a bundle from AGF. The product, to be called Manulife AGF Bundle, will consist of three AGF funds -- AGF Canada Class, AGF Global Equity Class and AGF Canadian Bond Fund.

Key Performance Indicators and Non-GAAP Measures

We measure the success of our business strategies using a number of key performance indicators (KPIs), which are outlined below. With the exception of revenue, the following KPIs are not measurements in accordance with Canadian GAAP. They should not be considered as an alternative to net income or any other measure of performance under Canadian GAAP. Segment discussions include a review of KPIs that are relevant to each segment.

(a) Consolidated Operations

Revenue

Revenue is a measurement defined by Canadian GAAP and is recorded net of fee rebates, sales taxes and distribution fees paid to limited partnerships. Revenue is indicative of the potential to deliver cash flow.

We derive our revenue principally from a combination of:

- management and advisory fees based on AUM
- deferred sales charges (DSC) earned from investors when mutual fund securities sold on a DSC basis are redeemed
- net interest income earned on AGF Trust's loan portfolio

EBITDA

We define EBITDA as earnings before interest, taxes, depreciation and amortization. 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 because it allows us to assess our investment management businesses without the impact of amortization. EBITDA for the Trust Company Operations segment includes interest expense related to deposits. These deposits fund our investment loan and real estate secured loan programs and are therefore considered an operating cost directly related to generating interest revenue. We include this interest expense in Trust Company Operations EBITDA to provide a meaningful comparison to our other business segments and our competitors.

Please see the "Consolidated Operating Results" section on page 12 of this MD&A for a schedule showing how EBITDA reconciles to our GAAP financial statements.

Cash Flow from Operations

We report cash flow from operations before net changes in non-cash balances related to operations. Cash flow from operations helps to assess the ability of the business to generate cash, which is used to pay dividends, repurchase shares, pay down debt and fund other needs.

($ millions)	Three months ended August 31, 2009	2008	Nine months ended August 31, 2009	2008
Net cash provided by continuing operating activities	$ 59.8	$ 97.1	$ 117.8	$ 283.0
Less: net changes in non-cash balances related to operations	10.8	30.8	(22.6)	62.9
Cash flow from continuing operations	$ 49.0	$ 66.3	$ 140.4	$ 220.1

Free Cash Flow from Operations

We define free cash flow as cash flow from operations before net changes in non-cash balances related to operations less selling commissions 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 represents cash available for distribution to our shareholders or for general corporate purposes.

($ millions)	Three months ended August 31, 2009	2008	Nine months ended August 31, 2009	2008
Cash flow from continuing operations (defined above)	$ 49.0	$ 66.3	$ 140.4	$ 220.1
Less: selling commissions paid	13.1	17.6	41.0	72.2
Free cash flow	$ 35.9	$ 48.7	$ 99.4	$ 147.9

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.

($ millions)	Three months ended August 31, 2009	2008	Nine months ended August 31, 2009	2008
EBITDA	$ 56.1	$ 81.5	$ 147.9	$ 259.7
Divided by revenue	146.9	184.7	428.4	573.4
EBITDA margin	38.2%	44.1%	34.5%	45.3%

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.

($ millions)	Three months ended August 31, 2009	2008	Nine months ended August 31, 2009	2008
Net income	$ 22.8	$ 41.1	$ 52.2	$ 147.8
Add: income taxes	7.6	10.0	17.5	17.5
Income before taxes	30.4	51.1	69.7	165.3
Divided by revenue	146.9	184.7	428.4	573.4
Pre-tax profit margin	20.7%	27.7%	16.3%	28.8%

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 in the quarter annualized by average shareholders' equity.

For the three months ended ($ millions)	August 31, 2009	August 31, 2008
Net income (annualized)	$ 91.2	$ 164.4
Divided by average shareholders' equity	1,098.8	1,150.2
Return on equity	8.3%	14.3%

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 EBITDA in the quarter annualized.

For the three months ended ($ millions)	August 31, 2009	August 31, 2008
Long-term debt	$ 182.6	$ 147.8
EBITDA (annualized)	224.4	326.0
Long-term debt to EBITDA	81.4%	45.3%

(b) Investment Management Operations

Assets Under Management (AUM)

The amount of AUM is critical to our business since these assets generate fees from our mutual fund, institutional, strategic accounts and high-net-worth relationships. AUM will fluctuate in value as a result of investment performance, sales and redemptions. Mutual fund AUM determine a significant portion of our expenses because we pay upfront commissions 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 relative investment performance will reduce our AUM levels and result in lower management fee revenues. Strong relative investment performance may also contribute to gross sales growth or reduced levels of redemptions. Conversely, poor relative investment performance may result in lower gross sales and higher levels of redemptions. Refer to the "Managing Risk" section of this report for further information.

Net Sales

One of the goals of our mutual fund business is to generate positive net sales on an annual basis, which allows for increasing revenues. Gross sales and redemptions as a percentage of AUM are monitored separately and the sum of these two amounts comprises net sales. Net sales, together with investment performance and fund expenses, determine the level of average daily mutual fund AUM. This is the basis on which management fees are charged. The average daily mutual fund AUM is equal to the average daily net asset value of the AGF mutual funds.

We monitor inflows and outflows in our high-net-worth client and institutional businesses separately. We do not compute an average daily AUM figure for them.

EBITDA Margin

EBITDA margin provides useful information to management and investors as an indicator of our operating performance in our Investment Management Operations segment. We believe EBITDA margin is a valuable measure since 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.

	Three months ended August 31,		Nine months ended August 31,	
($ millions)	2009	2008	2009	2008
EBITDA	$ 45.8	$ 66.0	$ 122.4	$ 212.3
Divided by revenue	120.4	155.2	343.3	483.3
EBITDA margin	38.0%	42.5%	35.7%	43.9%

Pre-Tax Profit Margin

Pre-tax profit margin provides useful information to management and investors as an indicator of our operating performance in our Investment Management Operations segment. 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.

	Three months ended August 31,		Nine months ended August 31,	
($ millions)	2009	2008	2009	2008
Income before taxes and non-segmented items	$ 22.6	$ 38.8	$ 51.5	$ 127.8
Divided by revenue	120.4	155.2	343.3	483.3
Pre-tax profit margin	18.8%	25.0%	15.0%	26.4%

(c) Trust Company Operations

Loan Asset Growth

In the Trust Company Operations segment (AGF Trust), we focus on long-term, profitable growth and credit quality in our investment and real estate secured loans. New originations, net of repayments, drive the outstanding balance of loans on which we charge interest. Loan asset growth increases our revenue and assists with our ability to grow our profits in AGF Trust.

Net Interest Income

Net interest income is a common lending industry performance indicator. We monitor this figure to evaluate the growth of the financial contribution of AGF Trust. The figure is calculated by subtracting interest expense from interest income earned from AGF Trust loan assets.

	Three months ended August 31,		Nine months ended August 31,	
($ millions)	2009	2008	2009	2008
Interest income	$ 52.2	$ 76.3	$ 177.5	$ 229.0
Less: interest expense	29.9	50.8	103.0	155.6
Net interest income	$ 22.3	$ 25.5	$ 74.5	$ 73.4

Net Interest Margin

Net interest margin is equal to annualized net interest income divided by the average quarterly total loan balance.

For the three months ended ($ millions)	August 31, 2009	August 31, 2008
Annualized net interest income	$ 89.2	$ 102.0
Divided by average quarterly total loan balance	3,870.3	4,374.4
Net interest margin	2.3%	2.3%

Efficiency Ratio

The efficiency ratio is a financial services industry KPI that measures the efficiency of the organization. We use this ratio to compare expenses and keep them in line from one period to another as the Trust Company grows. The ratio is calculated from AGF Trust results by dividing non-interest expenses by the total of net interest income and non-interest income.

	Three months ended August 31,		Nine months ended August 31,	
($ millions)	2009	2008	2009	2008
Selling, general and administrative expenses	$ 9.0	$ 10.6	$ 26.0	$ 32.8
Add: amortization expense	0.8	0.9	2.2	1.9
Non-interest expense	$ 9.8	$ 11.5	$ 28.2	$ 34.7
Other revenue	$ 2.5	$ 2.7	$ 6.6	$ 8.6
RSP loan securitization income (loss), net of impairment	0.6	0.2	(0.4)	0.3
Non-interest income	$ 3.1	$ 2.9	$ 6.2	$ 8.9
Net interest income	$ 22.3	$ 25.5	$ 74.5	$ 73.4
Add: non-interest income	3.1	2.9	6.2	8.9
Total of net interest income and non-interest income	$ 25.4	$ 28.4	$ 80.7	$ 82.3
Efficiency ratio	38.6%	40.5%	34.9%	42.2%

EBITDA Margin

EBITDA margin provides useful information to management and investors as an indicator of AGF Trust's 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.

	Three months ended August 31,		Nine months ended August 31,	
($ millions)	2009	2008	2009	2008
EBITDA	$ 9.2	$ 14.4	$ 21.1	$ 39.6
Divided by revenue	25.4	28.4	80.7	82.3
EBITDA margin	36.2%	50.7%	26.1%	48.1%

Pre-Tax Profit Margin

Pre-tax profit margin provides useful information to management and investors as an indicator of AGF Trust's 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 net interest income. We define pre-tax profit margin as the ratio of income before taxes and non-segmented items to total revenue.

	Three months ended August 31,		Nine months ended August 31,	
($ millions)	2009	2008	2009	2008
Income before taxes and non-segmented items	$ 8.4	$ 13.5	$ 18.9	$ 37.7
Divided by revenue	25.4	28.4	80.7	82.3
Pre-tax profit margin	33.1%	47.5%	23.4%	45.8%

Assets-to-Capital Multiple

Federally regulated deposit-taking institutions (DTI) are expected to meet an assets-to-capital multiple test. The assets-to-capital multiple is determined by dividing the DTI's total assets by its total regulatory capital, and expresses the extent by which capital is leveraged into the assets of the DTI.

As at August 31, ($ millions)	2009	2008
Total assets per OSFI guidelines	$ 4,796.4	$ 5,359.7
Divided by adjusted Tier 1 and Tier 2 capital	368.1	355.2
Assets-to-capital multiple	13.0	15.1

Loan-to-Value Ratio

Loan-to-value ratio on our conventional mortgage loans is calculated using outstanding balance of conventional mortgage loans divided by the estimated fair value of the real estate serving as collateral for the conventional mortgage loans as at the date the loans were funded.

As at August 31, ($ millions)	2009	2008
Conventional mortgage loans[1]	$ 605.9	$ 800.4
Divided by fair value of collateral	971.7	1,254.6
Loan-to-value ratio	62.4%	63.8%

[1] Includes loan provision and deferred sales commission of $11.3 million.

Significant Accounting Policies

A summary of AGF's significant accounting policies can be found in Note 1 of our 2008 audited Consolidated Financial Statements.

Significant Accounting Estimates

Goodwill and other intangibles are subject to impairment tests on an annual basis or more frequently if events or changes in circumstances indicate that the assets may be impaired. AGF's ongoing review of the valuation of goodwill and other intangibles resulted in a writedown of $46.3 million in the fourth quarter of 2008. During the third quarter of 2009, the annual impairment test was performed and no impairment was identified.

Changes in Significant Accounting Policies

Goodwill, Intangible Assets and Financial Statement Concepts

Effective December 1, 2008, the CICA's new accounting standard "Handbook Section 3064, Goodwill and Intangible Assets" was adopted. The standard clarifies that costs can be deferred only when they relate to an item that meets the definition of an asset, and as a result, start-up costs must be expensed as incurred. "Section 1000, Financial Statements Concepts" was also amended to provide consistency with Section 3064. These standards did not have any impact on the financial position or earnings of the Company.

Credit Risk and Fair Value

Effective December 1, 2008, EIC-173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" was adopted. EIC-173 requires the Company's own credit risk and the credit risk of the counterparty to be taken into account in determining the fair value of financial assets and financial liabilities, including derivatives. The new guidance did not have a material effect on the financial position or earnings of the Company.

Future Accounting Changes

Conversion to International Financial Reporting Standards in Fiscal 2012
In February 2008, the Canadian Accounting Standards Board (AcSB) confirmed that all Canadian publicly-accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) for years beginning on or after January 1, 2011. AGF will adopt IFRS for the year beginning December 1, 2011 and will present the interim and annual consolidated financial statements, including comparative prior year financial statements in accordance with IFRS.

AGF is currently assessing the differences between IFRS and GAAP, as well as the alternatives available upon adoption. The impact these differences may have on the financial results has not yet been determined and will be part of an ongoing process as our assessment continues and the International Accounting Standards Board and the AcSB issue new standards and recommendations.

Managing Risk

AGF is subject to a number of company and non-company specific risk factors that may impact our operating and financial performance. These risks and the management of those risks are detailed in our 2008 annual MD&A in the section entitled "Risk Factors and Risk Management". The Company has not identified any material changes to the risk factors affecting its business or in the management of those risks. Refer to Note 14 of the Consolidated Financial Statements and Notes for risks arising from the use of financial instruments.

Changes in Internal Controls over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have designed or caused the design of the Internal Controls over Financial Reporting (ICFR) and Disclosure Controls and Procedures. There have been no material weaknesses identified relating to the design of the ICFR. There have been no changes to AGF's internal controls for the quarter ended August 31, 2009 that have materially affected or are reasonably likely to materially affect the internal controls over financial reporting.

Consolidated Operating Results

The table below summarizes our consolidated operating results for the three and nine months ended August 31, 2009, and August 31, 2008.

	Three months ended August 31,			Nine months ended August 31,		
($ millions, except per share amounts)	2009	2008	% change	2009	2008	% change
Revenue						
Investment Management Operations	$ 120.4	$ 155.2	(22.4%)	$ 343.3	$ 483.3	(29.0%)
Trust Company Operations	25.4	28.4	(10.6%)	80.7	82.3	(1.9%)
Other	1.1	1.1	(0.0%)	4.4	7.8	(43.6%)
	146.9	184.7	(20.5%)	428.4	573.4	(25.3%)
Expenses						
Investment Management Operations	74.6	89.2	(16.4%)	220.9	271.0	(18.5%)
Trust Company Operations	16.2	14.0	15.7%	59.6	42.7	39.6%
	90.8	103.2	(12.0%)	280.5	313.7	(10.6%)
EBITDA[1]	56.1	81.5	(31.2%)	147.9	259.7	(43.0%)
Amortization	23.9	28.1	(14.9%)	73.1	86.4	(15.4%)
Interest expense	1.6	2.1	(23.8%)	4.7	7.5	(37.3%)
Non-controlling interest	0.2	0.2	0.0%	0.4	0.5	(20.0%)
Income taxes	7.6	10.0	(24.0%)	17.5	17.5	0.0%
Net income	$ 22.8	$ 41.1	(44.5%)	$ 52.2	$ 147.8	(64.7%)
Earnings per share – diluted	$ 0.25	$ 0.46	(45.7%)	$ 0.58	$ 1.65	(64.8%)

[1] For the definition of EBITDA, see the "Key Performance Indicators and Non-GAAP Measures" section. The items required to reconcile EBITDA to net income, a defined term under Canadian GAAP, are detailed above.

Revenue for the three and nine months ended August 31, 2009, declined by 20.5% and 25.3% from the corresponding periods in 2008. Revenue in the Investment Management Operations segment declined 22.4% and 29.0% for the three and nine months ended August 31, 2009. This corresponds to lower average levels of AUM. The Trust Company Operations segment revenue decreased by 10.6% and 1.9% for the three and nine months ended August 31, 2009. This corresponds with a decline in net interest income in the three-month period and a decline in other revenue in the nine-month period ended August 31, 2009 compared with the corresponding periods in 2008. Revenue from Other, which represents the results of our 30.3% equity interest in S&WHL, was unchanged for the three months ended August 31, 2009 and was lower for the nine months ended August 31, 2009 compared with the corresponding periods in 2008 due to the impact of the economic environment in the U.K.

Expenses for the three and nine months ended August 31, 2009, decreased by 12.0% and 10.6% compared with the same periods in 2008. Expenses in the Investment Management Operations segment declined 16.4% and 18.5%, primarily attributable to lower trailing commissions and investment advisory fees as a result of the decline in AUM, as well as lower SG&A costs related to expense reductions. The Trust Company Operations experienced higher overall expenses related to increased provisions for loan losses partly offset by reduced SG&A expenses. For further details, refer to the segment discussions.

The impact of revenue declining at a faster rate than expenses served to decrease EBITDA by 31.2% and 43.0% for the three and nine months ended August 31, 2009, from the corresponding periods of 2008.

Amortization expense decreased 14.9% and 15.4% for the three and nine months ended August 31, 2009, compared to the same periods in 2008. The decline was attributable to lower amortization of deferred selling commissions in the Investment Management Operations segment. Amortization of deferred selling commissions for the three and nine months ended August 31, 2009 accounted for $20.8 million and $64.1 million (2008 – $23.9 and $74.8 million) of the total amortization expense.

Interest expense was $1.6 million and $4.7 million for the three and nine months ended August 31, 2009, as compared with $2.1 and $7.5 million in the same periods of 2008. Lower interest expense in the quarter is reflective of declining interest rates.

For the three and nine months ended August 31, 2009, the income tax expense was $7.6 million and $17.5 million as compared with $10.0 million and $17.5 million in the same periods in 2008. Results for the nine months ended August 31, 2008 included an income tax reduction of $19.5 million related to the reduction in the federal income tax rate to 15.0% from 18.5% by January 1, 2012. The effective tax rate for the first nine months of 2009 was 25.0% compared with 22.3% in the same period in 2008, excluding the impact of the above $19.5 million tax reduction in 2008.

The impact of the above revenue and expense items resulted in net income of $22.8 million and $52.2 million for the three and nine months ended August 31, 2009 compared with $41.1 million and $147.8 million in the same periods of 2008. Diluted earnings per share were $0.25 and $0.58 for the three and nine months ending August 31, 2009, compared with $0.46 and $1.65 per share in the same periods of 2008. Excluding the impact of the $19.5 million tax reduction in the first quarter of 2008, net income in the nine months ended August 31, 2008 was $128.3 million or $1.43 per share diluted.

A further discussion follows of the results of each business segment for the three and nine months ended August 31, 2009, compared with August 31, 2008.

Business Segment Performance

We report on three business segments: Investment Management Operations, Trust Company Operations and Other. AGF's reportable segments are strategic business units that offer different products and services. The Investment Management Operations segment provides investment management and advisory services. It is responsible for the management and distribution of AGF investment products and services, including retail mutual fund operations, institutional investment management and high-net-worth client investment counselling services. The Trust Company Operations segment offers GICs, real estate secured loans and investment loans. The Other segment includes the results of S&WHL, which is accounted for by the equity method, as well as our interest expense.

Investment Management Operations

Business and Industry Profile

Our Investment Management Operations segment provides products and services across the wealth continuum, including mutual funds, wrap products, institutional investment services and high-net-worth investment management. Our products are delivered through multiple channels, including advisors, financial planners, banks, strategic partnerships, life insurance companies, brokers and consultants.

We compete with numerous domestic and foreign players within the Canadian investment management industry. We believe our status as an independent fund manufacturer without distribution conflict will benefit us and our shareholders as the industry continues to evolve. We also remain focused on building our reputation and presence internationally as an institutional investment management firm and we continue to attract a significant amount of interest in our investment strategies from international investors.

Segment Strategy and Quarterly Overview

We continue to consistently apply our strategy to enhance the client-centric model in our investment management business by maintaining a high level of communication with our clients and strong partnerships with advisors. We remain committed to excellence in investment management, relationship management and product management. We continue to focus on leveraging our investment management competency across all distribution channels. On the retail side, we continue to work aggressively to increase our market share in the investment categories that matter the most to investors. We continue to grow our institutional business by increasing our sales efforts in international markets and expanding our institutional product platform.

Global stock markets continued to strengthen in the third quarter of 2009, leading to a sequential increase in our mutual fund AUM. While industry AUM and sales of mutual funds remained below levels from a year ago, investors appeared to regain some confidence in the markets in the third quarter. Industry redemptions of money market funds accelerated during the summer months and long-term funds posted much improved sales numbers compared with the second quarter.

Assets Under Management

The primary sources of revenue for AGF's Investment Management Operations segment are management and advisory fees. The amount of management and advisory fees depends on the level and composition of AUM. Under the management and investment advisory contracts between AGF and each of the mutual funds, we are entitled to monthly fees. These fees are based on a specified percentage of the average daily net asset value of the respective fund. In addition, we earn fees on our institutional, strategic accounts and high-net-worth client AUM. As a result, the level of AUM has a significant influence on financial results.

The following table illustrates the composition of the changes in total AUM during the three and nine months ended August 31, 2009 and August 31, 2008:

	Three months ended August 31,			Nine months ended August 31,		
($ millions, except per share amounts)	2009	2008	% change	2009	2008	% change
Mutual fund AUM, beginning of period	$ 20,907	$ 28,627	(27.0%)	$ 19,761	$ 30,052	(34.2%)
Gross sales of mutual funds	592	854	(30.7%)	1,930	2,927	(34.1%)
Redemptions of mutual funds	(759)	(1,426)	(46.8%)	(2,436)	(3,983)	(38.8%)
Net mutual fund sales	(167)	(572)	(70.8%)	(506)	(1,056)	(52.1%)
Market appreciation (depreciation) of fund portfolios	1,402	(1,684)	(183.3%)	2,887	(2,625)	(210.0%)
Mutual fund AUM, end of period	$ 22,142	$ 26,371	(16.0%)	$ 22,142	$ 26,371	(16.0%)
Institutional and strategic accounts AUM	16,018	18,579	(13.8%)	16,018	18,579	(13.8%)
High-net-worth AUM	2,874	3,787	(24.1%)	2,874	3,787	(24.1%)
Total AUM, end of period	$ 41,034	$ 48,737	(15.8%)	$ 41,034	$ 48,737	(15.8%)
Average daily mutual fund AUM for the period	$ 21,399	$ 26,725	(19.9%)	$ 20,069	$ 27,901	(28.1%)

Global market declines and an industry trend of reduced gross sales of long-term funds resulted in a decrease in mutual fund AUM to $22.1 billion at August 31, 2009 from $26.4 billion as at August 31, 2008. The average daily mutual fund AUM for the nine months ended August 31, 2009, decreased 28.1% to $ 20.1 billion compared with the same period in 2008. Institutional and strategic accounts AUM decreased by $2.6 billion to $16.0 billion from $18.6 billion at August 31, 2008 as a result of market volatility, client rebalancing and redemptions offset by new client mandates. High-net-worth AUM decreased by $0.9 billion to $2.9 billion due to market volatility. These decreases resulted in total AUM decreasing by 15.8% to $41.0 billion at August 31, 2009.

Market performance influences the level of AUM. During the three and nine months ended August 31, 2009, the Canadian-dollar-adjusted S&P 500 Index increased 11.7% and 2.8%, respectively. The Canadian-dollar-adjusted NASDAQ Index increased 13.3% and 15.8%, respectively, for the three and nine months ended August 31, 2009, and the S&P/TSX Composite Index increased 5.6% and 20.4%, respectively, for those same time periods. The aggregate market appreciation of our mutual fund portfolios for the nine months ended August 31, 2009, divided by the average daily mutual fund AUM for the period, was 14.5% after management fees and expenses paid by the funds.

The impact of the U.S. dollar increase relative to the Canadian dollar on the market value of AGF mutual funds for the three months ended August 31, 2009 has been an increase in AUM of $1.9 million. For the nine months ended August 31, 2009, the impact of the U.S. dollar decrease has been a decrease in AUM of $0.6 billion.

Financial and Operational Results

The Investment Management Operations segment results for the three and nine months ended August 31, 2009, and August 31, 2008, are as follows:

	Three months ended August 31,			Nine months ended August 31,		
($ millions)	2009	2008	% change	2009	2008	% change
Revenue						
Management and advisory fees	$ 114.8	$ 146.8	(21.8%)	$ 322.7	$ 457.2	(29.4%)
Deferred sales charges	4.9	6.4	(23.4%)	16.5	18.6	(11.3%)
Investment income and other revenue	0.7	2.0	(65.0%)	4.1	7.5	(45.3%)
	120.4	155.2	(22.4%)	343.3	483.3	(29.0%)
Expenses						
Selling, general and administrative	39.5	44.8	(11.8%)	122.7	135.3	(9.3%)
Trailing commissions	32.8	40.7	(19.4%)	90.3	124.2	(27.3%)
Investment advisory fees	2.3	3.7	(37.8%)	7.9	11.5	(31.3%)
	74.6	89.2	(16.4%)	220.9	271.0	(18.5%)
EBITDA[1]	45.8	66.0	(30.6%)	122.4	212.3	(42.3%)
Amortization	23.2	27.2	(14.7%)	70.9	84.5	(16.1%)
Income before taxes and non-segmented items	$ 22.6	$ 38.8	(41.8%)	$ 51.5	$ 127.8	(59.7%)

[1] For the definition of EBITDA, see the "Key Performance Indicators and Non-GAAP Measures" section. The items required to reconcile EBITDA to net income, a defined term under Canadian GAAP, are detailed above.

Revenue

For the three- and nine-month periods ended August 31, 2009, revenue for the Investment Management Operations segment decreased by 22.4% and 29.0% compared with the previous-year periods with changes in the following categories:

Management and Advisory Fees

The 19.9% and 28.1% decline in average daily mutual fund AUM in the three and nine months ended August 31, 2009, contributed to a 21.8% and 29.4% decrease in management and advisory fee revenue from the same periods in 2008.

Deferred Sales Charges (DSC)

We receive DSC 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 3.0% 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 for the three and nine months ended August 31, 2009, decreased by 23.4% and 11.3% from the same periods in 2008, reflecting lower retail mutual fund redemptions of DSC AUM that are subject to a redemption charge.

Expenses

For the three- and nine-month periods ended August 31, 2009, expenses decreased by 16.4% and 18.5% from the previous-year periods. Changes in specific categories are described in the discussion that follows.

Selling, General and Administrative Expenses

Selling, general and administrative (SG&A) expenses for the three- and nine-month periods ended August 31, 2009 were $39.5 million and $122.7 million. This represents a 11.8% and 9.3% decrease over the same periods in 2008 and is the result of cost reduction initiatives. The decrease is made up of the following amounts:

($ millions)	Three months ended August 31, 2009		Nine months ended August 31, 2009	
Increase (decrease) in fund absorption expenses	$	(0.5)	$	1.8
Increase (decrease) in compensation-related expenses		(2.1)		(14.5)
Increase (decrease) in other expenses		(2.5)		(4.0)
Increase (decrease) in severance and restructuring expenses		(0.2)		4.1
	$	(5.3)	$	(12.6)

The following explains expense changes in the three- and nine-month periods ended August 31, 2009 compared with the previous-year period:

- Absorption expense estimates remained relatively flat quarter over quarter and were up $1.8 million in the nine-month period. Lower transactional volumes, improved contractual pricing and removal of the management expense ratio (MER) caps have contributed to our improving absorption expenses.
- Compensation-related expenses decreased due to staff reductions, lower estimates for performance-based payouts and stock-based compensation expense.
- Other expenses decreased $2.5 million and $4.0 million for the three and nine months ended August 31, 2009 due to continued cost savings initiatives.
- Severance and restructuring expenses decreased $0.2 million and increased $4.1 million for the three and nine months ended August 31, 2009. The increase year-to-date is as a result of longer-term cost savings initiatives.

Trailing Commissions

Trailing commissions paid to investment dealers 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 mutual fund AUM were 0.61% and 0.60% for the three and nine months ended August 31, 2009, compared to 0.61% and 0.59% in the same 2008 periods.

Investment Advisory Fees

External investment advisory fees decreased 37.8% and 31.3% for the three- and nine-month periods ended August 31, 2009, compared with the previous-year periods. The year-over-year decrease relates to the reduced level of AUM combined with repatriation of certain mandates.

EBITDA

EBITDA for the Investment Management Operations segment were $45.8 million and $122.4 million for the three and nine months ended August 31, 2009. This represents a decrease of 30.6% and 42.3% from $66.0 million and $212.3 million for the same periods of fiscal 2008. The decrease is directly attributable to lower revenue levels resulting from lower average AUM. Compared to the second quarter of 2009, EBITDA for the Investment Management Operations increased 9.6% due to higher AUM levels resulting in higher revenue.

Amortization

The largest item in this category is amortization of deferred selling commissions. The category also represents amortization of property, equipment, customer contracts and other intangible assets. 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. Amortization expense related to deferred selling commissions was $20.8 million and $64.1 million in the three and nine months ended August 31, 2009, compared with $23.9 million and $74.8 million in the same periods in 2008.

During the third quarter of fiscal 2009, we paid $13.1 million in selling commissions compared with $17.6 million in 2008. The decline is due to lower gross sales of retail funds and a slightly higher percentage of funds paid on a front-end basis in 2009 versus 2008. As at August 31, 2009, the unamortized balance of deferred selling commissions stood at $281.1 million. This is a decrease of $23.3 million from the balance of $304.4 million as at November 30, 2008. The contingent DSC that would be received if all of the DSC securities were redeemed at August 31, 2009, were estimated to be approximately $378.7 million (August 31, 2008 – $414.7 million).

Trust Company Operations

Business and Industry Profile

Through AGF Trust, we offer financial solutions that include GICs, real estate secured loans and investment loans.

AGF Trust investment loans consist of secured investment loans and RSP loans distributed through financial advisors who continue to broaden their suite of products to meet the needs of their clients. AGF Trust has a competitive edge in the advisor channel as we leverage AGF's mutual fund wholesaler relationships. Our mutual fund wholesalers have operated successfully in the advisor channel for many years and our reputation for quality service is widely acknowledged, as demonstrated by our recognition as Advisors' Choice Investment Fund Company of the Year at the 2008 Canadian Investment Awards.

We offer real estate secured loans to Canadians who have sound credit, but whose circumstances may not meet the traditional requirements of Canada's large banks to qualify for their lowest rate real estate secured loan products. Real estate secured loan products are distributed primarily through the mortgage broker channel. Borrowers have chosen to deal with mortgage brokers to take advantage of independent advice and competitive rates. Lenders have provided real estate secured loans in this channel to reduce distribution costs.

Segment Strategy and Highlights

AGF Trust, similar to other financial institutions in Canada, continues to be impacted by the recession. Our strategy has been to effectively manage through the current economic downturn and slow loan growth to improve our regulatory capital position. In the latter part of 2008, we repositioned our lending programs to focus on higher margin products and suspended new originations of certain business lines, including our Home Equity Line of Credit (HELOC) and 100% No Margin Investment loan products. During the third quarter of 2009, we continued to focus on responsible management of our loan portfolio and increased our collections capacity and activities to mitigate default risk and reduce potential losses. The majority of funding for the lending and investment activity continues to be through the sale of GICs and we remain confident in our ability to raise funds through this channel.

For the three and nine months ended August 31, 2009, loan originations were $8.1 million and $71.6 million, compared to $362.0 million and $ 1.3 billion in the same periods in the previous year. Net loan writeoffs were $12.3 million and $26.6 million for the three and nine months ended August 31, 2009, compared to $3.2 million and $6.7 million in the same periods in the previous year. The increase in writeoffs was largely attributable to writeoffs in our RSP, secured investment loan and mortgage loan portfolio. Net loan writeoffs for the three and nine months ended August 31, 2009 were $8.5 million and $18.4 million, respectively, in our RSP loan portfolio, $2.0 million and $4.0 million, respectively, in our secured investment loan portfolio and $1.8 million and $4.1 million, respectively, in our mortgage loan portfolio.

As at August 31, 2009, collateral value declines have resulted in approximately $364.5 million of unsecured exposures in our secured investment loan portfolio compared to $445.3 million of unsecured exposures as at May 31, 2009. This improvement was directly related to rising equity markets. Our investment loan program is used by independent investment advisors as part of their overall investment strategy for their clients. We believe that the investment advisor is an integral part of their clients' investment strategies. Combined with other mitigating factors such as relatively high credit scores, sound underwriting and historical experience of other financial institutions with this type of product with little evident correlation between collateral values and propensity to default, we expect that clients will continue to service their debt despite a decline in equity values. The weighted average loan-to-value ratio on our conventional mortgage loan portfolio, as at August 31, 2009, was 62.4%.

Financial and Operational Results

The Trust Company Operations segment results for the three and nine months ended August 31, 2009 and August 31, 2008 are as follows:

	Three months ended August 31,			Nine months ended August 31,		
($ millions)	2009	2008	% change	2009	2008	% change
Interest income						
Loan interest	$ 50.2	$ 68.6	(26.8%)	$ 165.1	$ 203.8	(19.0%)
Investment interest	2.0	7.7	(74.0%)	12.4	25.2	(50.8%)
	52.2	76.3	(31.6%)	177.5	229.0	(22.5%)
Interest expense						
Deposit interest	42.2	52.6	(19.8%)	137.1	149.9	(8.5%)
Other interest expense (income)	(12.3)	(1.8)	n/m	(34.1)	5.7	n/m
	29.9	50.8	(41.1%)	103.0	155.6	(33.8%)
Net interest income	22.3	25.5	(12.5%)	74.5	73.4	1.5%
Other revenue	2.5	2.7	(7.4%)	6.6	8.6	(23.3%)
RSP loan securitization income (loss), net of impairment	0.6	0.2	n/m	(0.4)	0.3	n/m
Total revenue	25.4	28.4	(10.6%)	80.7	82.3	(1.9%)
Expenses						
Selling, general and administrative	9.0	10.6	(15.1%)	26.0	32.8	(20.7%)
Provision for loan losses	7.2	3.4	111.8%	33.6	9.9	239.4%
	16.2	14.0	15.7%	59.6	42.7	39.6%
EBITDA[1]	9.2	14.4	(36.1%)	21.1	39.6	(46.7%)
Amortization	0.8	0.9	(11.1%)	2.2	1.9	15.8%
Income before taxes and non-segmented items	$ 8.4	$ 13.5	(37.8%)	$ 18.9	$ 37.7	(49.9%)

[1] For the definition of EBITDA, see the "Key Performance Indicators and Non-GAAP Measures" section. The items required to reconcile EBITDA to net income, a defined term under Canadian GAAP, are detailed above.

Revenue, Net Interest Income and Net Interest Margin

Net interest income, which is expressed net of interest on deposits and other interest expense, decreased 12.5% in the three months ended August 31, 2009 and increased 1.5% during the nine months ended August 31, 2009 over the same periods in 2008. The average net interest margin on lending products was 2.3% (2008 – 2.3%) and declined from 2.5% in the second quarter of 2009. AGF Trust manages its interest rate risk through the use of interest rate swaps. The average quarterly loan balances were approximately 11.5% lower for the three months ended August 31, 2009 compared to 2008. Other interest expense includes $18.1 million and $52.2 million of interest income related to changes in fair value on interest rate swaps for the three and nine months ended August 31, 2009 (2008 – $7.8 million and $12.0 million). Other revenue decreased 7.4% and 23.3% in the three and nine months ended August 31, 2009 primarily due to a $0.7 million and $2.4 million decrease related to hedge ineffectiveness. During the quarter, the Trust Company recognized a $0.3 million writedown of its retained interest in securitized RSP loans compared to $1.5 million in 2008. These factors resulted in an overall revenue decrease of 10.6% and 1.9% in the three and nine months ended August 31, 2009 as compared with 2008.

Selling, General and Administrative Expenses

SG&A expenses decreased 15.1% and 20.7% in the three- and nine-month periods ended August 31, 2009 over the same period in 2008, primarily due to reduced staffing levels and reduced estimates for performance-based payouts.

Provision for Loan Losses

The total provision for loan losses increased to $7.2 million during the third quarter of 2009 compared to $3.4 million in 2008. During the fourth quarter of 2008, AGF Trust reviewed its methodology for allowance for loan losses as a result of the current market and economic conditions. We refined the methodology to be more responsive to changes in the economy and increases in delinquency. The allowance for specific loan losses was refined to include specific allowances for loans past due but not impaired. Previously, this allowance only included loans identified as impaired. As a result of this change, combined with increases in arrears and impaired loans, the total provision for loan losses increased by $3.8 million in the third quarter of 2009, compared with the same period in 2008.

Based on our analysis of the RSP portfolio, we had approximately $25.0 million of loan accounts which, based on certain loan characteristics, were assessed as having a significantly higher risk of default. Accordingly, we have recorded an allowance for loan losses of $7.0 million against these accounts and in addition, we have written off $11.5 million of these loans as at August 31, 2009, resulting in an existing net exposure of approximately $6.5 million. Our net exposure on these same loans was $9.0 million as at May 31, 2009.

Loan writeoffs, net of recoveries for the three months ended August 31, 2009 were $12.3 million compared with $3.2 million for the three-month period ended August 31, 2008, with the increase attributable to RSP, secured investment loan and mortgage loan writeoffs. Loan writeoffs, net of recoveries, for the three months ended August 31, 2009, were $8.5 million in the RSP loan portfolio, $2.0 million in the secured investment loan portfolio and $1.8 million in the mortgage loan portfolio, compared to $2.1 million, $0.5 million and $0.6 million, respectively, for the three months ended August 31, 2008. Impaired loans expressed as a percentage of loans outstanding were 1.5% as at August 31, 2009, compared with 1.0% at November 30, 2008 and 0.5% at August 31, 2008 due to the negative change in economic conditions.

EBITDA and EBITDA Margin

A decline in revenue and an increase in the loan loss provision contributed to a decline in EBITDA for the three and nine months ended August 31, 2009 of 36.1% and 46.7% to $9.2 million and $21.1 million compared to the same periods of 2008. EBITDA margin for the three and nine months ended August 31, 2009 declined to 36.2% and 26.1% from 50.7% and 48.1% over the same periods of 2008.

Pre-Tax Profit Margin

As a result of the factors outlined above, pre-tax profit margin of 33.1% in the third quarter 2009 declined from 47.5% in the third quarter of 2008.

Operational Performance

The table below highlights our key operational measures for the Trust Company Operations segment for the three and nine months ended August 31, 2009 and August 31, 2008.

	Three months ended August 31,			Nine months ended August 31,		
($ millions)	2009	2008	% change	2009	2008	% change
Real estate secured loans[1]						
Insured mortgage loans	$ 533.7	$ 626.2	(14.8%)	$ 533.7	$ 626.2	(14.8%)
Conventional mortgage loans	605.9	800.4	(24.3%)	605.9	800.4	(24.3%)
HELOCs	444.8	620.0	(28.3%)	444.8	620.0	(28.3%)
	1,584.4	2,046.6	(22.6%)	1,584.4	2,046.6	(22.6%)
Investment loans[1]						
Secured investment loans	1,748.1	1,759.0	(0.6%)	1,748.1	1,759.0	(0.6%)
RSP loans	447.2	589.2	(24.1%)	447.2	589.2	(24.1%)
Other loans	6.3	13.0	(51.5%)	6.3	13.0	(51.5%)
	2,201.6	2,361.2	(6.8%)	2,201.6	2,361.2	(6.8%)
Other assets	1,013.8	959.5	5.7%	1,013.8	959.5	5.7%
Total Assets	$ 4,799.8	$ 5,367.3	(10.6%)	$ 4,799.8	$ 5,367.3	(10.6%)
Net interest income	$ 22.3	$ 25.5	(12.5%)	$ 74.5	$ 73.4	1.5%
RSP loan securitization income (loss), net of impairment	0.6	0.2	200.0%	(0.4)	0.3	(233.3%)
Other revenue	2.5	2.7	(7.4%)	6.6	8.6	(23.3%)
Non-interest expenses[2]	(9.8)	(11.5)	(14.8%)	(28.2)	(34.7)	(18.7%)
Provision for loan losses	(7.2)	(3.4)	111.8%	(33.6)	(9.9)	239.4%
Income before taxes and non-segmented items	$ 8.4	$ 13.5	(37.8%)	$ 18.9	$ 37.7	(49.9%)
Efficiency ratio[3]	38.6%	40.5%		34.9%	42.2%	
Assets-to-capital multiple[3]	13.0	15.1		13.0	15.1	

[1] Includes loan provision and deferred sales commission.

[2] Includes SG&A and amortization expenses.

[3] For the definition of efficiency ratio and assets-to-capital multiple, see the "Key Performance Indicators and Non-GAAP Measures" section.

Loan Asset Growth

Loan originations decreased significantly compared to the third quarter of 2008 as a result of amendments to our lending programs. Real estate secured loan assets decreased by 22.6% year-over-year. Secured investment loans decreased 0.6% to $1.7 billion as at August 31, 2009, over the same period in 2008 while RSP loan balances and other loans decreased $148.7 million or 24.7%.

Efficiency Ratio

The efficiency ratio is defined as non-interest expenses divided by the total of net interest income and non-interest income. It is a key industry performance indicator used to ensure expenses are contained as the Trust business grows. In the third quarter of 2009, the efficiency ratio experienced a favourable change to 38.6% from 40.5% in the same period of 2008. The efficiency ratio for the nine-month period ended August 31, 2009, improved to 34.9% from 42.2% in the same period of 2008.

Balance Sheet

Total assets decreased 10.6% to $4.8 billion as at August 31, 2009, compared with the previous year. As at August 31, 2009, our assets-to-capital multiple stood at 13.0 times, compared with 15.1 times at the same time last year. Our risk-based capital ratio was 17.8% as at August 31, 2009 compared to 14.7% at November 30, 2008. During the nine-month period ended August 31, 2008, AGF Trust received $35.0 million in debt and equity capital from AGF Management Limited to support increased asset levels. AGF Trust has not required capital from AGF Management since the first quarter of 2008. Liquid assets were high with $865.6 million in cash and cash equivalents as well as investments available for sale as at August 31, 2009 (2008 – $828.6 million).

Loan Portfolio Credit
The credit risk factors considered when assessing the collectability of the various loan portfolios are primarily based on the individuals' ability and willingness to make future loan payments, coupled with the underlying collateral security held for each of the loan categories. The key risk factors considered include:

- Employment rates: higher unemployment rates will likely result in higher default rates as individuals' ability to pay deteriorates.
- Residential property prices and sales volume: declining residential property prices and reduced volumes of residential property sales may result in lower resale prices and longer disposal times, therefore, increasing losses incurred on the disposition of the property.
- Equity market performance: declining global equity markets present increased risk on the secured investment loan portfolio as the value of the underlying collateral is lower. While the Trust Company has recourse to the personal assets of clients with respect to investment loans, the global macro-economic situation and employment levels may impede the Trust Company's ability to realize on the full value of the loan.

The general allowance for real estate secured loan losses decreased to $6.8 million as compared to $9.2 million a year ago. The general allowance for investment loan losses increased to $16.5 million from $9.2 million in the 2008 quarter, due to a refinement in provisioning methodology combined with higher experience of loan writeoffs. Approximately 46.3% of real estate secured loan assets, excluding HELOCs, are insured. We have security for non-RSP investment loans, consisting of mutual funds and other investments. The value of this collateral fluctuates with the changes in the underlying investments. The amount of RSP loans written off, net of recoveries (excluding securitized RSP loans) was $18.4 million for the nine months ended August 31, 2009 (2008 – $3.9 million). For the balance of our loan products, the amount written off net of recoveries was $8.1 million (2008 – $2.8 million).

Liquidity and Capital Resources

For the three and nine months ended August 31, 2009, consolidated cash flow generated from continuing operating activities, before net change in non-cash balances related to operations, was $49.0 million and $140.4 million compared to $66.3 million and $220.1 million in the prior year.

During the three- and nine-month period ended August 31, 2009, we paid $13.1 million and $41.0 million in selling commissions, which were capitalized and amortized for accounting purposes, compared with $17.6 million and $72.2 million in 2008. Accordingly, our free cash flow (defined as cash flow from continuing operations less selling commissions paid) was $35.9 million and $99.4 million for the three and nine months ended August 31, 2009, compared with $48.7 million and $147.9 million in the prior year.

Our free cash flow was used primarily to fund the following:

($ millions)	Three months ended August 31, 2009	Three months ended August 31, 2008	Nine months ended August 31, 2009	Nine months ended August 31, 2008
Payment of dividends	$ 21.6	$ 21.5	$ 64.6	$ 58.5
Acquisitions of subsidiaries	–	–	19.9	20.8
Purchase of property, equipment and other intangible assets	0.6	2.6	1.6	5.3
Investments[1]	(8.8)	2.5	(4.9)	2.7
Bank credit facility repayment (borrowing)	12.1	24.2	(58.9)	12.1
Investment in Trust Operations (eliminated on consolidation)	–	–	–	35.0
	$ 25.5	$ 50.8	$ 22.3	$ 134.4

[1] Excludes $63.8 million and $338.0 million of cash invested by AGF Trust into investments available for sale during the three and nine months ended August 31, 2009 (2008 – nil and $140.0 million).

During the three months ended August 31, 2009, our revolving term loan balance decreased $12.1 million to $182.6 million (2008 – decreased $24.2 million).

Consolidated cash and cash equivalents of $382.9 million decreased by $201.3 million from November 30, 2008 levels of $584.2 million (2008 – decreased by $94.3 million) primarily due to an increase in investments available for sale held by AGF Trust of $342.4 million.

During the quarter, our term loan facility was renewed in the form of a three-year prime-rate-based revolving term loan facility to a maximum of $300.0 million, of which $111.9 million was available to be drawn as at August 31, 2009. Aside from cash held in the Trust Company Operations segment, which is held to fund loans to clients and GIC maturities, AGF had $28.1 million of cash as at August 31, 2009 (August 31, 2008 – $43.8 million). The loan facility will be available to meet future operational and investment needs. We anticipate that 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 requirements, service debt repayment obligations, meet capital spending needs and pay quarterly dividends.

Capital Management Activities

We actively manage our capital to maintain a strong and efficient capital base to maximize risk-adjusted returns to shareholders, invest in future growth opportunities, including acquisitions, and to ensure that the regulatory capital requirements are met for each of our subsidiary companies. AGF's management of its capital and its capital requirements are detailed in the section entitled 'Capital Management Activities' in the Company's Annual MD&A as at November 30, 2008. There have been no material changes to the management of capital or required regulatory amounts. Refer to Note 13 of the Q3 2009 Consolidated Financial Statements for details of capital measures at AGF Trust.

Normal Course Issuer Bid

In February 2009, the Company's Board of Directors authorized the renewal of AGF's normal course issuer bid for the purchase of up to 7,108,630 Class B shares, or 10% of the public float for such shares. The Company received approval from the Toronto Stock Exchange on February 24, 2009, for the renewal of its normal course issuer bid. This allows AGF to purchase up to 7,108,630 Class B shares through the facilities of the Toronto Stock Exchange (or as otherwise permitted by the Toronto Stock Exchange) between February 26, 2009 and February 25, 2010. The Class B shares may be repurchased from time to time at prevailing market prices or such other price as may be permitted by the Toronto Stock Exchange.

As at August 31, 2009, under this current normal course issuer bid, no Class B shares have been repurchased. AGF's previous normal course issuer bid allowed for the repurchase of up to 7,253,822 Class B shares between February 26, 2008, and February 25, 2009, at prevailing market prices. Under the previous normal course issuer bid, AGF purchased an aggregate of 1,000,000 Class B shares, for a total consideration of $7.8 million at an average price of $7.79 per share.

Dividends

For the three months ended August 31, 2009, we declared a 25-cents-per-share dividend on Class A and Class B shares. This dividend will be payable on October 20, 2009, to shareholders of record on October 9, 2009.

The holders of Class B shares are entitled to receive cash dividends. Dividends are paid in equal amounts per share on all Class B and Class A shares at the time outstanding, without preference or priority of one share over another. No dividends may be declared if there is a default of a condition of our loan facility or where such payment of dividends would create a default.

Our Board of Directors may determine that Class B 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 shares is substantially equal to a cash dividend. This determination is based on the weighted average price at which the Class B shares traded on the Toronto Stock Exchange 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 and Class A shares for the period indicated:

Years ended November 30	2009*	2008	2007	2006	2005
Per share	$ 1.00	$ 0.95	$ 0.78	$ 0.69	$ 0.56
Percentage increase	5%	22%	13%	23%	37%

* The total of dividends paid in January, April and July 2009 and to be paid in October 2009.

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.

Outstanding Share Data

Set out below is our outstanding share data as at August 31, 2009 and August 31, 2008. For additional details, see Note 9 of the Q3 2009 Consolidated Financial Statements.

As at August 31,	2009	2008
Shares		
Class A voting common shares	57,600	57,600
Class B non-voting shares	88,947,873	89,442,224
Stock Options		
Outstanding options	5,895,249	3,909,948
Exercisable options	2,383,233	1,943,192

During the three and nine months ended August 31, 2009, 45,655 and 199,325 (2008 – 39,574 and 174,034) Class B shares were issued through the dividend reinvestment plan.

Selected Quarterly Information

($ millions, except per share amounts) For the three-month period ended	August 31, 2009	May 31, 2009	Feb 28, 2009	Nov. 30, 2008
Revenue (continuing operations)	$ 146.9	$ 143.5	$ 138.0	$ 152.2
Cash flow (continuing operations)[1]	49.0	44.7	46.7	57.4
EBITDA (continuing operations)[2]	56.1	49.0	42.8	54.0
Pre-tax income (continuing operations)	30.4	23.0	16.3	(24.1)
Net income	22.8	17.2	12.2	(19.3)
Earnings per share				
Basic	$ 0.26	$ 0.19	$ 0.14	$ (0.21)
Diluted	$ 0.25	$ 0.19	$ 0.14	$ (0.21)
Weighted average basic shares	88,914,200	88,826,605	88,564,160	89,446,562
Weighted average fully diluted shares	89,931,517	89,234,015	88,564,160	90,679,048

($ millions, except per share amounts) For the three-month period ended	Aug. 31, 2008	May 31, 2008	Feb. 29, 2008	Nov. 30, 2007
Revenue (continuing operations)	$ 184.7	$ 194.3	$ 194.3	$ 199.1
Cash flow (continuing operations)[1]	66.3	71.5	83.5	95.0
EBITDA (continuing operations)[2]	81.5	88.6	89.5	87.5
Pre-tax income (continuing operations)	51.1	57.7	56.5	53.7
Net income	41.1	44.0	62.7	49.4
Earnings per share				
Basic	$ 0.46	$ 0.49	$ 0.70	$ 0.55
Diluted	$ 0.46	$ 0.49	$ 0.70	$ 0.54
Weighted average basic shares	89,451,578	89,349,275	89,039,394	90,200,924
Weighted average fully diluted shares	89,870,475	89,785,796	89,807,506	91,566,659

[1] Cash flow from operations before net change in non-cash balances related to operations.

[2] For the definition of EBITDA, see the "Key Performance Indicators and Non-GAAP Measures" section.

Additional Information

Additional information relating to the Company can be found in our Consolidated Financial Statements and accompanying Notes for the three and nine months ended August 31, 2009, our 2008 annual MD&A and Consolidated Financial Statements, our 2008 Annual Information Form (AIF) and other documents filed with applicable securities regulators in Canada. They may be accessed at www.sedar.com.

AGF Management Limited
Consolidated Balance Sheet

As at ($ thousands)	August 31, 2009 (unaudited)	November 30, 2008 (audited)
Assets		
Current Assets		
Cash and cash equivalents	$ 382,885	$ 584,168
Investments available for sale (note 2(a))	528,680	188,435
Accounts receivable, prepaid expenses and other assets	102,429	78,403
Current portion of retained interest from securitization (note 3)	4,157	5,487
Real estate secured and investment loans due within one year (note 5)	520,835	606,844
	1,538,986	1,463,337
Retained interest from securitization (note 3)	37,486	39,460
Real estate secured and investment loans (note 5)	3,265,174	3,824,006
Investment in associated company (note 2(b))	96,129	98,338
Management contracts	504,269	504,269
Customer contracts, net of accumulated amortization	15,484	18,783
Goodwill	172,985	172,985
Trademarks	1,935	1,935
Deferred selling commissions, net of accumulated amortization	281,105	304,406
Property, equipment and computer software, net of accumulated amortization	15,396	19,423
Other assets (note 6)	46,477	87,017
Total assets	$ 5,975,426	$ 6,533,959
Liabilities and shareholders' equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 284,312	$ 306,834
Future income taxes	23,516	26,240
Long-term debt due within one year (note 7)	–	21,171
Deposits due within one year (note 5(f))	2,304,337	2,486,635
	2,612,165	2,840,880
Deposits (note 5(f))	1,911,905	2,275,426
Long-term debt (note 7)	182,593	123,740
Future income taxes	157,376	171,293
Other long-term liabilities (note 8)	7,984	14,995
Total liabilities	4,872,023	5,426,334
Non-controlling interest	396	203
Shareholders' equity		
Capital stock (note 9)	436,553	431,897
Contributed surplus	19,612	17,127
Retained earnings	661,790	676,190
Accumulated other comprehensive income (loss)	(14,948)	(17,792)
Total shareholders' equity	1,103,007	1,107,422
Total liabilities and shareholders' equity	$ 5,975,426	$ 6,533,959

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

($ thousands) (unaudited)	Three months ended August 31, 2009	Three months ended August 31, 2008	Nine months ended August 31, 2009	Nine months ended August 31, 2008
Revenue				
Management and advisory fees	$ 114,775	$ 146,827	$ 322,670	$ 457,201
Deferred sales charges	4,872	6,375	16,454	18,597
RSP loan securitization income (loss), net of impairment (note 3)	544	163	(437)	250
Investment income and other revenue	4,372	5,737	15,181	23,877
	124,563	159,102	353,868	499,925
AGF Trust interest income (note 11)	52,182	76,293	177,501	229,048
AGF Trust interest expense (note 11)	(29,883)	(50,729)	(103,012)	(155,620)
Trust Company net interest income	22,299	25,564	74,489	73,428
Total Revenue	146,862	184,666	428,357	573,353
Expenses				
Selling, general and administrative	48,391	55,296	148,718	168,069
Trailing commissions	32,819	40,746	90,272	124,191
Investment advisory fees	2,288	3,719	7,888	11,516
Amortization of deferred selling commissions	20,763	23,907	64,128	74,760
Amortization of customer contracts	1,263	1,856	3,299	5,825
Amortization of property, equipment and computer software	1,896	2,339	5,649	5,832
Interest expense	1,633	2,098	4,764	7,494
Provision for AGF Trust loan losses (note 5(e))	7,243	3,396	33,596	9,857
	116,296	133,357	358,314	407,544
Income before income taxes and non-controlling interest	30,566	51,309	70,043	165,809
Income tax expense (reduction) (note 12)				
Current	14,431	17,813	35,512	42,281
Future	(6,789)	(7,793)	(18,001)	(24,763)
	7,642	10,020	17,511	17,518
Non-controlling interest (note 4)	181	150	381	446
Net income for the period	$ 22,743	$ 41,139	$ 52,151	$ 147,845
Earnings per share (note 9(g))				
Basic	$ 0.26	$ 0.46	$ 0.59	$ 1.66
Diluted	$ 0.25	$ 0.46	$ 0.58	$ 1.65

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

AGF Management Limited
Consolidated Statement of Changes in Shareholders' Equity

($ thousands) (unaudited)	Three months ended August 31, 2009	Three months ended August 31, 2008	Nine months ended August 31, 2009	Nine months ended August 31, 2008
Common shares				
Balance, beginning of period	$ 434,814	$ 434,621	$ 431,897	$ 421,923
Issued through dividend reinvestment plan	578	819	1,959	3,989
Stock options exercised	1,161	709	1,161	5,121
Issued on acquisition of Highstreet Partners Limited (note 4)	–	–	1,536	5,116
Balance, end of period	436,553	436,149	436,553	436,149
Contributed surplus				
Balance, beginning of period	18,803	14,962	17,127	14,948
Stock options	809	1,100	2,485	1,114
Balance, end of period	19,612	16,062	19,612	16,062
Retained earnings				
Balance, beginning of period	661,267	701,947	676,190	635,369
Net income for the period	22,743	41,139	52,151	147,845
Dividends on AGF Class A voting common shares and AGF Class B non-voting shares	(22,220)	(22,358)	(66,551)	(62,486)
Balance, end of period	661,790	720,728	661,790	720,728
Accumulated other comprehensive income (loss)				
Balance, beginning of period	(20,300)	(10,444)	(17,792)	(3,238)
Other comprehensive income (loss)	5,352	(3,264)	2,844	(10,470)
Balance, end of period	(14,948)	(13,708)	(14,948)	(13,708)
Total shareholders' equity	$ 1,103,007	$ 1,159,231	$ 1,103,007	$ 1,159,231

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

Consolidated Statement of Comprehensive Income

($ thousands) (unaudited)	Three months ended August 31, 2009	Three months ended August 31, 2008	Nine months ended August 31, 2009	Nine months ended August 31, 2008
Net income	$ 22,743	$ 41,139	$ 52,151	$ 147,845
Other comprehensive income (losses), net of tax				
Foreign currency translation adjustments related to net investments in self-sustaining foreign operations[1]	792	(1,594)	(4,850)	(5,570)
	792	(1,594)	(4,850)	(5,570)
Net unrealized gains (losses) on available for sale securities				
Unrealized gains (losses)[2]	3,765	(2,112)	6,425	(4,276)
Reclassification of realized loss (gain) or other than temporary impairment to earnings	737	–	1,087	(77)
	4,502	(2,112)	7,512	(4,353)
Net unrealized gains (losses) on cash flow hedges				
Unrealized gains (losses)[3]	–	291	–	(946)
Reclassification of realized loss on cash flow hedges	58	151	182	399
	58	442	182	(547)
Total other comprehensive income (loss), net of tax	$ 5,352	$ (3,264)	$ 2,844	$ (10,470)
Comprehensive income	$ 28,095	$ 37,875	$ 54,995	$ 137,375

[1] Net of income tax expense of $0.2 million and reduction $0.8 million for the three and nine months ended August 31, 2009. Net of income tax reduction of $0.2 million and $0.9 million for the three and nine months ended August 31, 2008.

[2] Net of income tax expense of $1.3 million and $1.9 million for the three and nine months ended August 31, 2009. Net of income tax reduction of $0.4 million and $0.9 million for the three and nine months ended August 31, 2008.

[3] Net of income tax expense of $0.1 million and net of income tax reduction of $0.5 million for the three and nine months ended August 31, 2008.

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

AGF Management Limited
Consolidated Statements of Cash Flow

($ thousands) (unaudited)	Three months ended August 31, 2009	2008	Nine months ended August 31, 2009	2008
Operating Activities				
Net income for the period	$ 22,743	$ 41,139	$ 52,151	$ 147,845
Items not affecting cash				
Amortization	23,922	28,102	73,076	86,417
Future income taxes	(6,789)	(7,793)	(18,001)	(24,763)
RSP loan securitization income (loss), net of impairment	(544)	(163)	437	(250)
Provision for AGF Trust loan losses	7,243	3,396	33,596	9,857
Stock-based compensation	1,248	2,225	4,054	6,684
Equity investment in S&WHL	(1,131)	(1,142)	(4,390)	(7,747)
Dividends from S&WHL	–	–	1,031	1,116
Other	2,224	482	(1,595)	930
	48,916	66,246	140,359	220,089
Net change in non-cash balances related to operations (note 10)	10,847	30,810	(22,570)	62,888
Net cash provided by operating activities	59,763	97,056	117,789	282,977
Financing Activities				
Issue of Class B non-voting shares	1,161	581	1,161	2,483
Dividends paid	(21,642)	(21,539)	(64,592)	(58,497)
Increase (decrease) in bank loan	(12,061)	(24,209)	58,853	(12,133)
Net increase (decrease) in AGF Trust deposits	(191,364)	74,945	(525,316)	669,068
Net cash provided by (used in) financing activities	(223,906)	29,778	(529,894)	600,921
Investing Activities				
Deferred selling commissions paid	(13,073)	(17,574)	(40,978)	(72,242)
Proceeds from sale of discontinued operations	–	–	702	–
Acquisition of subsidiaries, net of cash acquired	–	–	(19,924)	(20,784)
Purchase of property, equipment and computer software	(578)	(2,553)	(1,622)	(5,296)
Purchase of investments available for sale	(55,025)	(2,543)	(333,066)	(142,709)
Net decrease (increase) in AGF Trust real estate secured and investment loans	267,694	(119,058)	605,710	(737,144)
Net cash provided by (used in) investing activities	199,018	(141,728)	210,822	(978,175)
Increase (decrease) in cash and cash equivalents	34,875	(14,894)	(201,283)	(94,277)
Balance of cash and cash equivalents, beginning of period	348,010	748,491	584,168	827,874
Balance of cash and cash equivalents, end of period	$ 382,885	$ 733,597	$ 382,885	$ 733,597
Represented by:				
Cash and cash equivalents			$ 28,117	$ 43,821
AGF Trust cash and cash equivalents			354,768	689,776
			$ 382,885	$ 733,597

Refer to Note 10 for supplemental cash flow information.

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

Notes to Consolidated Financial Statements

For the three and nine months ended August 31, 2009 (tabular amounts in thousands of dollars, except per share amounts) (unaudited)

These unaudited Q3 2009 Consolidated Financial Statements of AGF Management Limited (AGF or the Company) have been prepared in accordance with Canadian generally accepted accounting principles (GAAP), using the same significant accounting policies as AGF's Consolidated Financial Statements for the year ended November 30, 2008. These financial statements do not contain all the disclosures required by Canadian GAAP for annual financial statements and should be read in conjunction with the Consolidated Financial Statements for the year ended November 30, 2008. Certain comparative amounts in these financial statements have been reclassified to conform to the current year's presentation.

Note 1: Changes in Accounting Policy

Goodwill, Intangible Assets and Financial Statement Concepts

Effective December 1, 2008, the CICA's new accounting standard "Handbook Section 3064, Goodwill and Intangible Assets" was adopted. The standard clarifies that costs can be deferred only when they relate to an item that meets the definition of an asset, and as a result, start-up costs must be expensed as incurred. "Section 1000, Financial Statements Concepts" was also amended to provide consistency with Section 3064. These standards did not have any impact on the financial position or earnings of the Company.

Credit Risk and Fair Value

Effective December 1, 2008, EIC-173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" was adopted. EIC-173 requires the Company's own credit risk and the credit risk of the counterparty to be taken into account in determining the fair value of financial assets and financial liabilities, including derivatives. The new guidance did not have a material effect on the financial position or earnings of the Company.

Future Accounting Changes

Conversion to International Financial Reporting Standards in Fiscal 2012

In February 2008, the Canadian Accounting Standards Board (AcSB) confirmed that all Canadian publicly-accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) for years beginning on or after January 1, 2011. AGF will adopt IFRS for the year beginning December 1, 2011 and will present the interim and annual consolidated financial statements including comparative prior year financial statements in accordance with IFRS.

AGF is currently assessing the differences between IFRS and GAAP, as well as the alternatives available upon adoption. The impact these differences may have on the financial results has not yet been determined and will be an ongoing process as our assessment continues and the International Accounting Standards Board and the AcSB issue new standards and recommendations.

Note 2: Investments Available for Sale and Investment in S&WHL

(a) The following table presents a breakdown of available for sale investments, excluding retained interest from securitization:

($ thousands)	August 31, 2009	November 30, 2008
Trust:		
Canadian government debt[1]		
Federal	$ 10,181	$ 10,233
Provincial	310,580	45,767
Deposits with regulated institutions	85,842	83,498
Other securities	104,252	28,992
	510,855	168,490
Investment Management:		
Canadian government debt		
Federal	296	294
AGF mutual funds and other	11,575	15,013
Equity securities	5,954	4,638
	17,825	19,945
	$ 528,680	$ 188,435

[1] Includes investments issued and/or guaranteed by the Canadian government

(b) The Company holds a 30.3% investment in S&WHL accounted for using the equity method. At August 31, 2009, the carrying value was $96.1 million (November 30, 2008 – $98.3 million). During the three and nine months ended August 31, 2009, the Company recognized $1.1 million and $4.4 million (2008 – $1.1 million and $7.7 million) in revenue from S&WHL. During the first quarter of 2009, the Company received $1.0 million in dividends (2008 – $1.1 million) from S&WHL. No dividends were received from S&WHL during the second or third quarters of 2009 and 2008. A dividend has been declared by S&WHL and the Company will receive approximately $5.0 million on October 2, 2009.

Note 3: Securitization of AGF Trust Loans

On March 30, 2007, AGF Trust securitized $263.6 million of RSP loans. Cash flows of $252.9 million were received on the securitization and a gain of $8.0 million was recorded, net of transaction fees of $0.1 million. As at August 31, 2009, $120.6 million (November 30, 2008 – $166.6 million) of securitized loans were outstanding.

When RSP loan receivables are sold in securitization to a securitization trust under terms that transfer control to third parties, the transaction is recognized as a sale and the related loan assets are removed from the Consolidated Balance Sheet. As part of the securitization, certain financial assets are retained. The retained interests are carried at fair value and are determined using the present value of future expected cash flows. A gain or loss on the sale of loan receivables is recognized immediately in income. The amount of the gain or loss is determined by estimating the fair value of future expected cash flows using management's best estimates of key assumptions: excess spread, discount rate on the interest-only strip, expected credit losses, prepayment rates and the expected weighted average life of RSP loans that are commensurate with the risks involved. The current fair value of retained interests is determined using the present value of future expected cash flows as discussed above. During the three and nine months ended August 31, 2009, a $0.3 million and $3.1 million writedown was booked as an other-than-temporary impairment (2008 – $1.5 million and $3.2 million).

The Company has recorded retained interests of $41.6 million (November 30, 2008 – $44.9 million) made up of i) the rights to future excess interest on these RSP loans after investors in the securitization trust have received the return for which they contracted, valued at $7.6 million (November 30, 2008 – $12.4 million), ii) cash collateral of $12.7 million (November 30, 2008 – $12.0 million) and iii) over-collateralization of $21.3 million (November 30, 2008 – $20.5 million).

As at August 31, 2009, the impaired loans included in the securitized balances were equal to $0.2 million (November 30, 2008 – $0.2 million), and during the three and nine months ended August 31, 2009, $0.6 million and $2.0 million of securitized RSP loans were written off (2008 – $0.6 million and $2.2 million).

The Company's claim on the retained interests is subordinate to investors' interests. Recourse available to investors and the securitization trust are limited to the retained interests. For the three months ended August 31, 2009, cash flows of

$1.5 million (2008 – $1.9 million) related to the interest-only strip were received on the securitized loans. For the nine months ended August 31, 2009, cash flows of $4.4 million (2008 – $6.1 million) related to the interest-only strip were received on the securitized loans. The total other income recognized from securitization, net of securitization writedown, during the three months ended August 31, 2009, was $0.6 million (2008 – $0.2 million loss). The total other loss recognized from securitization, including securitization writedown, during the nine months ended August 31, 2009, was $0.4 million (2008 – $0.3 million income).

The significant assumptions used to value the retained interests were as follows:

Excess spread	4.7% – 4.8%
Discount rate on interest-only strip	7.5%
Expected credit losses	1.7% – 2.0%
Prepayment rate	16.3% – 18.3%
Expected weighted average life of RSP loans	1.8 – 1.9 years

AGF Trust retained servicing responsibilities for the securitized loans. A servicing liability of $0.7 million was recorded as at August 31, 2009 (November 30, 2008 – $1.1 million). This amount represents the estimated future cost of servicing the securitized loans. The amount amortized related to the servicing liability during the three and nine months ended August 31, 2009 was $0.1 million (2008 – $0.2 million) and $0.4 million (2008 – $0.6 million).

The following table presents key economic assumptions and the sensitivity of the current fair value of retained interests to two adverse changes in each key assumption as at August 31, 2009. Since the sensitivity is hypothetical, it should be used with caution. The effect of changes in the fair value of retained interests was calculated using a discounted cash flow analysis.

($ thousands)	Impact on fair value of retained interests
Discount rate	
+10%	$ (53)
+20%	(104)
Prepayment rate	
+10%	$ (83)
+20%	(172)
Expected credit losses	
+10%	$ (379)
+20%	(758)
Excess spread	
-10%	$ (768)
-20%	(1,533)

Note 4: Acquisition of Highstreet Partners Limited

On December 1, 2006, AGF acquired 79.9% of Highstreet Partners Limited (Highstreet). The purchase consideration was payable in a combination of cash and the issue of Class B non-voting shares (Class B shares). On March 2, 2009, a final payment of $21.5 million was paid, consisting of $20.0 million in cash and the issuance of 188,444 Class B shares valued at $1.5 million. The total consideration paid, including acquisition costs and imputed interest, was $65.4 million in cash and the issuance of 629,443 Class B shares valued at $12.3 million. In addition, a contingent consideration will be paid in 2010 if certain financial profitability targets are achieved by Highstreet. At this time, the amount of the contingent consideration is not determinable.

Note 5: AGF Trust

AGF Trust's principal business activities are originating real estate secured loans and investment loans and deposit taking. Details relating to these activities are as follows:

	Term to contractual repricing				
($ thousands)	Variable rate	1 year or less	1 to 5 years	August 31, 2009	November 30, 2008
Mortgage loans	$ 1,182	$ 461,167	$ 687,826	$ 1,150,175	$ 1,394,499
Home equity lines of credit (HELOC)	442,092	–	–	442,092	651,893
Total real estate secured loans	443,274	461,167	687,826	1,592,267	2,046,392
Investment loans	2,225,445	3,222	3,115	2,231,782	2,411,968
Total loans	2,668,719	464,389	690,941	3,824,049	4,458,360
Less: allowance for loan losses				(44,171)	(37,130)
Add: net deferred sales commissions and commitment fees				6,131	9,620
				3,786,009	4,430,850
Less: current portion				(520,835)	(606,844)
				$ 3,265,174	$ 3,824,006

(a) Real Estate Secured and Investment Loans

The table represents the period of contractual repricing of interest rates on outstanding amounts. Principal repayments due on real estate and investment loans due within one year as at August 31, 2009 were $520.8 million (November 30, 2008 – $606.8 million).

As at August 31, 2009, AGF Trust's mortgage portfolio comprises a combination of fixed rate and variable rate residential mortgages with a weighted average term to repricing of 1.8 years (November 30, 2008 – 2.0 years) and a weighted average yield of 6.8% (November 30, 2008 – 7.1%). Insured mortgage loans, excluding loan loss allowance, deferred commissions and pending representment, were $533.0 million as at August 31, 2009 (November 30, 2008 – $616.6 million). HELOCs, which totalled $442.1 million as at August 31, 2009, had an average interest rate of 4.2% (November 30, 2008 – 4.5%). Investment loans, excluding RSP loans, totalled $1.8 billion as at August 31, 2009, and had an average interest rate (based on the prime interest rate) of 4.0% (November 30, 2008 – 5.5%). The average interest rate on all investment loans as at August 31, 2009, was 4.3% (November 30, 2008 – 5.8%). Mortgage and HELOC loans are secured primarily by residential real estate. Secured investment loans of $1.8 billion (November 30, 2008 – $1.8 million) are secured primarily by the investment made using the initial loan proceeds. The market value of this investment loan collateral is approximately $1.4 billion (November 30, 2008 – $1.2 billion).

(b) Loans by Province and by Type

The following tables are a breakdown of the total value and total number of loans by province and by type:

As at August 31, 2009 ($ millions)	**Insured Mortgage Loans**	**Conventional Mortgage Loans**	**Secured Investment Loans**	**RSP Loans**	**HELOC Receivables**	**Finance Loans**	**Total**
British Columbia	$ 10.3	$ 38.2	$ 331.7	$ 44.3	$ 47.8	$ 0.3	$ 472.6
Alberta	61.5	164.0	211.4	47.3	315.1	1.6	800.9
Ontario	324.6	267.6	854.0	159.1	34.4	1.0	1,640.7
Quebec	136.6	147.4	128.9	176.3	0.2	1.6	591.0
Other	-	-	232.6	39.8	44.6	1.8	318.8
Total value of loans	$ 533.0	$ 617.2	$ 1,758.6	$ 466.8	$ 442.1	$ 6.3	$ 3,824.0

As at August 31, 2009	Insured Mortgage Loans	Conventional Mortgage Loans	Secured Investment Loans	RSP Loans	HELOC Receivables	Finance Loans	Total
British Columbia	60	159	4,869	5,000	209	163	10,460
Alberta	787	1,008	3,659	4,140	1,365	679	11,638
Ontario	2,136	1,620	13,676	18,284	198	368	36,282
Quebec	284	786	2,372	16,888	4	601	20,935
Other	–	–	3,375	3,596	300	882	8,153
Total number of loans	3,267	3,573	27,951	47,908	2,076	2,693	87,468

As at November 30, 2008 ($ millions)	Insured Mortgage Loans	Conventional Mortgage Loans	Secured Investment Loans	RSP Loans	HELOC Receivables	Finance Loans	Total
British Columbia	$ 12.8	$ 48.2	$ 340.2	$ 57.8	$ 84.7	$ 0.6	$ 544.3
Alberta	68.1	214.6	217.9	59.8	446.0	3.0	1,009.4
Ontario	388.3	335.9	879.9	216.1	60.9	2.0	1,883.1
Quebec	147.4	179.2	132.5	208.1	0.3	2.6	670.1
Other	–	–	240.1	48.5	60.0	2.9	351.5
Total value of loans	$ 616.6	$ 777.9	$ 1,810.6	$ 590.3	$ 651.9	$ 11.1	$ 4,458.4

As at November 30, 2008	Insured Mortgage Loans	Conventional Mortgage Loans	Secured Investment Loans	RSP Loans	HELOC Receivables	Finance Loans	Total
British Columbia	66	201	4,944	6,985	354	244	12,794
Alberta	327	997	3,735	5,551	1,990	1,020	13,620
Ontario	2,518	2,000	13,930	25,198	327	543	44,516
Quebec	834	1,221	2,411	19,939	5	857	25,267
Other	–	–	3,452	4,488	407	1,193	9,540
Total number of loans	3,745	4,419	28,472	62,161	3,083	3,857	105,737

(c) Impaired Loans

Loans are considered to be past due where repayment of principal or interest is contractually in arrears. Loans are classified as impaired when, in the opinion of management, there is reasonable doubt as to the collectability, either in whole or in part, of principal or interest, or when principal or interest is 90 days past due, except where the loan is both well-secured and in the process of collection. As at August 31, 2009, impaired loans were $55.6 million (November 30, 2008 – $45.4 million) and $34.8 million (November 30, 2008 – $31.3 million) net of the specific allowance for loan losses.

($ thousands)	August 31, 2009	November 30, 2008
Impaired Loans:		
Insured mortgage loans	$ 6,806	$ 5,483
Conventional mortgage loans	39,163	33,628
Secured investment loans	2,406	988
RSP loans	5,368	4,846
HELOC receivables	1,827	478
	$ 55,570	$ 45,423

The following table provides an aging of loans:

As at August 31, 2009 ($ thousands)	Current	1 to 29 days	30 to 60 days	61 to 90 days	Over 90 days	Total
Insured mortgage loans	450,293	$ 36,919	$ 12,316	$ 5,489	$ 28,006	$ 533,023
Conventional mortgage loans	514,939	36,743	21,288	4,999	39,183	617,152
Secured investment loans	1,736,847	13,874	3,861	1,633	2,406	1,758,621
RSP loans	451,822	6,264	3,737	2,010	2,992	466,825
HELOC receivables	432,414	6,096	1,680	–	1,902	442,092
Finance loans	6,336	–	–	–	–	6,336
	3,592,651	$ 99,896	$ 42,882	$ 14,131	$ 74,489	$ 3,824,049

As at November 30, 2008 ($ thousands)	Current	1 to 29 days	30 to 60 days	61 to 90 days	Over 90 days	Total
Insured mortgage loans	$ 551,772	$ 29,567	$ 6,085	$ 3,313	$ 25,878	$ 616,615
Conventional mortgage loans	670,763	53,741	12,176	7,537	33,668	777,885
Secured investment loans	1,790,788	15,284	2,220	1,510	790	1,810,592
RSP loans	574,049	9,958	4,435	1,120	752	590,314
HELOC receivables	646,891	3,847	658	–	497	651,893
Finance loans	11,061	–	–	–	–	11,061
	$ 4,245,324	$ 112,397	$ 25,574	$ 13,480	$ 61,585	$ 4,458,360

(d) Mortgages in Legal Action

The following table provides a summary of conventional mortgages in legal action which includes demand for payment, power of sale and foreclosures. The table details opening mortgages in legal action for the period and related changes to the pool, being additions, discharged mortgages other than sold, proceeds on foreclosed mortgages discharged and related losses, to arrive at the ending balance of mortgages in legal action.

Nine months ended August 31, ($ thousands)	2009	2008
Balance outstanding, beginning of the period	$ 44,987	$ 35,070
Additions	40,833	28,073
Discharged mortgages other than sold	(16,401)	(23,563)
Proceeds on foreclosed mortgages discharged	(17,001)	(5,585)
Loss on foreclosed mortgages discharged	(2,729)	(1,310)
	$ 49,689	$ 32,685

(e) Allowance for Credit Losses

During 2008, as a result of economic and market indicators, the Company refined its provision for specific allowances to include loans in arrears of one to 90 days in addition to impaired loans. The change in the allowance for loan losses is as follows:

Nine months ended August 31, 2009 ($ thousands)	**Specific allowances**	**General allowances**	**Total allowances**
Balance, beginning of the period	$ 14,163	$ 22,967	$ 37,130
Amounts written off	(27,766)	–	(27,766)
Recoveries	1,211	–	1,211
Provision for loan losses	33,232	364	33,596
	$ 20,840	$ 23,331	$ 44,171
Breakdown by category as at August 31, 2009:			
Conventional mortgage loans	$ 6,286	$ 5,788	$ 12,074
Secured investment loans	4,943	6,274	11,217
RSP loans	9,401	10,216	19,617
HELOCs receivables	210	1,053	1,263
	$ 20,840	$ 23,331	$ 44,171

Nine months ended August 31, 2008 ($ thousands)	**Specific allowances**	**General allowances**	**Total allowances**
Balance, beginning of the period	$ 1,860	$ 15,277	$ 17,137
Amounts written off	(7,327)	–	(7,327)
Recoveries	652	–	652
Provision for loan losses	6,777	3,080	9,857
	$ 1,962	$ 18,357	$ 20,319
Breakdown by category as at August 31, 2008:			
Conventional mortgage loans	$ 1,556	$ 7,640	$ 9,196
Secured investment loans	33	4,407	4,440
RSP loans	373	4,772	5,145
HELOC receivables	–	1,538	1,538
	$ 1,962	$ 18,357	$ 20,319

(f) AGF Trust Deposits

($ thousands)	**Term to maturity** **Demand**	**1 year or less**	**1 to 5 years**	**August 31, 2009**	**November 30, 2008**
Deposits	3,335	$ 2,301,002	$ 1,922,690	$ 4,227,027	$ 4,776,511
Less: deferred selling commissions				(10,785)	(14,450)
Less: current portion				(2,304,337)	(2,486,635)
Long-term deposits				$ 1,911,905	$ 2,275,426

As at August 31, 2009, deposits were substantially comprised of GICs with a weighted average term to maturity of 1.3 years (November 30, 2008 – 1.4 years) and a weighted average interest rate of 3.83% (November 30, 2008 – 4.22%). Approximately 17.3% of deposits mature within 90 days (November 30, 2008 – 11.7%).

(g) Interest Rate Swaps

To hedge its exposure to fluctuating interest rates, AGF Trust has entered into interest rate swap transactions with four Canadian chartered banks, as noted below. The swap transactions expire between September 2009 and October 2012. They involve the exchange of either the one-month bankers' acceptance (BA) rate or the three-month BA rate to receive fixed interest rates. The swap contracts designated as fair value hedging instruments for deposits are used by AGF Trust for balance sheet matching purposes and to mitigate net interest revenue volatility. As at August 31, 2009, the aggregate

notional amount of the swap transactions was $2.5 billion (November 30, 2008 – $3.2 billion). The aggregate fair value of the swap transactions, which represents the amount that would be received by AGF Trust if the transactions were terminated at August 31, 2009, was $60.3 million (November 30, 2008 – $85.0 million).

Notional amount of swap		Fair value	Maturity date	Fixed interest rate received
($ thousands)		($ thousands)		
780,000	$	2,786	2009	0.70% - 4.70%
945,000		23,958	2010	0.84% - 5.05%
525,000		24,271	2011	0.85% - 5.08%
220,000		9,302	2012	1.60% - 5.01%

Note 6: Other Assets

($ thousands)	August 31, 2009	November 30, 2008
Long-term portion of derivatives used to manage interest rate exposure	$ 43,122	$ 85,097
Other	3,355	1,920
	$ 46,477	$ 87,017

The current portion of derivatives used to manage interest rate exposure is included under accounts receivable, prepaid expenses and other assets. As at August 31, 2009, the current portion was $17.2 million (November 30, 2008 – nil). Refer to Note 5(g) for details on the derivatives used to manage interest rate exposure. Refer to Note 14 for further details of the Company's derivative instruments.

Note 7: Long-Term Debt

($ thousands)	August 31, 2009	November 30, 2008
Revolving term loan	$ 182,593	$ 123,740
Payment related to acquisition of Highstreet Partners Limited (note 4)	–	21,171
	182,593	144,911
Less: amount included in current liabilities	–	21,171
	$ 182,593	$ 123,740

(a) Revolving Term Loan

The Company has arranged a three-year prime-rate-based revolving term loan to a maximum of $300.0 million (November 30, 2008 – $300.0 million) with a Canadian chartered bank. Under the loan agreement, AGF is permitted to draw down the revolving term loan by direct advances and/or bankers' acceptances (BAs). 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 July 31, 2010. However, AGF may request within 75 to 90 days prior to the end of the commitment period a recommencement of the three-year term at the expiry of the then-current commitment period. Without recommencement, the loan shall be automatically converted to a term loan facility having a term of two years. The loan balance shall be repaid over a period of two years in minimum quarterly instalments of one-twelfth of the amount of principal outstanding with the balance payable at the end of the term. As at August 31, 2009, AGF has drawn $182.6 million (November 30, 2008 – $123.7 million) against the facility in the form of eight to 30 day BAs at an effective average interest rate of 2.9% (November 30, 2008 – 2.9%) per annum.

Security for the bank loans include a specific claim over the management fees owing from the mutual funds (subject to the existing claims of related limited partnerships) for which AGF acts as manager and a pledge of assets by AGF Management Limited and certain subsidiaries, including AGF Funds Inc. and 20/20 Financial Corporation.

(b) Payments Due Related to Acquisition of Highstreet Partners Limited

On December 1, 2006, AGF acquired 79.9% of Highstreet (refer to Note 4). On March 2, 2009, a payment of $21.5 million was paid. The payment consisted of $20.0 million in cash and the issuance of 188,444 Class B shares valued at $1.5 million. In addition, a further contingent payment is due as described in Note 4.

Note 8: Other Long-term Liabilities

($ thousands)	August 31, 2009	November 30, 2008
Long-term portion of derivative used to manage changes in share-based compensation	$ 1,751	$ 7,755
Long-term compensation-related liabilities	2,842	3,310
Long-term portion of Elements Advantage	3,329	3,808
Other	62	122
	$ 7,984	$ 14,995

The current portion of the derivative used to manage changes in share-based compensation is included under accounts payable and accrued liabilities. As at August 31, 2009, the current portion was $2.8 million (November 30, 2008 – nil). The notional amount of the derivative used to manage share-based compensation is $8.9 million or 295,609 share units and matures in 2010. Refer to Note 14 for further details on the Company's derivative instruments.

The current portion of the Elements Advantage liability is included under accounts payable and accrued liabilities. As at August 31, 2009, the current portion was $5.1 million (November 30, 2008 – $4.0 million).

Note 9: Capital Stock

(a) Authorized Capital

The authorized capital of AGF consists of an unlimited number of AGF Class B non-voting common shares (Class B shares) and an unlimited number of AGF Class A voting common shares (Class A shares). The Class B shares are listed for trading on the Toronto Stock Exchange.

(b) Change During the Period

The change in capital stock is summarized as follows:

Nine months ended August 31,	**2009**		**2008**	
($ thousands, except share amounts)	**Shares**	**Stated value**	**Shares**	**Stated value**
Class A shares	57,600	$ –	57,600	$ –
Class B shares				
Balance, beginning of period	88,480,104	$ 431,897	88,922,157	$ 421,923
Issued through dividend reinvestment plan	199,325	1,959	174,034	3,989
Stock options exercised	80,000	1,161	130,150	5,121
Issued on acquisition of Highstreet Partners Limited (note 4)	188,444	1,536	215,883	5,116
Balance, end of period	88,947,873	$ 436,553	89,442,224	$ 436,149

(c) 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 (or as otherwise permitted by the Toronto Stock Exchange). 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 7,108,630 shares through to February 25, 2010. No Class B shares were purchased during the three and nine months ended August 31, 2009 (2008 – nil).

(d) Stock Option Plans

AGF has established stock option plans for senior employees under which stock options to purchase an aggregate maximum of 4,695,701 Class B shares could have been granted as at August 31, 2009 (2008 – 6,647,252). The stock options are issued at a price not less than the market price of the Class B shares immediately prior to the grant date. Stock options are vested to the extent of 25% to 33% of the individual's entitlement per annum, or in some instances, vest at the end of the term of the option.

The change in stock options during 2009 and 2008 is summarized as follows:

Nine months ended August 31,	2009			2008		
	Options		Weighted average exercise price	Options		Weighted average exercise price
Class B share options						
Balance, beginning of period	6,576,948	$	16.59	4,268,765	$	22.50
Options granted	–		–	40,000		22.36
Options forefeited/expired	(601,699)		20.43	(268,667)		26.54
Options exercised	(80,000)		14.52	(130,150)		19.08
Balance, end of period	5,895,249	$	16.23	3,909,948	$	22.33

During the three months ended August 31, 2009, no stock options were granted (2008 – 40,000) and compensation expense and contributed surplus of $0.8 million (2008 – $1.3 million) were recorded.

During the nine months ended August 31, 2009, no stock options were granted (2008 – 40,000) and compensation expense and contributed surplus of $2.5 million (2008 – $3.8 million) were recorded.

(e) Restricted Share Unit (RSU) and Performance Share Unit (PSU) Plans

The changes in share units during the nine months ended August 31, 2009 and August 31, 2008, are as follows:

Nine months ended August 31,	2009	2008
	Number of share units	Number of share units
Outstanding, beginning of period		
Non-vested	680,889	345,257
Issued		
Initial allocation	–	–
In lieu of dividends	46,707	10,180
Settled in cash	(47,750)	(340)
Forfeited and cancelled	(72,666)	(19,650)
Outstanding, end of period	607,180	335,447

Compensation expense for the three months ended August 31, 2009 related to these share units was $0.7 million (2008 – $0.9 million), and for the nine months ended August 31, 2009, was $2.2 million (2008 – $1.4 million). During the year ended November 30, 2008, it was determined that the achievement of certain performance criteria necessary for the PSUs to be paid was unlikely. As a result, the Company no longer records a liability for PSUs. AGF has entered into a swap agreement to fix the cost of compensation related to certain RSUs and PSUs. As at August 31, 2009, AGF has economically hedged 210,061 share units at a fixed cost of $30.17. Refer to Note 14 for further details on the Company's derivative instruments.

(f) Deferred Share Unit (DSU) Plan

There is no unrecognized compensation expense related to directors' DSUs since these awards vest immediately upon grant. As at August 31, 2009, 38,641 (2008 – 14,411) DSUs were outstanding. Compensation expense related to these DSUs for three months ended August 31, 2009 was $0.1 million (2008 – $0.1 million), and for the nine months ending August 31, 2009, was $0.4 million (2008 – $0.3 million).

(g) Earnings per Share

The following table sets forth the calculation of both basic and diluted earnings per share and earnings per share and diluted earnings per share from continuing operations.

($ thousands, except per share amounts)	Three months ended August 31, 2009	Three months ended August 31, 2008	Nine months ended August 31, 2009	Nine months ended August 31, 2008
Numerator				
Net income for the period	$ 22,743	$ 41,139	$ 52,151	$ 147,845
Denominator				
Weighted average number of shares – basic	88,914,200	89,451,578	88,769,812	89,280,734
Dilutive effect of employee stock options	1,017,317	418,897	547,118	518,892
Weighted average number of shares – diluted	89,931,517	89,870,475	89,316,930	89,799,626
Earnings per share				
Basic	$ 0.26	$ 0.46	$ 0.59	$ 1.66
Diluted	$ 0.25	$ 0.46	$ 0.58	$ 1.65

Note 10: Supplemental Disclosure of Cash Flow Information

(a) Changes in Non-Cash Operating Working Capital Items

($ thousands)	Three months ended August 31, 2009	Three months ended August 31, 2008	Nine months ended August 31, 2009	Nine months ended August 31, 2008
(Increase) decrease in accounts receivable	$ (8,700)	$ (10,060)	$ (24,070)	$ 14,941
Decrease in other assets	3,199	1,006	24,923	3,793
Increase (decrease) in accounts payable and accrued liabilities	15,461	38,658	(24,866)	41,766
Increase in deposits and other liabilities	887	1,206	1,443	2,388
	$ 10,847	$ 30,810	$ (22,570)	$ 62,888

(b) Income Taxes and Interest Paid

($ thousands)	Three months ended August 31, 2009	Three months ended August 31, 2008	Nine months ended August 31, 2009	Nine months ended August 31, 2008
Income taxes paid	$ 11,709	$ 7,930	$ 49,508	$ 29,030
Interest paid	25,552	46,381	88,998	144,266
	$ 37,261	$ 54,311	$ 138,506	$ 173,296

Note 11: AGF Trust Net Interest Income

The breakdown of net interest income is as follows:

	Three months ended August 31,		Nine months ended August 31,	
($ thousands)	**2009**	**2008**	**2009**	**2008**
AGF Trust interest income				
Loan interest	$ 50,185	$ 68,576	$ 165,056	$ 203,784
Investment interest	1,997	7,717	12,445	25,264
	52,182	76,293	177,501	229,048
AGF Trust interest expense				
Deposit interest	42,276	52,557	137,140	149,926
Hedging interest income	(18,138)	(7,838)	(52,199)	(12,028)
Other interest expense	5,745	6,010	18,071	17,722
	29,883	50,729	103,012	155,620
AGF Trust net interest income	$ 22,299	$ 25,564	$ 74,489	$ 73,428

Note 12: Income Tax

In December 2007, a reduction of the federal corporate income tax rate from 18.5% to 15.0% by January 1, 2012 was substantively enacted. Accordingly, during the nine months ended August 31, 2008, the Company recognized a $19.5 million reduction in future income tax liabilities.

Note 13: Capital Management

Detailed disclosure of the Company's capital, including management objectives and policies and regulatory capital requirements, are included in Note 23 to the 2008 Audited Consolidated Financial Statements. The cumulative amount of minimum regulatory capital in the Investment Management business remains unchanged from November 30, 2008 at approximately $6.0 million.

Capital measures at AGF Trust are detailed as follows:

As at ($ thousands, except for risk-weighted assets in $ millions)	Basel II August 31, 2009	Basel II November 30, 2008
Risk-weighted assets[1]		
Credit risk	$ 1,859.1	$ 2,244.3
Operational risk	208.6	172.6
Total risk-weighted assets	2,067.7	2,416.9
Tier 1 capital		
Common shares	$ 82,768	$ 82,768
Contributed surplus	1,565	1,338
Retained earnings	113,669	101,432
Non-cumulative preferred shares	64,000	64,000
Less: securitization and other	(12,466)	(15,567)
	249,536	233,971
Tier 2 capital		
Subordinated debentures	109,500	109,500
General allowances	16,267	19,638
Less: securitization and other	(7,228)	(8,295)
	118,539	120,843
Total capital	$ 368,075	$ 354,814

[1] For operational risk, AGF Trust uses the Basic Indicator Approach - calculated as 15% of the previous three-year average of net interest income and other income, excluding gain or loss on investments. The risk-weighted equivalent is determined by multiplying the capital requirement for operational risk by 12.5.

Note 14: Financial Instruments

The carrying amounts for the Company's financial instruments classified based on categories according to CICA Handbook "Section 3855 Financial Instruments – Recognition and Measurement" are as follows:

As at August 31, 2009 ($ thousands)	Available for Sale	Held for Trading	Loans and Receivables or Other Financial Liabilities
Cash and cash equivalents	$ –	$ 382,885	$ –
Investments	528,680	–	–
Retained interest from securitization	41,643	–	–
Accounts receivable	–	–	81,892
Real estate secured and investment loans	–	–	3,786,009
Derivatives	–	60,317	–
Other assets	–	–	3,355
Total financial assets	$ 570,323	$ 443,202	$ 3,871,256
Accounts payable and accrued liabilities	$ –	$ –	$ 281,505
Long-term debt	–	–	182,593
Deposits	–	–	4,216,242
Derivatives	–	4,558	–
Other long-term liabilities	–	–	6,233
Total financial liabilities	$ –	$ 4,558	$ 4,686,573

As at November 30, 2008 ($ thousands)	Available for Sale	Held for Trading	Loans and Receivables or Other Financial Liabilities
Cash and cash equivalents	$ –	$ 584,168	$ –
Investments	188,435	–	–
Retained interest from securitization	44,947	–	–
Accounts receivable	–	–	76,316
Real estate secured and investment loans	–	–	4,430,850
Derivatives	–	85,097	–
Other assets	–	–	1,920
Total financial assets	$ 233,382	$ 669,265	$ 4,509,086
Accounts payable and accrued liabilities	$ –	$ –	$ 306,834
Long-term debt	–	–	144,911
Deposits	–	–	4,762,061
Derivatives	–	7,755	–
Other long-term liabilities	–	–	7,240
Total financial liabilities	$ –	$ 7,755	$ 5,221,046

Risk Management

In the normal course of business, the Company manages risks that arise as a result of its use of financial instruments. These risks include market, liquidity and credit risk.

Market Risk

Market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market factors. Market risk includes fair value risk, interest rate risk and foreign currency risk. The Company is exposed to these risks directly through its financial instruments.

Fair Value Risk

Fair value risk is the risk of loss due to adverse changes in equity prices. The Company is exposed to fair value risk on its investments available for sale related to mutual funds and equity securities, retained interest from securitization and derivative positions used to manage changes in share-based compensation. Any unrealized gains or losses arising from changes in the fair value of the financial instruments available for sale are recorded in other comprehensive income. Based on the carrying value of the investments referred to above at August 31, 2009, the effect of a 10% decline or increase in the value of investments would result in a $1.8 million annualized unrealized gain or loss to other comprehensive income (2008 – $2.4 million). Refer to Note 3 for the effect of changes to key assumptions on the fair value of retained interests.

Interest Rate Risk

Interest rate risk, inclusive of credit spread risk, is the risk of loss due to the following: changes in the level, slope and curvature of the yield curve; the volatility of interest rates; mortgage prepayment rates; changes in the market price of credit and the creditworthiness of a particular client.

The Company, through AGF Trust, is exposed to interest rate risk through its real estate secured and investment loans receivable, managed and supervised by AGF Trust's Asset and Liability Committee. AGF Trust employs a number of techniques to manage this risk, including the matching of asset and liability terms. AGF Trust also uses interest rate swaps to manage any residual mismatches. In addition, AGF Trust has assessed the interest rate risk for investment loans, RSP loans and HELOC receivables, to be low due to the variable rate nature of these products. AGF Trust is also exposed to interest rate risk through its investments available for sale. As at August 31, 2009, a 1% increase in interest rates would result in an increase in annual net interest income of approximately $4.6 million (2008 – $3.8 million), while a 1% decrease in interest rates will result in an increase in net interest income of approximately $0.6 million (2008 – $3.8 million).

The Company is also exposed to interest rate risk through its floating-rate debt and cash balances. As at August 31, 2009, the effect of a 1% change in the variable interest rates on the average loan balance outstanding for the nine months would have resulted in an annualized change in interest expense of approximately $1.5 million (2008 – $1.5 million).

Foreign Currency Risk
Foreign currency risk is the risk of loss due to changes in spot and forward rates and the volatility of currency exchange rates. The Company is subject to foreign exchange risk on its integrated foreign subsidiaries in Ireland and Singapore, which provide investment advisory services. These subsidiaries retain minimal monetary exposure to the local currency, as the majority of revenues are earned in Canadian dollars and salaries and wages are primarily paid on a monthly basis and represent the majority of the local currency expenses. As such, these foreign subsidiaries have limited use of financial instruments denominated in local currencies, thus resulting in minimal foreign exchange risk.

Derivative Instruments
Details of the Company's derivative instruments are as follows:

As at August 31, 2009 ($ thousands)	**Interest Rate**	**Hedging item maximum maturity date**	**Notional amount**	**Fair Value**
Derivatives used to manage interest rate exposure	0.70% - 5.08%	2012	2,470,000	60,317
Derivatives used to manage changes in share-based compensation	–	2010	8,919	(4,558)

As at November 30, 2008 ($ thousands)	**Interest Rate**	**Hedging item maximum maturity date**	**Notional amount**	**Fair Value**
Derivatives used to manage interest rate exposure	1.31% - 5.08%	2012	3,167,000	85,097
Derivatives used to manage changes in share-based compensation	–	2010	10,275	(7,755)

Liquidity Risk

Liquidity risk arises from the possibility that the Company cannot meet a demand for cash resources when required or meet its financial obligations.

The Company manages its liquidity risk through the management of its capital structure and financial leverage as outlined in Notes 9 and 13. In its Investment Management and Other segment, 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 credit facility. The key liquidity requirements within this segment are the funding of commissions paid on mutual funds and dividends paid to shareholders. The Company is subject to certain financial loan covenants under its credit facility and has met all of these conditions.

AGF Trust manages liquidity risk through deposit-taking activities and through the securitization of loans. The key liquidity requirements within this segment are the funding of mortgages and loans and the ability to pay out maturing GICs. AGF Trust's overall liquidity risk is managed by its treasury department and is supervised by AGF Trust's Asset and Liability Committee in accordance with the policies for management of assets and liabilities, liquidity and loan financing activities. These policies aim to ensure that AGF Trust has sufficient cash resources to meet its current and future financial obligations in the regular course of business and under a variety of conditions.

Management monitors cash resources daily to ensure that AGF Trust's liquidity measurements are within the limits established by policies. In addition, management meets regularly to assess the timing of cash inflows and outflows related to loan and deposit maturities, and to review various possible stress scenarios. AGF Trust aims to maintain a prudent reserve of unencumbered liquid assets that are readily available if required. It strives to maintain a stable volume of base deposits that originate from its deposit brokerage clientele.

The Government of Canada introduced a guarantee program on debt issuances of deposit-taking institutions. Under that program, AGF Trust can issue up to $952.9 million of debt with a government backstop and a term of up to three years.

The Company's internal audit department reviews the compliance of AGF Trust's liquidity policies. Internal audit reports are presented to the Audit Committee of the Trust Board for review.

Credit Risk

Credit risk is the potential of financial loss arising from the failure of a borrower or counterparty to honour its financial or contractual obligations to the Company. The Company's overall credit risk strategy and credit risk policy are developed by its Executive Committee and further refined at the business unit level, through the use of policies, processes and internal controls. They are designed to promote business activities while ensuring these activities are within the standards of risk tolerance levels. As at August 31, 2009, financial assets of $4.9 billion (November 30, 2008 – $5.4 billion), consisting of cash and cash equivalents, investments, retained interests from securitization, real estate secured loans and investment loans, accounts receivable and other assets, were exposed to credit risk up to the maximum of their respective carrying value.

Cash and cash equivalents consist primarily of highly liquid temporary deposits with Canadian and Irish banks, as well as commercial paper, bank-sponsored ABCP, bank deposit notes, reverse re-purchase agreements, BAs and floating-rate notes.

Investments subject to credit risk consist primarily of floating-rate notes, senior debt instruments, investments in mutual funds of AGF and other securities. For investing activities done through AGF Trust, policies have been established that identify the types and rating of debt investments in which AGF Trust can invest. These policies also restrict AGF Trust's transactions primarily to major chartered banks and recognized investment dealers who are members of the Investment Industry Regulatory Organization of Canada (IIROC). AGF Trust Executive Committee (EXCO) maintains a list of the approved securities dealers and counterparties, which are reviewed at least annually by the Trust Board. AGF Trust uses external credit rating agencies in assessing the credit quality of certain investments in financial assets. The credit rating agencies used include DBRS, S&P and Moody's. As at August 31, 2009, AGF Trust held investments with long term ratings from DBRS of A (high) to AAA (or the equivalent from other credit rating agencies). AGF Trust held investments with short term ratings from DBRS of R-1 (high) (or the equivalent from other credit rating agencies).

The Company's most significant credit risk is through AGF Trust's real estate secured loans and investment loans. AGF Trust mitigates this risk through stringent credit policies and lending practices. These policies aim to ensure that the authority to approve credit applications is appropriately delegated by senior management or the Investment Committee of AGF Trust, depending on the risk and the amount of the credit application. The credit policies also provide guidelines for pricing based on risk, for reviewing any collateral pledged for a credit application, monitoring of impaired loans and for establishing and reviewing loan loss provisions to ensure they are adequate. The policies establish risk limits for credit concentration by counterparty, geographic location and other risk factors that would impact AGF Trust's credit risk profile. AGF Trust has adjusted its policies and criteria related to its loan provisions and lending practices to reflect the higher probability of default that occurs during a weaker economy.

At August 31, 2009, AGF Trust's loan assets totalled $3.8 billion (November 30, 2008 – $4.5 billion) and were comprised of mortgage loans, investment loans, RSP loans, finance loans and HELOC receivables. Of this amount, $1.1 billion (November 30, 2008 – $1.4 billion) was represented by mortgage loans and $0.4 billion (November 30, 2008 – $0.7 billion) was represented by HELOC receivables, both of which are secured by residential real estate. At August 31, 2009, 46.3% (November 30, 2008 – 44.2%) of mortgage loans were insured by Canada Mortgage and Housing Corporation (CMHC) or another insurer. Conventional uninsured mortgages have loan-to-value ratios of less than 80% of the appraised value of the property at the time the mortgage loan was granted. The average loan-to-value ratio of uninsured mortgage loans was 62.4% as at August 31, 2009 (2008 – 63.8%).

Residential mortgages represent the largest component of the total mortgage portfolio, comprising 97.2% as at August 31, 2009 (November 30, 2008 – 97.5%). AGF Trust's credit risk on these loans is also mitigated through the use of collateral, primarily in the form of residential real estate. Under AGF Trust's lending criteria, management reviews all mortgage loans on a regular basis to determine the appropriate allowance for loss required by AGF Trust. Risk is also mitigated through residential mortgage insurance through CMHC or another insurer. As at August 31, 2009, $533.0 million of AGF Trust's residential mortgage portfolio was insured (November 30, 2008 – $616.6 million).

Credit risk for HELOCs and investment loans is mitigated by collateral in the form of residential mortgages and investment funds, respectively. Investment loans, excluding RSP loans, of $1.78 billion (November 30, 2008 – $1.8 billion), are secured primarily by the investment made using the initial loan proceeds. The market value of this investment loan collateral is approximately $1.4 billion (November 30, 2008 – $1.2 billion).

RSP loans are used by borrowers to purchase assets in a retirement savings plan. The creditworthiness of each borrower is assessed prior to approval of the loan. Predictive scorecards are used to determine the probability of default and bankruptcy of the borrowers. On a regular basis, AGF Trust reviews the credit quality in the portfolio. Loans in arrears are also reviewed regularly to determine the appropriate loan loss reserves.

Derivative financial instruments expose AGF Trust to credit risk to the extent that if a counterparty default occurs, market conditions are such that AGF Trust would incur a loss in replacing the defaulted transaction. AGF Trust negotiates derivative master netting agreements with counterparties with which it contracts. These agreements reduce credit risk exposure. AGF Trust assesses the creditworthiness of the counterparties to minimize the risk of counterparty default under the agreements. AGF Trust only uses major Chartered banks as counterparties with a minimum credit rating of AA.

Note 15: Segment Information

AGF has three reportable segments: Investment Management Operations, Trust Company Operations and Other. The Investment Management Operations segment provides investment management and advisory services and is responsible for the management and distribution of AGF investment products. AGF Trust offers a range of trust services including GICs, term deposits, real estate secured loans and investment loans. The results of Smith & Williamson Holdings Limited have been included in Other.

The results of the reportable segments are based on the internal financial reporting systems of AGF. The accounting policies used in these segments are generally consistent with those described in the “Summary of Significant Accounting Policies” detailed in AGF’s 2008 Annual Report.

Three months ended August 31, 2009 ($ thousands)	**Investment Management Operations**	**Trust Company Operations**	**Other[1]**	**Total**
Revenue	$ 120,381	$ 25,350	$ 1,131	$ 146,862
Operating expenses	74,567	16,174	–	90,741
Amortization and other expenses	23,203	719	1,633	25,555
Segment income before taxes	$ 22,611	$ 8,457	$ (502)	$ 30,566

Three months ended August 31, 2008 ($ thousands)	**Investment Management Operations**	**Trust Company Operations**	**Other[1]**	**Total**
Revenue	$ 155,168	$ 28,356	$ 1,142	$ 184,666
Operating expenses	89,190	13,967	–	103,157
Amortization and other expenses	27,182	920	2,098	30,200
Segment income before taxes	$ 38,796	$ 13,469	$ (956)	$ 51,309

Nine months ended August 31, 2009 ($ thousands)	**Investment Management Operations**	**Trust Company Operations**	**Other[1]**	**Total**
Revenue	$ 343,280	$ 80,687	$ 4,390	$ 428,357
Operating expenses	220,877	59,597	–	280,474
Amortization and other expenses	70,930	2,146	4,764	77,840
Segment income before taxes	$ 51,473	$ 18,944	$ (374)	$ 70,043
Total Assets	$ 1,175,584	$ 4,799,842	$ –	$ 5,975,426

Nine months ended August 31, 2008 ($ thousands)	**Investment Management Operations**	**Trust Company Operations**	**Other[1]**	**Total**
Revenue	$ 483,274	$ 82,332	$ 7,747	$ 573,353
Operating expenses	270,963	42,670	–	313,633
Amortization and other expenses	84,474	1,943	7,494	93,911
Segment income before taxes	$ 127,837	$ 37,719	$ 253	$ 165,809
Total Assets	$ 1,289,849	$ 5,367,345	$ –	$ 6,657,194

[1] Other revenue relates to S&WHL.

This report contains forward-looking statements with respect to AGF, including its business operations and strategy, as well as 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.