AGF Management Limited
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the years ended November 30, 2016 and 2015

Management's Discussion and Analysis

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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,' 'estimates', '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 income, revenues, earnings or growth rates), ongoing business strategies or prospects, fund performance, and possible future action on our part, is also a forward-looking statement. Forward-looking statements are based on certain factors and assumptions, including expected growth, results of operations, business prospects, business performance and opportunities. While we consider these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about our operations, economic factors and the financial services industry generally. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by us due to, but not limited to, important risk factors such as level of assets under our management, volume of sales and redemptions of our investment products, performance of our investment funds and of our investment managers and advisors, client-driven asset allocation decisions, pipeline, competitive fee levels for investment management products and administration, and competitive dealer compensation levels and cost efficiency in our investment management operations, as well as general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, taxation, changes in government regulations, unexpected judicial or regulatory proceedings, technological changes, cybersecurity, catastrophic events, and our ability to complete strategic transactions and integrate acquisitions, and attract and retain key personnel. 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 'Risk Factors and Management of Risk' section of the 2016 Annual MD&A.

Summary of Annual Results

(from continuing operations)

(in millions of Canadian dollars, except per share amounts) **Years ended November 30**	**2016 [1]**	**2015 [2]**	**2014 [3]**	**2013**	**2012**
Income	$ 428.7	$ 449.6	$ 464.5	$ 484.5	$ 510.2
Expenses [4]	319.2	322.4	309.6	320.9	321.2
EBITDA [5]	109.5	127.2	154.9	163.6	189.0
Pre-tax income	52.7	63.9	79.1	66.0	58.6
Net income attributable to equity owners of the Company	42.5	48.3	61.3	22.4	52.3
Earnings per share attributable to equity owners of the Company					
Basic	$ 0.53	$ 0.59	$ 0.69	$ 0.25	$ 0.29
Diluted	0.53	0.58	0.68	0.25	0.29
Dividends per share	$ 0.32	$ 0.51	$ 1.08	$ 1.08	$ 1.08
Long-term debt	$ 188.2	$ 268.8	$ 308.2	$ 307.9	$ 312.3
Weighted average basic shares	79,278,876	82,295,595	86,000,437	88,163,616	94,117,889
Weighted average fully diluted shares	80,253,600	83,584,539	87,384,880	88,690,410	94,932,213

[1] 2016 includes a $2.1 million charge in income related to the Company's share of a one-time tax levy for Smith & Williamson Holdings Limited and $3.7 million of one-time net expense recovery related to a reversal of a provision from prior years related to Harmonized Sales Tax (HST) offset by fund transition costs.

[2] 2015 includes a $5.7 million distribution related to a crystallization of an asset and a one-time restructuring cost of $7.2 million.

[3] 2013 includes a $25.0 million one-time adjustment to tax provision related to the transfer pricing tax audit.

[4] Includes SG&A, trailing commissions and investment advisory fees.

[5] As previously defined, see 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section.

Summary of Quarterly Results

(from continuing operations)

(in millions of Canadian dollars, except per share amounts) Three months ended	Nov. 30,[1] 2016	Aug. 31,[2] 2016	May 31,[3] 2016	Feb. 29, 2016
Income	$ 104.8	$ 109.4	$ 111.1	$ 103.3
Expenses [6]	74.1	84.1	84.9	76.0
EBITDA [7]	30.7	25.3	26.2	27.3
Pre-tax income	17.6	10.3	11.8	12.9
Net income attributable to equity owners of the Company	14.6	8.2	9.6	10.2
Earnings per share attributable to equity owners of the Company				
Basic	$ 0.18	$ 0.10	$ 0.12	$ 0.13
Diluted	0.18	0.10	0.12	0.13
Free cash flow [1, 7]	21.2	12.9	16.4	11.1
Dividends per share	0.08	0.08	0.08	0.08
Total long-term debt	188.2	228.0	228.9	268.9
Weighted average basic shares	79,117,939	79,296,221	79,252,324	79,449,122
Weighted average fully diluted shares	80,248,027	80,306,141	80,097,391	79,485,581

(in millions of Canadian dollars, except per share amounts) Three months ended	Nov. 30,[4] 2015	Aug. 31,[5] 2015	May 31, 2015	Feb. 28, 2015
Income	$ 105.0	$ 115.8	$ 117.1	$ 111.7
Expenses [6]	79.5	84.0	81.1	77.8
EBITDA [7]	25.5	31.8	36.0	33.9
Pre-tax income	10.3	15.9	19.6	18.1
Net income attributable to equity owners of the Company	8.1	11.9	14.7	13.6
Earnings per share attributable to equity owners of the Company				
Basic	$ 0.11	$ 0.14	$ 0.17	$ 0.16
Diluted	0.11	0.14	0.17	0.16
Free cash flow [7]	18.6	17.0	16.8	15.4
Dividends per share	0.08	0.08	0.08	0.27
Total long-term debt	268.8	268.7	268.6	268.5
Weighted average basic shares	82,532,707	82,826,845	84,489,294	84,644,212
Weighted average fully diluted shares	83,663,389	83,814,065	85,426,944	85,447,450

[1] November 30, 2016 includes $5.2 million of one-time net expense recovery related to a reversal of a provision from prior years related to HST offset by fund transition costs.

[2] August 31, 2016 includes a $2.1 million charge in income related to the Company's share of a one-time tax levy for Smith & Williamson Holdings Limited.

[3] May 31, 2016 includes fund transition costs of $1.5 million.

[4] November 30, 2015 includes one-time restructuring costs of $2.8 million.

[5] August 31, 2015 includes a $5.7 million distribution related to a crystallization of an asset and a one-time restructuring cost of $4.4 million.

[6] Includes selling, general and administrative (SG&A), trailing commissions and investment advisory fees.

[7] See 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section.

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

This Management's Discussion and Analysis (MD&A) is as of January 23, 2017, and presents an analysis of the financial condition of AGF Management Limited (AGF or the Company) and its subsidiaries as at November 30, 2016, compared to November 30, 2015. The MD&A should be read in conjunction with the 2016 Consolidated Financial Statements for the year ended November 30, 2016. All dollar amounts are in Canadian dollars unless otherwise indicated. Throughout this discussion, percentage changes are calculated based on numbers rounded to the decimals that appear in this MD&A. Results, except per share information, are presented in millions of dollars. Certain totals, subtotals and percentages may not reconcile due to rounding. For purposes of this discussion, the operations of AGF and our subsidiary companies are referred to as 'we,' 'us,' 'our,' 'the firm' or 'the Company'.

Basis of Presentation and Summary of Accounting Policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Certain comparative figures have been reclassified to conform to the consolidated financial statement presentation in the current year.

We also utilize non-IFRS financial measures to assess our overall performance. Details of non-IFRS measures used are outlined in the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section, which provides calculations of the non-IFRS measures.

Our Business and Strategy

Founded in 1957, AGF Management Limited (AGF) is a diversified global asset management firm with retail, institutional, alternative and high-net-worth businesses. As an independent firm, we strive to help investors succeed by delivering excellence in investment management and providing an exceptional client experience. Our suite of diverse investment solutions extends globally to a wide range of clients, from financial advisors and individual investors to institutional investors including pension plans, corporate plans, sovereign wealth funds and endowments and foundations.

AGF has investment operations and client servicing teams on the ground in North America, Europe and Asia. With $34.2 billion in total assets under management as at November 30, 2016, AGF serves more than one million investors. AGF trades on the Toronto Stock Exchange under the symbol AGF.B.

We also believe in diversification, both in terms of investment styles and product solutions offered to our clients in each of the segments in which we operate. AGF offers individuals and institutions a broad array of investment strategies and solutions across four investment management platforms:

- Fundamental Active Management
- Quantitative Solutions
- Private Client
- Alternative Assets

Fundamental Active Management

AGF's fundamental actively managed platform includes a broad range of equity and fixed income strategies, managing total AUM of $23.9 billion. Within this platform, we have a number of centres of excellence, including our Global, North American, Fixed Income, and Asset Allocation teams, located in Toronto, Dublin and Singapore. This platform delivers products to retail, institutional investors and strategic partners.

We have strong capability and performance within the global space and we intend to leverage this strength as part of our growth strategy.

Our Asset Allocation team has been instrumental in delivering superior performance within our balanced products, in particular, AGF Elements, which continues to produce strong net sales for the Company.

We continually review our product offering with an aim to provide our advisors and clients a product platform that offers innovative solutions around specific needs, ultimately resulting in organic AUM growth for the Company and superior, consistent investment returns for our clients. In May 2016, we completed several fund mergers with the goal of streamlining our product lineup and providing greater focus on our key strategies and capabilities. During the second quarter, we also implemented management fee reductions on select funds across the equity, fixed income, balanced and managed solutions lineup effective April 1, 2016.

Quantitative Solutions

Our quantitative solutions platform known as AGFiQ Asset Management (AGFiQ) includes Highstreet Asset Management Inc. (Highstreet), located in London, Ontario, and FFCM, LLC (FFCM), located in Boston, with a total of 20 investment professionals managing AUM of approximately $4.7 billion.

Highstreet's investment foundation is empirically based research and the combination of quantitative and fundamental investing. All of its research and analysis is done internally, backed by an investment team with a diverse skill set ranging from scientists to academics to traditional fundamental analysts.

In November 2015, we acquired a majority interest in FFCM, a U.S.-based advisor that manages factor-based exchange traded funds (ETF) and ETF solutions. FFCM has the capability to manage the Investment Company Act of 1940 registered products, separately managed accounts, and hedge funds in direct or sub-advisory relationship models and have obtained ETF Securities and Exchange Commission (SEC) exemptive relief, which allows them to offer long and short products. FFCM provides us with a complete trading infrastructure to support ETFs and related mutual fund products. Beyond trading capabilities, FFCM has developed and launched five ETFs into the U.S. market with performance success and offers ETF solutions.

AGFiQ is grounded in the belief that investment outcomes can be improved by assessing and targeting the factors that drive market returns. As such, our objective is to provide better risk-adjusted returns by utilizing a flexible, multi-factor process centered on the principle of viewing risk through multiple lenses. Our deep expertise lends itself to the creation of custom solutions in a variety of vehicles including mutual funds, exchange traded products and portfolios, and separately managed accounts designed to help investors achieve the full spectrum of investment objectives from capital appreciation to risk management. In October 2016, we filed a preliminary prospectus for seven ETFs – four enhanced core options and three multi-asset solutions – to provide investors with solutions that deliver higher risk-adjusted returns by assessing and targeting the factors that drive market return. The Canadian-listed ETFs are targeted to begin trading on the Toronto Stock Exchange on January 30, 2017 and complement our existing range of factor-based U.S.-listed ETFs.

Private Client

The private client industry in Canada includes bank-owned firms, as well as large independent firms and boutiques, who continue to retain a significant portion of market share. Our private client platform, which includes Cypress Capital Management Limited (Cypress), located in Vancouver, Doherty & Associates Ltd. (Doherty), with offices in Ottawa and Montreal, and the private client business of Highstreet, located in London, Ontario, provides solutions for high-net-worth individuals, endowments, and foundations in key markets across Canada. These businesses manage total private client AUM of approximately $4.9 billion, representing growth over the past five years of 52.4%.

Alternative Assets

Global economic uncertainty in recent years is driving increasing demand from institutional and individual investors for more stable and sustainable long-term investment returns, including allocating to alternative asset classes such as real assets. These assets, which are physical or tangible in nature, have historically demonstrated a low correlation to the public markets.

In 2014, as part of our capital reallocation strategy, we formed InstarAGF Inc. (InstarAGF), a joint venture with Instar Group Inc. (Instar) to develop an alternative asset management platform. AGF holds a 50.1% economic interest in InstarAGF. As alternative assets continue to grow in prominence and represent a greater proportion of institutional portfolios, AGF is well positioned to deliver the long-duration, risk-adjusted solutions institutional, retail and high-net-worth investors are seeking to generate predictable cash flow and meet long-dated liabilities.

InstarAGF is an independent alternative asset management firm with an emphasis on real assets, including infrastructure investments, in the North American middle market. InstarAGF's long-term objective is to develop and manage diversified alternative investment products for institutional and individual investors, which, in addition to infrastructure, could include timber or agriculture and other private equity investments, among others. InstarAGF's team of professionals has more than 100 years of combined investment and asset management expertise in the private capital industry, including infrastructure, private equity and real estate investments.

AGF has committed equity of $150.0 million to the alternative asset management platform which includes a $100.0 million commitment in the flagship InstarAGF Essential Infrastructure Fund (EIF), which invests in energy, utilities, civil and social infrastructure assets in Canada and the United States, and a $50.0 million commitment to a Canadian midstream oil and gas fund managed by Stream Asset Financial Management LP (SAFM LP).

Through its ownership interest in InstarAGF and its 37.0% interest in SAFM LP, AGF will earn recurring management fees on these entities' assets under management along with a share of net profit as the alternatives platform achieves scale. Through its investment as a limited partner in the various funds managed by InstarAGF and SAFM LP, AGF expects to earn attractive risk-adjusted returns comprising of income and capital appreciation.

During the year, InstarAGF and AGF achieved multiple closes of EIF with a number of institutional and high-net-worth investors from Canada, Europe, the United Kingdom and the United States and has commitments totalling $0.5 billion as at November 30, 2016. As a result of multiple closes throughout the year, AGF received $63.4 million as a return of capital, net of investments, to bring the Company's invested capital in line with its proportionate share of total commitments.

InstarAGF expects to achieve the final closing of EIF in early 2017.

Total AUM for the alternative asset management platform increased to $0.7 billion during the year ended November 30, 2016, compared to $0.3 billion as at November 30, 2015.

Other Businesses

In addition to our investment management platforms outlined above, we hold a 32.5% interest in Smith & Williamson Holdings Limited (S&WHL), a leading independent private client investment management, financial advisory and accounting group based in the U.K. S&WHL is one of the top 10 largest chartered accountancy firms in the U.K. and its investment management business has over $29.4 billion (£17.5 billion) of funds under management and advice as at November 30, 2016.

On February 16, 2016, AGF internalized the Company's fund administration function. The fund administration business provides services to the AGF mutual funds.

Our Distribution Channels

Retail

Our sales teams manage advisor and strategic account relationships for our retail business, which provides investment management products to the retail and strategic sub-advisory channel. We have regional sales offices across Canada. AGF's wholesaler teams cover over 35,000 external advisors and 200 investment dealers in support of our retail products. We have a number of key partnerships that provide us with a large and robust distribution channel in which to deliver our products to investors. During the year ended November 30, 2016, our continued focus on performance and customer service resulted in retail fund net redemptions improving 31.3% to $1.1 billion, compared to net redemptions of $1.6 billion for the year ended November 30, 2015.

Institutional

We have a global network of salespeople covering North America, Europe and Asia. AGF also participates in an investment consultant relations program and has earned buy ratings from a number of major firms. Investment consultants act as gatekeepers in the industry, and advise their clients on issues such as asset allocation and manager selection. This constituency is important, as a buy rating from a major consultant can lead to an increased number of request for proposal (RFP) searches, which in turn enhances the chance of winning new business. Our key competencies in global equities are aligned with market trends, namely the need for reducing home country bias and investing globally. We also distribute products managed by our alternative platform within InstarAGF to North American and international financial institutions and asset managers through this channel.

We define the institutional pipeline as client commitments to fund or redeem a portion or all of their account. As at the date of this MD&A, AGF had a net pipeline of $182.0 million in redemptions. This represents forward-looking information. Commitments are not necessarily contractual obligations. Actual amounts funded or redeemed may vary.

Outlook

The Company is strategically well positioned with a healthy domestic retail business, an established global institutional business and capabilities in emerging areas such as factor-based investing and alternatives. We remained focused on executing effectively with an aim to generate consistent positive net sales and increased profitability.

- Investment Performance – Improving investment performance and delivering consistent results is a key focus for the Company. Three years ago, we set an aggressive long-term target to consistently have 50% of our ranked AUM above median over one year and 60% above median over three years. Over the past three years, we have implemented processes and realigned resources to achieve this long-term target and we are progressing well. As we work to achieve our long-term targets there could be volatility in these measures due to short-term factors. As at November 30, 2016, 33% (2015 – 51%) of our AUM was above median over one year, while 40% (2015 – 42%) of our AUM was above median over three years. As at December 31, 2016, 39% (2015 – 58%) of our AUM was above median over one year, while 37% (2015 – 50%) of our AUM was above median over three years. The shortfall in our performance is largely due to two factors:
    i) Markets were volatile in the lead up to and post the American election, and our portfolios are specifically positioned to offer our retail investors less volatility and better risk adjusted returns.
    ii) The global nature of our investment platform has led to underperformance in our larger Canadian equity strategies. Over the past year, international equities lagged the Canadian indices as there was a large run up in the price of oil and other commodities. This short-term trend does not change our conviction in the fact that the global equities will outperform domestic equities over a full market cycle.

  We are now approximately two and a half years into our efforts to realign the investment platform. While our three year figure of 40% as at November 30, 2016 is short of our long-term target, three years ago this figure stood at 15%. We are pleased with our trajectory of our performance and are confident in our ability to achieve our long-term targets by the three year mark.
- Retail Sales – Our retail fund flows continued to improve in 2016. Retail net redemption improved 31.3% over 2015. Continued improvement in investment performance and a focus on client service, will be important factors in our ability to continue this positive progress.
- To address investor demand for low volatility and factor-based investing, we are targeting to launch seven ETF solutions on January 30, 2017, offering risk-oriented solutions to investors in Canada.
- We are well positioned for growth in our institutional business, with distribution capabilities globally and strong performing Global strategies that are in demand with institutional investors.
- Our alternative asset management platform continues to grow, with total AUM as at November 30, 2016 of $0.7 billion (2016 – $0.3 billion). In 2016, investors, including AGF, committed aggregate equity of $0.5 billion to EIF, representing 70% of EIF's targeted fund size of $0.8 billion. The flagship fund is expected to achieve final close in early 2017.

Regulatory Outlook

Current Canadian regulatory initiatives in the wealth management sector are broadly focused on investor protection measures. First, various aspects of the Client Relationship Model, Phase 2 (known as CRM2), a set of regulatory initiatives requiring advisors to furnish their clients with greater disclosure about their investments, have now been fully implemented but their impact will take time to be determined. Second, securities regulators are examining Canada's current mutual fund fee structure to determine if there are investor protection issues that must be addressed, in particular with respect to embedded commissions. Third, Canadian securities regulators are considering whether to impose a 'regulatory best interest standard' on advisors and dealers to act in the best interests of clients as well as other targeted reforms. Securities regulators have published consultation papers and are currently consulting with stakeholders before proposed rules are determined.

Such consultations are evidence that regulatory changes in the retail wealth management industry will be introduced in a thoughtful manner. In recognition of the transition already underway with respect to advisor compensation models, AGF has established the necessary optionality in its product range, including fee-disclosed options, to meet the evolving needs of our clients and partners. In addition, AGF's broad and diversified business including, alternatives, institutional, high-net-worth, and our new offerings of ETF solutions further positions AGF to meet the changing regulatory environment.

Assets Under Management

	Three months ended			Years ended	
(in millions of Canadian dollars)	November 30, 2016	August 31, 2016	November 30, 2015	November 30, 2016	November 30, 2015
Retail fund AUM (including retail pooled funds), beginning	$ 17,811	$ 17,539	$ 18,215	$ 18,030	$ 19,109
Gross sales [1, 2]	530	344	458	1,839	1,949
Redemptions [1]	(744)	(647)	(707)	(2,950)	(3,508)
Net redemptions	(214)	(303)	(249)	(1,111)	(1,559)
Market appreciation (depreciation) of fund portfolios [2]	$ 177	$ 575	$ 64	$ 855	$ 480
Retail fund AUM (including retail pooled funds), ending	$ 17,774	$ 17,811	$ 18,030	$ 17,774	$ 18,030
Average daily retail fund AUM	$ 17,756	$ 17,682	$ 17,964	$ 17,535	$ 19,182
Institutional and sub-advisory accounts AUM, beginning	$ 11,033	$ 11,087	$ 10,461	$ 10,867	$ 11,342
Net change in institutional and sub-advisory accounts, including market performance [2]	(223)	(54)	406	(57)	(475)
Institutional and sub-advisory accounts AUM, ending	$ 10,810	$ 11,033	$ 10,867	$ 10,810	$ 10,867
Private client AUM	$ 4,908	$ 4,784	$ 4,414	$ 4,908	$ 4,414
AUM, ending	$ 33,492	$ 33,628	$ 33,311	$ 33,492	$ 33,311
Alternative asset management platform AUM [3]	$ 685	$ 619	$ 268	$ 685	$ 268
Total AUM, including alternative asset management platform, ending	$ 34,177	$ 34,247	$ 33,579	$ 34,177	$ 33,579

[1] Gross sales and redemptions include rebalancing of AGF Concert Series of $25.6 million and $139.1 million for the years ended November 30, 2016 and 2015, respectively.

[2] Retail gross sales and change in institutional and sub-advisory accounts includes a $149.4 million transfer of an existing client from institutional to retail for the three months and year ended November 30, 2016.

[3] Represents fee-earning committed and/or invested capital from AGF and external investors held through joint ventures. AGF's portion of this commitment is $150.0 million, of which $85.0 million has been funded as at November 30, 2016, which includes $10.1 million return of capital related to the monetization of its seed assets.

Consolidated Operating Results

(in millions of Canadian dollars, except per share data)	Three months ended November 30, 2016[1]	Three months ended August 31, 2016[2]	Three months ended November 30, 2015[3]	Years ended November 30, 2016[1,2]	Years ended November 30, 2015[3]
Income					
Management, advisory and administration fees	$ 98.9	$ 102.2	$ 97.8	$ 397.2	$ 413.3
Deferred sales charges	2.0	2.2	2.4	9.0	9.6
Share of profit of associate and joint ventures	2.9	1.5	2.0	13.1	12.2
Fair value adjustments and other income	1.0	3.5	2.8	9.4	14.5
	104.8	109.4	105.0	428.7	449.6
Expenses					
Selling, general and administrative	43.2	52.4	47.3	194.9	188.7
Trailing commissions	30.5	30.9	31.2	121.5	128.7
Investment advisory fees	0.4	0.8	1.0	2.8	5.0
	74.1	84.1	79.5	319.2	322.4
EBITDA from continuing operations[4]	30.7	25.3	25.5	109.5	127.2
Amortization, derecognition and depreciation	11.4	12.8	12.8	48.3	52.9
Interest expense	1.7	2.2	2.4	8.5	10.4
Income before taxes	17.6	10.3	10.3	52.7	63.9
Income taxes	4.0	2.4	2.2	11.8	15.6
Net income from continuing operations	13.6	7.9	8.1	40.9	48.3
Net loss from discontinued operations	–	–	(0.3)	(0.1)	(0.3)
Net income	13.6	7.9	7.8	40.8	48.0
Net income (loss) attributable to:					
Equity owners of the Company	$ 14.6	$ 8.2	$ 7.8	$ 42.4	$ 48.0
Non-controlling interest	(1.0)	(0.3)	–	(1.6)	–
	13.6	7.9	7.8	40.8	48.0
Earnings per share attributable to equity holders of the Company					
Basic earnings per share					
Continuing operations	$ 0.18	$ 0.10	$ 0.11	$ 0.53	$ 0.59
Discontinued operations	–	–	–	–	–
Basic earnings per share	$ 0.18	$ 0.10	$ 0.11	$ 0.53	$ 0.59
Diluted earnings per share					
Continuing operations	$ 0.18	$ 0.10	$ 0.11	$ 0.53	$ 0.58
Discontinued operations	–	–	–	–	–
Diluted earnings per share	$ 0.18	$ 0.10	$ 0.11	$ 0.53	$ 0.58

[1] Three months and year ended November 30, 2016 includes $5.2 million and $3.7 million of one-time net expense recovery related to a reversal of a provision from prior years related to HST offset by fund transition costs, respectively.
[2] Three months ended August 31, 2016 and year ended November 30, 2016 includes a $2.1 million charge in income related to the Company's share of a one-time tax levy for S&WHL.
[3] Three months and year ended November 30, 2015 includes a $5.7 million distribution related to a crystallization of an asset and one-time restructuring charge of $2.8 million and $7.2 million, respectively.
[4] For the definition of EBITDA, see the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section. The items required to reconcile EBITDA to net income from continuing operations, a defined term under IFRS, are detailed above.

One-time Adjustments

(in millions of Canadian dollars, except per share data)	Three months ended November 30, 2016	Three months ended August 31, 2016	Three months ended November 30, 2015	Years ended November 30, 2016	Years ended November 30, 2015
EBITDA from continuing operations	$ 30.7	$ 25.3	$ 25.5	$ 109.5	$ 127.2
Add:					
One-time net expense recovery related to reversal of HST provision from prior offset by fund transition costs	(5.2)	–	–	(3.7)	–
Distribution from a long-term investment related to a crystallization of an asset	–	–	–	–	(5.7)
Restructuring costs	–	–	2.8	–	7.2
AGF's share of a tax levy recorded by S&WHL	–	2.1	–	2.1	–
Adjusted EBITDA from continuing operations	$ 25.5	$ 27.4	$ 28.3	$ 107.9	$ 128.7
Net income from continuing operations attributable to equity owners of the Company	$ 14.6	$ 8.2	8.1	$ 42.5	$ 48.3
Add (deduct):					
Adjustments to EBITDA from above	(5.2)	2.1	2.8	(1.6)	1.5
Tax impact on the adjustments to EBITDA above	1.2	–	(0.7)	0.8	(1.1)
Adjusted net income from continuing operations attributable to equity owners of the Company	$ 10.6	$ 10.3	$ 10.2	$ 41.7	$ 48.7
Adjusted diluted EPS from continuing operations	$ 0.13	$ 0.13	$ 0.12	$ 0.52	$ 0.58

Income

For the three months and year ended November 30, 2016, income decreased by 0.2% and 4.6%, respectively, over the previous year, with changes in the categories as follows:

Management, Advisory and Administration Fees

Management and advisory fees are directly related to our AUM levels while administration fees are directly related to the number of client accounts and transactions incurred. Management, advisory and administration fees are recognized on an accrual basis. For the three months and year ended November 30, 2016, a 1.2% and 8.6% decline in average daily retail fund AUM and a strategic reduction in management fees across 17 retail products contributed to a decrease in management and advisory fees revenue for the three months and year ended November 30, 2016 compared to 2015. This was offset by $5.9 million and $19.0 million of fund administration revenue for the three months and year ended November 30, 2016 as a result of the internalization of this function.

Deferred Sales Charges (DSC)

We receive deferred sales charges 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 1.5% 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 revenue decreased by 16.7%

for the three months ended November 30, 2016 as compared to 2015, reflecting the redemption of a larger proportion of older, lower-yielding DSC assets. DSC revenue decreased by 6.3% for the year ended November 30, 2016 as compared to 2015, reflecting the redemption of a larger proportion of newer, higher-yielding DSC assets.

Share of Profit of Associate and Joint Ventures

Share of profit of associate and joint ventures includes earnings from S&WHL as well as our ownership interest in infrastructure joint ventures. These investments are accounted for under the equity method. Share of profit of associates and joint ventures increased 45.0% and 7.4% to $2.9 million and $13.1 million for the three months and year ended November 30, 2016, compared to $2.0 million and $12.2 million during the same period in 2015.

For the three months ended November 30, 2016, earnings from our 32.5% ownership in S&WHL increased 42.1% to $2.7 million, compared to $1.9 million during the same period in 2015. For the year ended November 30, 2016, earnings increased 6.9% to $12.4 million, compared to $11.6 million during the same period in 2015. In the quarter ended August 31, 2016, earnings in S&WHL included a one-time charge of $2.1 million related to AGF's share of a tax levy recorded by S&WHL. Excluding this one-time charge, earnings in S&WHL's business increased 25.0% to $14.5 million for the year ended November 30, 2016, compared to the same period in 2015.

For the three months and year ended November 30, 2016, earnings related to our ownership in the joint ventures which manages our infrastructure funds was $0.2 million and $0.7 million (2015 – $0.1 million and $0.6 million). For additional information see Note 5 of the consolidated financial statements.

A breakdown of the share of profit of associate and joint ventures is as follows:

	Three months ended			Years ended	
(in millions of Canadian dollars)	November 30, 2016	August 31, 2016	November 30, 2015	November 30, 2016	November 30, 2015
Share of profit of S&WHL	$ 2.7	$ 1.4	$ 1.9	$ 12.4	$ 11.6
Share of profit of joint ventures[1]	0.2	0.1	0.1	0.7	0.6
	$ 2.9	$ 1.5	$ 2.0	$ 13.1	$ 12.2

[1] Excludes the Company's portion of the estimated carried interest to be distributed to AGF on crystallization.

Fair Value Adjustments and Other Income

Fair value adjustments and other income include mark to market adjustments related to AGF mutual funds which are held as seed capital investments and fair value adjustments and distributions associated with our long-term investments. Long-term investments include investments in Stream and EIF, which are accounted for at fair value through profit or loss. During the three months and year ended November 30, 2016, we recorded $1.5 million and $7.7 million (2015 – $2.3 million and $13.9 million) as fair value adjustments and income distributions related to our economic interest in the investments in our alternative asset management platform. The amounts recorded as income fluctuate primarily with the amount of capital invested. As a result of the multiple closes of EIF fund during the year, our investment in the fund has been reduced to reflect our proportionate commitment.

	Three months ended			Years ended	
(in millions of Canadian dollars)	November 30, 2016	August 31, 2016	November 30, 2015	November 30, 2016	November 30, 2015
Fair value adjustment related to investment in AGF mutual funds	$ (0.4)	$ 0.9	$ 0.2	$ 0.1	$ (0.6)
Fair value adjustment and distributions related to long-term investments[1]	1.5	2.2	2.3	7.7	13.9
Interest income	0.1	0.1	0.2	0.6	1.1
Other	(0.2)	0.3	0.1	1.0	0.1
	$ 1.0	$ 3.5	$ 2.8	$ 9.4	$ 14.5

[1] Includes a $5.7 million distribution related to a crystallization of an asset for the year ended November 30, 2015.

Expenses

For the three months and year ended November 30, 2016, expenses decreased 6.8% and 1.0% from the same periods in 2015. Changes in specific categories are described in the discussion that follows:

Selling, General and Administrative Expenses (SG&A)

SG&A decreased by $4.1 million or 8.7% and increased by $6.2 million or 3.3% for the three months and year ended November 30, 2016, compared to the same periods in 2015. Excluding one-time costs, SG&A increased $3.9 million and $17.1 million, or 8.8% and 9.4% for the three months and year ended November 30, 2016, compared to the same periods in 2015, primarily as a result of the internalization of our fund administration function and the acquisition of FFCM.

A breakdown of the increase is as follows:

(in millions of Canadian dollars)	Three months ended November 30, 2016	Year ended November 30, 2016
Increase in salaries and benefits	$ 3.0	$ 11.1
Increase (decrease) in stock-based compensation	0.3	(0.6)
Increase (decrease) in sales and marketing	0.3	(1.3)
Increase in information technology and facilities	2.6	8.4
Increase in professional fees	1.0	3.0
Decrease in fund absorption and other fund costs	(2.2)	(2.6)
Decrease in other expenses	(1.1)	(0.9)
Adjusted SG&A excluding one-time costs	$ 3.9	$ 17.1
Decrease related to HST provision offset by fund transition costs	(5.2)	(3.7)
Decrease in restructuring costs	(2.8)	(7.2)
	$ (4.1)	$ 6.2

The following explains expense changes in the three months and year ended November 30, 2016, compared to the same periods in the prior year:

- Salaries and benefits increased $3.0 million and $11.1 million for the three months and year ended November 30, 2016, compared to the same periods in 2015, as a result of the internalization of the fund administration function through AGF CustomerFirst Inc. (AGFC) and partly due to the acquisition of FFCM.
- Stock-based compensation for the three months ended November 30, 2016 increased $0.3 million, compared to the same period in 2015, due to restructuring in 2015 that resulted in a higher number of Restricted Share Units (RSU) cancellations in the period compared to 2016. Stock-based compensation for the year ended November 30, 2016 decreased $0.6 million, compared to the same period in 2015, as a result of lower RSU expense driven by a lower share price.
- Sales and marketing increased $0.3 million for the three months ended November 30, 2016 due to timing of expenses and decreased $1.3 million for the year ended November 30, 2016, compared to the same periods in 2015, as a result of cost-saving initiatives.
- Information technology and facilities increased $2.6 million and $8.4 million for the three months and year ended November 30, 2016, compared to the same periods in 2015, due to the internalization of the fund administration function and the acquisition of FFCM.
- Professional fees increased $1.0 million and $3.0 million for the three months and year ended November 30, 2016, compared to the same periods in 2015, due to an increase in costs related to the internalization of the fund administration function.
- Absorption and other fund costs expense decreased $2.2 million and $2.6 million for the three months and year ended November 30, 2016, compared to the same periods in 2015, partly as a result of the internalization of the fund administration function offset against an increase in absorption costs.
- During the three months and year ended November 30, 2016, we recognized $5.2 million and $3.7 million of one-time net expense recovery related to a reversal of a provision from prior years related to HST offset by fund transition costs, respectively.

- During the three months and year ended November 30, 2016, restructuring expense was $2.8 million and $7.2 million lower, compared to the same periods in 2015, related to a reduction in staff levels in the prior period.

Trailing Commissions

Trailing commissions paid to distributors 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 retail fund AUM were 0.69% and 0.69% for the three months and year ended November 30, 2016, compared to 0.69% and 0.67% for the same periods in 2015, reflecting an increase in weighting towards higher-rate mature assets.

EBITDA and EBITDA Margin (Non-IFRS Measures)

EBITDA from continuing operations were $30.7 million and $109.5 million for the three months and year ended November 30, 2016, compared to $25.5 million and $127.2 million for the same periods of 2015. Adjusted EBITDA from continuing operations were $25.5 million and $107.9 million for the three months and year ended November 30, 2016, compared to $28.3 million and $128.7 million for the same periods of 2015.

EBITDA margin was 29.3% and 25.5% for the three months and year ended November 30, 2016, compared to 24.3% and 28.3% in the corresponding period in 2015. Adjusted EBITDA margin was 24.3% and 25.0% for the three months and year ended November 30, 2016, compared to 27.0% and 29.0% in the corresponding period in 2015.

Amortization and Interest Expense

The category represents amortization of deferred selling commissions, customer contracts, other intangible assets, property, equipment, and computer software and interest expense. Deferred selling commissions amortization represents the most significant category of amortization. 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. Unamortized deferred selling commissions related to units redeemed prior to the end of the schedule are immediately expensed. Amortization expense related to deferred selling commissions was $8.9 million and $37.6 million for the three months and year ended November 30, 2016, compared to $9.7 million and $41.4 million for the same periods in 2015. During the three months and year ended November 30, 2016, we paid $6.5 million and $30.4 million in selling commissions, compared to $7.3 million and $35.9 million in the same periods of 2015, reflecting lower gross sales and a trend toward front-end sales, which do not pay a DSC commission. As at November 30, 2016, the unamortized balance of deferred selling commissions financed was $92.1 million (2015 – $99.3 million).

Customer contracts amortization and derecognition remained flat for the three months ended November 30, 2016, compared to the same period in 2015 as a result of the acquisition of FFCM and decreased $0.5 million for the year ended November 30, 2016, as a result of a lower carrying value. Customer contracts are immediately expensed upon redemption of the AUM.

Other intangibles amortization and derecognition remained flat for the three months ended November 30, 2016, compared to the same period in 2015, and decreased $0.4 million for the year ended November 30, 2016, as a result of overall lower carrying value.

Depreciation decreased $0.6 million for the three months ended November 30, 2016, compared to the same period in 2015, due to an accounting change in the prior year, and increased $0.1 million for the year ended November 30, 2016, reflecting the investment related to the internalization of the fund administration function offset by an accounting change in the prior year.

Interest expense decreased as a result of lower average debt levels.

Income Tax Expense

Income tax expense for the three months and year ended November 30, 2016 was $4.0 million and $11.8 million, as compared to $2.2 million and $15.6 million in the corresponding period in 2015. The estimated effective tax rate for the year ended November 30, 2016 was 22.4% (2015 – 24.4%).

The Company believes that it has adequately provided for income taxes based on all of the information that is currently available. The calculation of income taxes in many cases, however, requires significant judgement in interpreting tax rules and regulations. The Company's tax filings are subject to audits, which could materially change the amount of the current and deferred income tax assets and liabilities, and could, in certain circumstances, result in the assessment of interest and penalties.

The Company has several ongoing disputes with the Canada Revenue Agency (CRA), of which the final result of the audit and appeals process may vary and may be materially different compared to the estimates and assumptions used by

management in determining the Company's consolidated income tax provision and in determining the amounts of its income tax assets and liabilities.

(a) CRA Audit – Transfer Pricing

During the period November 30, 2013 to November 30, 2016, the Company has received a number of notices of reassessment (NOR) from the CRA for its 2005 through 2010 fiscal years relating to the transfer pricing and allocation of income between one of the Company's Canadian legal entities and a foreign subsidiary. These reassessments would increase the Company's taxes payable (including interest and penalties of $32.2 million), net of estimated relief from double taxation of $21.4 million, from its original tax filings by $71.9 million. Any Competent Authority relief from double taxation should be granted at the completion of the mutual agreement procedures (MAP) under the applicable tax treaty.

The Company strongly disagrees with the CRA's position and filed various objections to the NOR for the taxation years 2005 to 2010. In connection with the filing of an objection to the NORs for the applicable periods 2005 through 2010, the Company has paid approximately $60.0 million ($62.0 million paid, net of $2.0 million of interest relief refunded by CRA) of which $8.0 million was paid (including interest and penalties) during the year ended November 30, 2016 in relation to the 2009 and 2010 NORs.

In consultation with its external advisors, the Company believes that its transfer pricing methodology was reasonable and the Company is contesting the CRA's position and any related transfer pricing penalty. The Company believes it is likely that the CRA will reassess its taxes for subsequent years on a similar basis and that these may result in future cash payments on receipt of the reassessments. During the year ended November 30, 2016, the Company has recorded a tax expense of $2.1 million (2015 – $2.7 million) in relation to this transfer pricing audit. The amount of tax provision recorded on the consolidated statement of financial position of $61.1 million (prior to netting the cumulative payments of $62.0 million as at November 30, 2016 and $2.0 million interest relief refund by the CRA in 2015 with respect to the 2005 through 2007 NOR) reflects management's best estimate on the ultimate resolution of this matter and includes any related estimated interest and penalties for the 2005 to 2016 fiscal years.

In 2013, the Company was accepted by the CRA into a Bilateral Advance Pricing Arrangement (BAPA) between Canada and the relevant tax authorities to establish the appropriate transfer pricing methodologies for the tax years 2011 through 2016. Under a BAPA, the taxpayer will receive certainty as to its transfer pricing arrangements for the years under consideration, will not be assessed transfer pricing penalties, and can avoid double taxation on transactions covered by the BAPA according to the provision of the income tax treaty between Canada and the foreign country.

(b) CRA Audit – Acquisition of Tax-related Benefits

In July 2015, the Company received a NOR from the CRA denying $30.5 million of tax-related benefits acquired and utilized by the Company in the 2005 fiscal year. The NOR would increase the Company's taxes payable from its original tax filings by $10.9 million (before the application of interest and penalties of $9.7 million). The Company strongly disagrees with the CRA's position and has filed an objection to the NOR. As a result of receiving the NOR, the Company paid $13.5 million (including interest and penalties) during the year ended November 30, 2015, which was recorded as income tax receivable on the consolidated statement of financial position. In consultation with its external advisors, the Company believes that its tax position is probable of being sustained and, as a result, has not recorded a provision in relation to this matter.

Net Income

The impact of the above income and expense items resulted in net income from continuing operations attributable to the equity owners of the Company of $14.6 million and $42.5 million for the three months and year ended November 30, 2016, as compared to net income from continuing operations attributable to the equity owners of the company of $8.1 million and $48.3 million in the corresponding period in 2015. Refer to the 'One-time Adjustments' section of this MD&A for additional information about the one-time adjustments for the years ended November 30, 2016 and 2015.

Earnings per Share

Diluted earnings per share from continuing operations was $0.18 and $0.53 per share for the three months and year ended November 30, 2016, as compared to earnings of $0.11 and $0.58 per share in the corresponding period of 2015. Adjusted diluted earnings per share from continuing operations was $0.13 and $0.52 per share for the three months and year ended November 30, 2016, as compared to earnings of $0.12 and $0.58 per share in the corresponding period of 2015.

Discontinued Operations

On August 1, 2012, the Company completed its sale of 100% of the shares of AGF Trust. As part of the agreement, the Company indemnified the purchaser of AGF Trust against unenforceable loans outstanding or committed as at the date of closing, which may be put back to the Company on a quarterly basis, subject to certain conditions. The put option will expire on October 31, 2017 and indemnifies only against errors in underwriting and not credit deterioration. As at November 30, 2016, the amount of the provision was $0.4 million (2015 – $0.5 million) and was included in accounts payable and accrued liabilities on the consolidated statement of financial position. The Company realized a net loss related to the provision on discontinued operations of $0.1 million during the year ended November 30, 2016 (2015 – $0.3 million).

Liquidity and Capital Resources

As at November 30, 2016, the Company had total cash and cash equivalents of $43.1 million (2015 – $48.7 million). Free cash flow, as defined on the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section of this MD&A, generated from continuing operating activities was $21.2 million and $61.5 million for the three months and year ended November 30, 2016, compared to $18.6 million and $67.8 million in the prior periods. During the year ended November 30, 2016, we used $5.6 million (2015 – $212.8 million) in cash as follows:

(in millions of Canadian dollars) **Years ended November 30**	**2016**	**2015**
Net cash provided by operating activities less amounts paid to CRA in relation to ongoing tax matters	$ 64.2	$ 78.0
Paid to CRA in relation to ongoing tax matters	(8.0)	(25.9)
Repurchase of shares under NCIB and treasury stock for EBT	(7.0)	(46.0)
Dividends paid	(25.1)	(42.0)
Repayment of long-term debt	(80.0)	(40.0)
Interest paid	(8.4)	(10.0)
Net proceeds of acquisition of subsidiaries, net of cash acquired	5.7	–
Return of capital (investment) in the alternative asset management platform	58.4	(116.8)
Other	(5.8)	(3.7)
	$ (6.0)	$ (206.4)

As a result of multiple closes of EIF achieved during the year, AGF received $63.4 million as a return of capital, net of investments, to bring the Company's invested capital in line with its proportionate share of total commitments.

InstarAGF expects to achieve the final closing of EIF in early 2017.

Total long-term debt outstanding at November 30, 2016 was $188.2 million (2015 – $268.8 million). On August 19, 2016, the Company, through its subsidiary AGF Investments Inc., amended and restated its loan agreement to extend the term to 2021. The amended unsecured revolving credit facility has a maximum aggregate principal amount of $320.0 million and includes a $10.0 million swingline facility commitment. As at November 30, 2016, $124.9 million was available to be drawn. The loan facility will be available to meet future operational and investment needs. We anticipate that cash balances and cash flow from operations, together with the available loan facility, will be sufficient in the foreseeable future to implement our business plan, fund our alternative asset management platform commitments, finance selling commissions, satisfy regulatory and tax requirements, service debt repayment obligations, pay quarterly dividends, and fund any future share buybacks.

Contractual Obligations

The table below is a summary of our contractual obligations at November 30, 2016. See also Notes 10 and 27 of the consolidated financial statements.

(in millions of Canadian dollars)	Total	2017	2018	2019	2020	2021	Thereafter
Long-term debt	$ 190.0	$ –	$ –	$ –	$ –	$ 190.0	$ –
Operating leases	43.6	8.6	8.0	7.8	7.6	6.7	4.9
Purchase obligations	72.6	23.6	18.5	11.6	7.9	7.8	3.2
Total contractual obligations	$ 306.2	$ 32.2	$ 26.5	$ 19.4	$ 15.5	$ 204.5	$ 8.1

In addition to the contractual obligations detailed above, the following obligations exist that vary depending upon business volume and other factors:

- We pay trailing commissions to financial advisors based on AUM of their respective clients. This obligation varies based on fund performance, sales and redemptions. In 2016 we paid $121.5 million (2015 – $128.7 million) in trailing commissions.
- In conjunction with the Elements Advantage Commitment on certain Elements portfolios, AGF has committed to investors that if a portfolio does not match or outperform its customized benchmark over a three-year average annualized period, investors will receive up to 90 basis points in new units. Payments related to this began in fiscal 2009 for the applicable funds. AGF capped the AGF Elements Advantage feature on its Elements products to new purchases effective June 22, 2009. Eligible units purchased prior to June 22, 2009 have been grandfathered. The estimated liability as at November 30, 2016 is $2.1 million, compared to $2.6 million in 2015.
- We have committed $150.0 million under the alternative asset management platform over the next two to three years, subject to certain conditions being achieved. Of this commitment $100.0 million was allocated to EIF and $50.0 million was allocated to Stream, a midstream oil and gas infrastructure fund. As at November 30, 2016, $85.0 million (2015 – $143.5 million) of this commitment had been funded as follows: $41.7 million (2015 – $105.1 million) was invested into EIF and $43.3 million (2015 – $38.4 million) was invested in Stream. As at November 30, 2016, the Company has $65.0 million (2015 – $6.5 million) remaining committed capital to be invested in Stream and EIF over the next two to three years.

Intercompany and Related Party Transactions

Under IFRS, entities are deemed to be related parties if one entity provides key management personnel services to another entity. As such, AGF Investments Inc. and AGFC are deemed for IFRS purposes to be a related party to AGF Funds (the Funds) since it is the manager and administrator of the Funds.

The Company receives management, advisory and administration fees from the AGF Funds in accordance with the respective agreements between the Funds and the Company. In return, the Company is responsible for management, investment advisory, and administration services and all costs connected with the distribution of securities of the Funds. A majority of the management, advisory and administration fees the Company earned in the years ended November 30, 2016 and 2015 were from the AGF Funds. As at November 30, 2016, the Company had $25.6 million (2015 – $19.7 million) receivable from the AGF Funds. The Company also acts as trustee for the AGF Funds that are mutual fund trusts.

The aggregate unitholder services costs absorbed and management and advisory fees waived by the Company during the year ended November 30, 2016 on behalf of the Funds were approximately $7.4 million (2015 – $4.7 million).

Capital Management Activities

We actively manage our capital to maintain a strong and efficient capital base to maximize risk-adjusted returns to shareholders, to invest in future growth opportunities, while ensuring there is available capital to fund our capital commitments related to the alternative asset management platform.

As part of our ongoing strategic and capital planning, the Company regularly reviews its holdings in short and long-term investments, including its investments in associates and joint ventures, to determine the best strategic use of these assets in order to achieve our long-term capital and strategic goals.

AGF capital consists of shareholders' equity and long-term debt. The Company reviews its three-year capital plan annually while detailing projected operating budgets and capital requirements. AGF is required to submit this plan to AGF's Finance Committee for approval prior to seeking Board approval. AGF's Finance Committee consists of the Chairman and CEO, the Vice-Chairman, Senior Vice-President and CFO, the Executive Vice-President and Chief Operating Officer, and the

President and CIO. Once approved by the Finance Committee, the three-year plans are reviewed and approved by AGF's Board of Directors. These plans become the basis for the payment of dividends to shareholders, the repurchase of Class B Non-Voting shares and, combined with the reasonable use of leverage, the source of funds for expansion through organic growth and strategic investments.

Investment Management Operations – Regulatory Capital

A significant objective of the capital management program is to ensure regulatory requirements are met for capital. Our Investment Management businesses, in general, are not subject to significant regulatory capital requirements in each of the jurisdictions in which they are registered and operate. The cumulative amount of minimum regulatory capital across all of our Investment Management Operations is approximately $6.0 million. As at November 30, 2016, the Company was in full compliance with the regulatory requirements.

Normal Course Issuer Bid

On February 2, 2016, AGF announced that the Toronto Stock Exchange (TSX) had approved AGF's notice of intention to renew its normal course issuer bid (NCIB) in respect of its Class B Non-Voting shares. Subject to regulatory approval, the Company will apply for renewal of its normal course issuer bid in 2017. AGF believes that the purchase for cancellation of Class B Non-Voting shares represents a desirable use of capital when, if in the opinion of management, the value of the Class B Non-Voting shares is attractive relative to the trading price of said shares. Purchase for cancellation by AGF of outstanding Class B Non-Voting shares may also be used to offset the dilutive effect of treasury stock released for the employee benefit trust and of shares issued through the Company's stock option plans and dividend reinvestment plan. AGF relies on an automatic purchase plan during the normal course issuer bid. The automatic purchase plan allows for purchases by AGF of its Class B Non-Voting shares during certain pre-determined black-out periods, subject to certain parameters. Outside of these pre-determined black-out periods, shares will be purchased in accordance with management's discretion. Under its normal course issuer bid, the Class B Non-Voting shares may be repurchased from time to time at prevailing market prices or such other price as may be permitted by the TSX for amounts as follows:

- Between February 4, 2016 and February 3, 2017, up to 4,664,042 Class B Non-Voting shares, or 10% of the public float for such shares, through the facilities of the TSX (or as otherwise permitted by the TSX); and
- Between February 4, 2015 and February 3, 2016, up to 6,707,999 Class B Non-Voting shares, or 10% of the public float for such shares, through the facilities of the TSX (or as otherwise permitted by the TSX).

During the three months ended November 30, 2016, AGF repurchased 170,036 shares under its normal course issuer bid for a total consideration of $0.8 million at an average price of $4.96 per share. During the year ended November 30, 2016, under its normal course issuer bid, AGF repurchased 1,200,000 Class B Non-Voting shares for a total consideration of $6.1 million at an average price of $5.09 per share.

During the three months ended November 30, 2016, under its normal course issuer bid, AGF purchased 130,000 shares for the employee benefit trust for a total consideration of $0.7 million at an average price of $4.70 per share. During the year ended November 30, 2016, under its normal course issuer bid, AGF purchased 190,000 Class B Non-Voting shares for the employee benefit trust for a total consideration of $0.9 million at an average price of $4.93 per share.

Dividends

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

Our Board of Directors may determine that Class B Non-Voting 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 Non-Voting shares is substantially equal to a cash dividend. This determination is based on the weighted average price at which the Class B Non-Voting shares traded on the TSX 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 Non-Voting shares and Class A Voting common shares for the years indicated:

Years ended November 30	2016[1]	2015	2014	2013	2012
Per share	$ 0.32	$ 0.51	$ 1.08	$ 1.08	$ 1.08

[1] Represents the total dividends paid in April 2016, July 2016, October 2016 and to be paid in January 2017.

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. The quarterly dividend paid on October 18, 2016 was $0.08 per share.

On December 13, 2016, the Board of Directors of AGF declared a quarterly dividend on both the Class A Voting common shares and Class B Non-Voting shares of the Company of $0.08 per share in respect of the three months ended November 30, 2016.

Outstanding Share Data

Set out below is our outstanding share data as at November 30, 2016 and 2015. For additional detail, see Notes 13 and 18 of the consolidated financial statements.

November 30	2016	2015
Shares		
Class A Voting common shares	57,600	57,600
Class B Non-Voting shares	78,951,603	79,517,587
Stock Options		
Outstanding options	6,854,582	6,102,781
Exercisable options	2,967,906	2,423,716

Key Performance Indicators, Additional IFRS and Non-IFRS Measures

We measure the success of our business strategies using a number of key performance indicators (KPI), which are outlined below. With the exception of income, the following KPIs are non-IFRS measures, which are not defined under IFRS. They should not be considered as an alternative to or comparable with net income attributable to equity owners of the Company or any other measure of performance under IFRS. During the year-ended November 30, 2016, we replaced the long-term debt to EBITDA ratio with the net debt to EBITDA ratio as we believe it is a better indicator of how management measures and assesses our business.

Income

Income is a measurement defined by IFRS and is recorded net of fee rebates. Income is indicative of our potential to deliver cash flow.

We derive our income principally from a combination of:

- management advisory fees based on AUM and from fund administration fees,
- DSC earned from investors when mutual fund securities sold on a DSC basis are redeemed,
- 32.5% equity interest in S&WHL, and
- general partnership interest and long-term investments in the alternative asset management platform.

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 among participants. We believe this is an important measure as it allows us to assess our investment management businesses without the impact of non-operational items.

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

Free Cash Flow

Free cash flow represents cash available for distribution to our shareholders, share buybacks, investment in our alternative asset management platform and general corporate purposes. We define free cash flow as cash flow from operations before net changes in non-cash balances related to operations less interest paid and adjusted for certain tax items outlined below. We believe free cash flow is a relevant measure in our operations since a substantial amount of cash is spent on upfront deferred sales commission payments.

	Three months ended			Years ended	
(in millions of Canadian dollars)	November 30, 2016	August 31, 2016	November 30, 2015	November 30, 2016	November 30, 2015
Net cash provided by continuing operating activities	$ 28.5	$ 18.3	$ 23.2	$ 56.2	$ 52.1
Adjusted for:					
Net changes in non-cash working capital balances related to operations	0.5	(3.3)	(11.4)	12.5	(4.8)
Taxes paid related to transfer pricing audit and other tax contingencies	(0.1)	–	7.5	8.0	25.9
Interest paid	(1.4)	(2.4)	(2.3)	(8.4)	(10.0)
Prior years' cash taxes paid (refunded) and anticipated cash taxes to be refunded (paid) related to the current year continuing operations	(6.3)	0.3	1.6	(6.8)	4.6
Free cash flow	$ 21.2	$ 12.9	$ 18.6	$ 61.5	$ 67.8

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 income. We define EBITDA margin as the ratio of EBITDA from continuing operations to income.

	Three months ended			Years ended	
(in millions of Canadian dollars)	November 30, 2016	August 31, 2016	November 30, 2015	November 30, 2016	November 30, 2015
EBITDA from continuing operations	$ 30.7	$ 25.3	$ 25.5	$ 109.5	$ 127.2
Divided by income	104.8	109.4	105.0	428.7	449.6
EBITDA margin	29.3%	23.1%	24.3%	25.5%	28.3%

Net debt to EBITDA Ratio

Net debt to EBITDA ratio provides useful information to management and investors as an indicator of its leverage capabilities. We define the net debt to EBITDA ratio as long-term debt offset against cash and cash equivalents at the end of the period divided by the 12-month trailing EBITDA from continuing operations for the period.

	Three months ended			Years ended	
(in millions of Canadian dollars)	November 30, 2016	August 31, 2016	November 30, 2015	November 30, 2016	November 30, 2015
Net debt	$ 145.1	$ 169.4	$ 220.1	$ 145.1	$ 220.1
Divided by EBITDA (12-month trailing)	109.5	104.3	127.2	109.5	127.2
Net debt to EBITDA ratio	132.5%	162.5%	173.1%	132.5%	173.1%

Assets Under Management

The amount of AUM and the related fee rates are important to our business as these are the drivers of our revenue from our mutual fund, institutional and sub-advisory accounts and private client relationships and alternative asset management platform. AUM will fluctuate in value as a result of investment performance, sales and redemptions and crystallization of long-term investments. Mutual fund sales and AUM determine a significant portion of our expenses because we pay upfront commissions on gross sales 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 investment performance will reduce our AUM levels and result in lower management fee revenues. Strong relative investment performance may also contribute to growth in gross sales or reduced levels of redemptions. Conversely, poor relative investment performance may result in lower gross sales and higher levels of redemptions. Refer to the 'Risk Factors and Management of Risk' section of this report for further information.

Net Sales (Redemptions)

Gross sales and redemptions are monitored separately and the sum of these two amounts comprises net sales (redemptions). Net sales (redemptions), together with investment performance and fund expenses, determine the level of average daily retail fund AUM, which is the basis on which management fees are charged. The average daily retail fund AUM is equal to the aggregate average daily net asset value of the AGF retail funds. We monitor AUM in our institutional, sub-advisory and private client and alternative businesses separately. We do not compute an average daily AUM figure for them.

Significant Accounting Policies

Accounting Standards Issued but Not Yet Applied

Certain new accounting standards and interpretations have been published that are not mandatory for the November 30, 2016 reporting periods and have not been early adopted by the Company. The Company is currently evaluating the impact the following new standards will have on its financial statements.

In July 2014, the IASB issued the final version of IFRS 9 that replaces *IAS 39 Financial Instruments: Recognition and Measurement*. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In addition, the IASB introduced a new impairment model. The standard provides a single, principle-based approach for determining the classification of financial assets driven by cash flow characteristics and the business model in which an asset is held. The impairment model will be an expected credit loss model, which will apply to all financial instruments and require more timely recognition of expected credit losses. IFRS 9 is effective for financial years commencing on or after January 1, 2018. Early adoption is permitted. Retrospective application is required, but providing comparative information is not compulsory. The Company is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

IFRS 15 was issued by the IASB in May 2014 and will replace IAS 18, which covers contracts for goods and services, and IAS 11, which covers construction contracts. The new standard is based on the principle that revenue is recognized at an

expected amount of consideration in exchange for transferring promised goods or services to a customer. In April 2016, the IASB issued amendments to IFRS 15 to address several implementation issues discussed by the Joint Transition Resource Group for Revenue Recognition. IFRS 15 is effective for financial years commencing on or after January 1, 2018. Early adoption is permitted. The standard permits a modified retrospective approach for the adoption. Under this approach, entities will recognize transitional adjustments in retained earnings on the date of initial application without restating the comparative financial period. Otherwise, a full retrospective approach must be applied. The Company is in the process of assessing the impact of IFRS 15 on its consolidated financial statements and has not yet determined when it will adopt the new standard.

IFRS 16 was issued by the IASB in January 2016 and will replace IAS 17. The standard requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for most lease contracts. The standard includes two recognition exemptions for lessees having leases of 'low-value' assets and short-term leases with lease term of 12 months or less. IFRS 16 is effective for financial years commencing on or after January 1, 2019. Early adoption is permitted, but only in conjunction with IFRS 15. The standard permits a 'simplified approach' that includes certain reliefs related to the measurement of the right-of-use asset and the lease liability, rather than full retrospective application. The Company is in the process of assessing the impact of IFRS 16 on its consolidated financial statements and has not yet determined when it will adopt the new standard.

The IASB issued amendments to *IFRS 2 Share-based Payment* that address the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. The amendments are effective for financial years commencing on or after January 1, 2018. The amendments are applied prospectively, but retrospective application is permitted if certain criteria are met. Early adoption is permitted. The Company is analyzing the amendments to determine their impact on its consolidated financial statements and has not yet determined when it will adopt the new standard.

Amendments to IAS 12 were issued by the IASB to clarify the accounting for recognizing deferred income tax assets on unrealized losses, deferred income taxes where an asset is measured at fair value below the asset's tax base, and certain other aspects of accounting for deferred income tax assets. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. The amendments are effective for financial years commencing on or after January 1, 2017. The Company is analyzing the amendments to determine their impact on its consolidated financial statements.

Amendments to IAS 7 were issued by the IASB to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. The amendment is effective for financial years commencing on or after January 1, 2017. The Company is analyzing the amendments to determine their impact on its consolidated statement of cash flow.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Critical Accounting Estimates and Judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period in which the estimate is revised if the revision affects both current and future periods.

Key areas of estimation where management has made difficult, complex or subjective judgements – often about matters that are inherently uncertain – include provision for useful lives of depreciable assets, commitments and contingencies, as well as the specific items discussed below.

(a) Impairment of Non-financial Assets

The Company determines the recoverability of each of its CGUs based on an analysis of the discounted cash flows associated with the CGU. Such analysis involves management judgement in selecting the appropriate discount rate, terminal growth rate, cash flows and synergies' inclusion rate to be used in the assessment of the impairment of non-financial assets. Refer to Note 8 of the consolidated financial statements for further details on the impairment of non-financial assets.

(b) Stock-based Compensation and Other Stock-based Payments

In determining the fair value of the stock-based rewards and the related charge to the consolidated statement of income, the Company makes assumptions about future events and market conditions. In particular, judgement must be formed as to the likely number of shares, RSUs or PSUs that will vest, and the fair value of each award granted. The fair value of stock options granted is determined using the Black-Scholes option-pricing model, which is dependent on further estimates, including the Company's future dividend policy and the future volatility in the price of the Class B Non-Voting shares. Refer to Note 18 of the Consolidated Financial Statements for the assumptions used. Such assumptions are based on publicly available information and reflect market expectation. Different assumptions about these factors to those made by AGF could materially affect reported net income.

(c) Income Taxes

The Company is subject to income taxes in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. AGF recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. When the estimated outcome of these matters is different from the amounts that were recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Refer to Note 26 of the consolidated financial statements for further details.

(d) Critical Judgements in Applying the Company's Accounting Policies

The application of the Company's accounting policies may require management to make judgements, apart from those involving estimates, that can affect the amounts recognized in the consolidated financial statements. Such judgements include the determination of whether intangible assets have finite or indefinite lives and the accounting implications related to certain legal matters. In addition, judgement was applied in determining the recognition and measurement of the provision related to the put option liability for loans related to AGF Trust. Refer to the 'Discontinued Operations' section of this MD&A for additional information.

(a) Fair Value Estimates of Level 3 Financial Instruments

The fair value estimates of the Company's level 3 financial instruments may require management to make judgements and estimates that can affect the amounts recognized in the consolidated financial statements. Such judgements and estimates include parameter inputs that are unobservable and have an impact on the fair value of the instrument. Refer to Note 24 of the consolidated financial statements for further details.

Market Capitalization

The Company's Class B Non-Voting share price continued to experience downward pressure during 2016. As a result, AGF's market capitalization of $426.3 million remained below its recorded net assets of $908.1 million. During the year, we utilized independent specialists to determine the fair value of AGF's cash-generating units (CGUs). Based on the result of the assessment, the recoverable amount of each CGU exceeded its carrying value as at November 30, 2016. Estimating the fair value of CGUs is a subjective process that involves the use of estimates and judgements, particularly related to cash flows, the appropriate discount rates, terminal growth rates, synergy inclusion rates and an applicable control premium. Refer to Note 8 of the Consolidated Financial Statements for further details.

Risk Factors and Management of Risk

Risk is the responsibility of the Executive Management Committee. The Executive Management Committee is made up of the Chairman and Chief Executive Officer (CEO); the President and Chief Investment Officer (CIO); the Chief Financial Officer (CFO); the Chief Operating Officer; the Chief Information Officer; and the Head of Corporate Development. The Chairman and CEO is directly accountable to the Board of Directors for all risk-related activities. The Executive Management Committee reviews and discusses significant risks that arise in developing and executing the enterprise-wide strategy and ensures risk oversight and governance at the most senior levels of management. Each of the business units and shared services owns and assumes responsibility for managing its risk. They do this by ensuring that policies, processes and internal controls are in place and by escalating significant risks identified in the business units to the Executive Management Committee.

AGF operates an Enterprise Risk Management (ERM) program. Key risks are identified and evaluated by senior management. Plans for addressing the key risks are developed by management and agreed to and monitored by the Executive Management Committee. The Board of Directors receives a quarterly report on ERM.

AGF's risk governance structure is designed to balance risk and reward and to promote business activities consistent with our standards and risk tolerance levels, with the objective of maximizing long-term shareholder value.

Risk Factors That May Affect Future Results

There are many factors that may affect our ability to execute against our strategy. Some of these factors are within our control and others, because of their nature, are beyond our control. These factors apply to our corporate strategy as well as business-specific strategies, which are included in the discussions that follow.

Market Risk

Market risk is the risk of a financial loss resulting from adverse changes in underlying market factors, such as foreign exchange rate, interest rates, and equity and commodity prices.

Foreign Exchange Risk

The Company's main foreign exchange risk derives from the U.S. and international portfolio securities held in the retail fund AUM. Changes in the value of the Canadian dollar relative to foreign currencies will cause fluctuations in the Canadian-dollar value of non-Canadian AUM upon which our management fees are calculated. This risk is monitored since currency fluctuation may impact the financial results of AGF; however, it is at the discretion of the fund manager to decide whether to enter into foreign exchange contracts to hedge foreign exposure on U.S. and international securities held in funds.

The Company is subject to foreign exchange risk on our integrated foreign subsidiaries in the United States, Ireland and Singapore, which provide investment advisory services. These subsidiaries retain minimal monetary exposure to the local currency and their revenues are calculated in Canadian dollars. The local currency expenses are translated at the average monthly rate, and local currency assets and liabilities are translated at the rate of exchange in effect at the statement of financial position date.

The Company is exposed to foreign exchange risks through its equity interest in S&WHL, which is denominated in U.K. pounds. The investment is translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date. Unrealized translation gains and losses are reported in other comprehensive income. Based on the carrying value at November 30, 2016, a 5% change in the value of the Canadian dollar versus the U.K. pound would result in a change in other comprehensive income of $4.4 million.

Interest Rate Risk

The Company has exposure to the risk related to changes in interest rates on floating-rate debt and cash balances. The Company entered into an interest swap to manage interest rate exposure on a portion of its long-term debt. The swap transaction expired on July 31, 2016. Using average balances for the year, the effect of a 1% change in variable interest rates on our floating-rate debt and cash balances in fiscal 2016 would have resulted in a corresponding change of approximately $1.9 million in interest expense for the year ended November 30, 2016.

Price Risk

The Company is not exposed to commodity price risk. The Company is exposed to equity securities price risk on certain equity securities held by the Company and long-term investments in infrastructure funds. The Company's investments that have price risk include seed capital investments in mutual funds managed by the Company, equity securities and long-term investments. As at November 30, 2016, the effect of a 10% decline or increase in the value of investments would result in a $9.4 million pre-tax unrealized gain or loss in net income and a $0.3 million pre-tax unrealized gain or loss to other comprehensive income.

Market Risk in Assets Under Management

In addition, AGF is also exposed to market risk in assets under management. A general economic downturn, market volatility and an overall lack of investor confidence could result in lower sales, higher redemption levels and lower AUM levels. In addition, market uncertainty could result in retail investors avoiding traditional equity funds in favour of money market funds.

Market risk in our AUM transfers to the Company as our management fee revenue is calculated as a percentage of the average net asset value of each retail fund or portfolio managed. The Company does not quantify this risk in isolation; however, in general, for every $1.0 billion reduction of retail fund AUM, management fee revenues would decline by approximately $17.9 million. The Company monitors this risk as it may impact earnings; however, it is at the discretion of the fund manager to decide on the appropriate risk-mitigating strategies for each fund.

To provide additional details on the Company's exposure to market risk, the following provides further information on our retail fund AUM by asset type as at November 30:

Percentage of total retail fund AUM	2016	2015
Domestic equity funds	15.0%	14.4%
U.S. and international equity funds	50.1%	50.5%
Domestic balanced funds	9.4%	10.6%
U.S. and international balanced funds	3.8%	3.6%
Domestic fixed-income funds	11.2%	11.3%
U.S. and international fixed-income funds	9.5%	8.5%
Domestic money market	1.0%	1.1%
	100.0%	100.0%

Institutional and high-net-worth AUM are exposed to the same market risk as retail fund AUM. In general, for every $1.0 billion reduction of institutional and high-net-worth AUM, management fee revenues would decline by approximately $4.4 million.

Credit Risk

The Company is exposed to the risk that third parties, including clients, who owe AGF money, securities or other assets will not perform their obligations. Credit risk arises from cash and cash equivalents, investments, accounts receivable and other assets. Cash and cash equivalents consist primarily of highly liquid temporary deposits with Canadian banks, an Irish bank and non-Irish banks in Ireland, as well as bank term deposits. AGF's overall credit risk strategy and credit risk policy are developed by senior management and further refined at the business unit level, through the use of policies, processes and internal controls designed to promote business activities, while ensuring these activities are within the standards of risk tolerance levels. AGF does not have significant exposure to any individual counterparty.

Liquidity Risk

Liquidity risk is the risk that AGF may not be able to generate sufficient funds and within the time required to meet its obligations as they come due. The key liquidity requirements are the funding of deferred selling commissions paid on mutual funds, dividends paid to shareholders, obligations to taxation authorities, investment-related commitments and the repayment of its long-term debt. While AGF currently has access to financing, unfavourable market conditions may affect its ability to obtain loans or make other arrangements on terms acceptable to AGF. The Company manages its liquidity risk through the management of its capital structure and financial leverage as outlined under Capital Management Activities. AGF 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 revolving credit facility. Cash surpluses are invested in interest-bearing short-term deposits and investments with a maturity up to 90 days. AGF is subject to certain financial loan covenants under its revolving credit facility and has met all of these conditions.

Performance and Sales Risk

Demand for our products depends on the ability of our investment management team to deliver value in the form of strong investment returns, as well as the demand for specific investment products. This is a relative as well as an absolute measure, because the risk is that AGF may not perform as well as the market, its peers or in line with our clients' expectations. A specific fund manager's style may fall out of favour with the market, resulting in lower sales and/or higher redemptions.

Our future financial performance will be influenced by our ability to successfully execute our strategy and generate net sales. If sales do not materialize as planned or key personnel cannot be retained, margins may erode.

Distribution Risk

Our retail AUM is obtained through third-party distribution channels including financial advisors or strategic partners that offer our products to investors along with similar products from our competitors. Our future success is dependent on continued access to these distribution channels that are independent of our company.

Key Personnel Risk

AGF's success depends on its key personnel, and in particular senior management and portfolio managers. The investment management industry is highly competitive. Reliance on investment performance to sell financial products has increased the demand for experienced and high-performing portfolio managers. Compensation packages for these portfolio managers may increase at a rate well above the rates of increase observed in other industries. Losing key individuals or being unable to attract and retain such individuals could adversely affect AGF's business. AGF believes it has the resources necessary to hire and retain its key personnel.

Industry Competition Risk

The level of competition in the industry is high, driven by factors including product variety, brand recognition, investment performance, management, sales and distribution relationships, fee and commission rates and other compensation matters. Sales and redemptions of mutual funds may be influenced by relative service levels, management fees, attributes of specific products in the marketplace and actions taken by competitors. AGF's competition includes other mutual fund companies, investment management firms, banks and insurance companies, some of whom have greater resources than AGF. The investment management industry's trend toward consolidation has increased the strength of some of AGF's competitors. While AGF continues to develop new products and explore new opportunities, there can be no assurance that AGF will maintain its current standing or market share. This may adversely affect AGF's business, financial condition and operating results.

Regulatory and Legal Risk

AGF conducts its business in Canada and abroad and is subject to extensive and changing legal, taxation and regulatory requirements. The governments and other regulatory bodies in the jurisdictions where we conduct our business regularly adopt new laws, rules, regulations and policies that apply to AGF. These requirements include those that apply to AGF Management Limited as a publicly traded company and those that apply to AGF's subsidiaries based on the nature of their activities. They include regulations related to capital markets, the provision of financial products and services, including fund management and discretionary managed accounts and their sale and distribution, and other activities carried on by AGF in the markets in which it operates. The current environment of heightened regulatory scrutiny in the financial services sector may reasonably be expected to lead to increasingly stringent interpretation and enforcement of existing laws and rules or additional regulations, changes in existing laws and rules, or changes in interpretation or enforcement of existing laws and rules. Regulatory developments may also impact product structures, pricing and dealer and advisor compensation. While AGF actively monitors such initiatives, and where feasible comments upon or discusses them with regulators, the ability of AGF to mitigate the imposition of differential regulatory treatment of financial products or services is limited. AGF and its subsidiaries are also subject to regulatory reviews as part of the normal ongoing process of oversight by the various regulators.

We take all reasonable measures to ensure compliance with governing statutes, regulations and regulatory policies; however, such changes may affect directly the method of operation and profitability of AGF or may have a material adverse effect on our financial results and financial condition. Failure to comply with statutes, regulations or regulatory policies could result in sanctions or fines that could adversely affect earnings and reputation.

AGF may, in the normal course of its business operations, be subject to claims or complaints from time to time from investors or others. These claims or complaints involve legal risks for AGF, and its directors, officers, employees and agents, including potential liability for violations of securities laws, breach of fiduciary duty and misuse of investors' funds. Certain violations or breaches could lead to civil liability, fines or sanctions. AGF may incur significant costs in connection with such potential liabilities.

Strategic Transactions Risk

Our strategy includes strategic acquisitions and investments in associates, joint ventures and limited partnerships. There is no assurance that we will be able to complete acquisitions on the terms and conditions that satisfy our investment criteria and/or effectively integrate such acquisitions into existing operations and attain the expected benefits. After transactions are completed, meeting target return objectives is contingent upon many factors, including retaining key employees and growth in AUM of the acquired companies.

Our strategic investments may involve risks and uncertainties including, but not limited to, our dependency on partners and co-venturers that are not under our control and that might become bankrupt or otherwise fail to fund their share of required capital contributions, or suffer reputational damage that could have an adverse impact on us. We do not have sole control over certain major decisions relating to these assets and businesses, which could affect our future returns on these investments.

The success of our strategic investments, including infrastructure investments, may be influenced by government and economic regulations, capital expenditure requirements, performance under customer or client contracts, general economic conditions and other material disruptions that may be outside our control such as weather conditions, natural disasters, major accidents, acts of malicious destruction, sabotage and terrorism.

Insurance Risk

AGF maintains various types of insurance coverage, which include a financial institutions bond, professional liability (errors and omissions) insurance, directors' and officers' liability insurance and general commercial liability insurance. There can be no assurance that (i) a claim or claims will not exceed the limits of available insurance coverage, (ii) any insurer will remain solvent or willing to continue providing insurance coverage with sufficient limits or at a reasonable cost, or (iii) any insurer will not dispute coverage of certain claims due to ambiguities in the relevant policies. A judgement against AGF in excess of available coverage could have a material adverse effect on AGF both in terms of damages awarded and the impact on the reputation of AGF.

Information Technology and Cybersecurity Risk

AGF uses information technology and the Internet to streamline business operations and to improve client and advisor experience. However, with the use of information technology and the Internet, AGF is exposed to information technology events that could potentially have an adverse impact on its business. These events could result in unauthorized access to sensitive information, theft and operational disruption. While AGF is actively monitoring this risk and continues to develop controls to protect against cyber threats that are becoming more sophisticated and pervasive, it is possible that AGF may not be able to fully mitigate the risk associated with information technology security.

Operational Risk

Operational risk is related to the processes and systems that support AGF's business, including fund accounting and administration. On February 16, 2016, AGF completed the transition to internalize the Company's fund administration function within AGF. The transition encompassed the transfer of the revenue and expenses associated with the provision of the transfer agency operations on behalf of the AGF-managed mutual funds and investment pools.

The Company outsources its custody and fund accounting functions to a third-party pursuant to a contract that expires in 2022.

Taxation Risk

AGF is subject to various uncertainties concerning the interpretation and application of Canadian tax laws. If tax authorities disagree with AGF's application of such tax laws, AGF's profitability and cash flows could be adversely affected. AGF is considered a large case file by the Canada Revenue Agency, and as such, is subject to audit each year. There is a significant lag between the end of a fiscal year and when such audits are completed. Therefore, at any given time, several years may be open for audit, which may result in an adjustment.

The foregoing discussion is not an exhaustive list of all risks and uncertainties regarding our ability to execute against our strategy. Readers are cautioned to consider other potential risk factors when assessing our ability to execute against our strategy.

Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by AGF Management Limited in reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified under those laws and include controls and procedures that are designed to ensure that information is accumulated and communicated to management, including the CEO and CFO, to allow timely decisions regarding required disclosure.

AGF Management Limited's management, under the direction of the CEO and CFO, has evaluated the effectiveness of AGF Management Limited's disclosure controls and procedures (as defined in National Instrument 52-109 of the Canadian Securities Commission) as at November 30, 2016, and has concluded that such disclosure controls and procedures were effective.

Internal Control Over Financial Reporting

The CEO and CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and receipts and expenditures of the Company are made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be designed effectively can provide only reasonable assurance with respect to financial reporting and financial statement preparation.

Management, under the direction of the CEO and CFO, has evaluated the effectiveness of the Company's internal control over financial reporting as at November 30, 2016, and has concluded that internal control over financial reporting is designed and operating effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management's assessment was based on the framework established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Changes in Internal Controls Over Financial Reporting

During 2016, the Company completed the transition to internalize the Company's fund administration function within AGF. The transition was successfully completed with no material impact to internal controls.

Changes in Information Technology Systems

During 2016, there were no significant changes to Information Technology Systems.

Additional Information

Additional information relating to the Company can be found in the Company's Consolidated Financial Statements and accompanying notes for the year ended November 30, 2016, the Company's 2016 Annual Information Form (AIF) and Annual Report, and other documents filed with applicable securities regulators in Canada, and may be accessed at www.sedar.com.

AGF Management Limited
CONSOLIDATED FINANCIAL STATEMENTS

For the years ended November 30, 2016 and 2015

Management's Responsibility for Financial Reporting

Toronto, January 23, 2017

The accompanying consolidated financial statements of AGF Management Limited (the Company) were prepared by management, who are responsible for the integrity and fairness of the information presented, including the amounts based on estimates and judgements. These consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles (GAAP).

In discharging its responsibility for the integrity and fairness of the consolidated financial statements and for the accounting systems from which they are derived, management maintains internal controls designed to ensure that transactions are authorized, assets are safeguarded and proper records are maintained. The system of internal controls is supported by a compliance function, which ensures that the Company and its employees comply with securities legislation and conflict of interest rules, and by an internal audit staff, which conducts periodic audits of all aspects of the Company's operations.

The Board of Directors oversees management's responsibilities for financial reporting through an Audit Committee, which is comprised entirely of independent directors. This Committee reviews the consolidated financial statements of the Company and recommends them to the Board for approval.

PricewaterhouseCoopers LLP, an independent auditor appointed by the shareholders of the Company upon the recommendation of the Audit Committee, has performed an independent audit of the consolidated financial statements, and its report follows. The shareholders' auditor has full and unrestricted access to the Audit Committee to discuss their audit and related findings.

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

Adrian Basaraba, CPA, CA, CFA
Senior Vice-President & Chief Financial Officer

Independent Auditor's Report

To the Shareholders of AGF Management Limited:

We have audited the accompanying consolidated financial statements of AGF Management Limited and its subsidiaries, which comprise the consolidated statements of financial position as at November 30, 2016 and 2015 and the consolidated statements of income, comprehensive income, changes in equity and cash flow for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of AGF Management Limited and its subsidiaries as at November 30, 2016 and 2015 and their financial performance and their cash flows for the years then ended, in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP
Chartered Professional Accountants, Licensed Public Accountants
January 23, 2017
Toronto, Canada

AGF Management Limited
Consolidated Statement of Financial Position

(in thousands of Canadian dollars) November 30	Note	2016	2015
Assets			
Current Assets			
Cash and cash equivalents		$ 43,065	$ 48,669
Investments	4	22,864	23,427
Accounts receivable, prepaid expenses and other assets	5, 23	52,368	40,242
Income tax receivable	20, 26	–	149
		118,297	112,487
Investment in associate and joint ventures	5	94,330	106,229
Long-term investments	5	78,231	140,534
Management contracts	8	689,759	689,759
Customer contracts, net of accumulated amortization and derecognition	8	6,095	9,660
Goodwill	8	250,538	249,952
Other intangibles, net of accumulated amortization and derecognition	8	5,093	8,130
Deferred selling commissions, net of accumulated amortization and derecognition	8	92,132	99,291
Property, equipment and computer software, net of accumulated depreciation	9	12,420	9,990
Deferred income tax assets	11	3,601	3,102
Income tax receivable	20, 26	12,385	6,683
Other assets		–	1,108
Total assets		$ 1,362,881	$ 1,436,925

AGF Management Limited
Consolidated Statement of Financial Position

(in thousands of Canadian dollars) November 30	Note		2016		2015
Liabilities					
Current Liabilities					
Accounts payable and accrued liabilities	6 , 18	$	72,227	$	69,325
Income tax liability	20, 26		6,998		–
Provision for Elements Advantage	12		911		1,412
Derivative financial instrument	10		–		1,763
			80,136		72,500
Long-term debt	10		188,206		268,782
Contingent consideration payable	7		2,091		1,990
Deferred income tax liabilities	11		173,156		175,548
Provision for Elements Advantage	12		1,194		1,159
Other long-term liabilities	18		10,030		6,093
Total liabilities			454,813		526,072
Equity					
Equity attributable to owners of the Company					
Capital stock	13		477,290		481,265
Contributed surplus	18		40,591		40,336
Retained earnings			379,202		361,383
Accumulated other comprehensive income	14		9,856		24,734
			906,939		907,718
Non-controlling interest	7		1,129		3,135
Total equity			908,068		910,853
Total liabilities and equity		$	1,362,881	$	1,436,925

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

Approved by the Board:

Blake C. Goldring, M.S.M., CFA
Director

Douglas L. Derry, FCPA, FCA
Director

AGF Management Limited
Consolidated Statement of Income

(in thousands of Canadian dollars, except per share data) **Years ended November 30**	**Note**	**2016**	**2015**
Income			
Management, advisory and administration fees		$ 397,116	$ 413,257
Deferred sales charges		8,975	9,606
Share of profit of associate and joint ventures	5	13,131	12,233
Fair value adjustments and other income	5, 15	9,447	14,504
Total income		428,669	449,600
Expenses			
Selling, general and administrative	16	194,851	188,727
Trailing commissions		121,511	128,736
Investment advisory fees		2,759	4,977
Amortization and derecognition of deferred selling commissions	8	37,564	41,425
Amortization and derecognition of customer contracts	8	2,797	3,248
Amortization and derecognition of other intangibles	8	4,007	4,418
Depreciation of property, equipment and computer software	9	3,918	3,792
Interest expense	19	8,544	10,365
		375,951	385,688
Income before income taxes		**52,718**	**63,912**
Income tax expense (benefit)			
Current	20	15,833	15,416
Deferred	20	(4,035)	168
		11,798	15,584
Income from continuing operations, net of tax		40,920	48,328
Loss from discontinued operations, net of tax	6	(140)	(300)
Net income for the year		**$ 40,780**	**$ 48,028**
Net income (loss) attributable to:			
Equity owners of the Company		$ 42,410	$ 48,028
Non-controlling interest		(1,630)	–
		$ 40,780	$ 48,028
Earnings per share for the year attributable to equity owners of the Company			
Basic earnings per share			
Continuing operations	21	$ 0.53	$ 0.59
Discontinued operations	21	–	–
		$ 0.53	$ 0.59
Diluted earnings per share			
Continuing operations	21	$ 0.53	$ 0.58
Discontinued operations	21	–	–
		$ 0.53	$ 0.58

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

(in thousands of Canadian dollars) **Years ended November 30**		**2016**		**2015**
Net income for the year	$	40,780	$	48,028
Other comprehensive income (loss), net of tax				
Cumulative translation adjustment				
Foreign currency translation adjustments related to net investments in foreign operations		(17,224)		12,366
		(17,224)		12,366
Net unrealized gains on investments				
Unrealized gains		1,233		684
		1,233		684
Net unrealized gains (losses) on cash flow hedge				
Unrealized gains (losses)		223		(643)
Reclassification of realized losses to earnings		890		1,231
		1,113		588
Total other comprehensive income (loss), net of tax	$	(14,878)	$	13,638
Comprehensive income	$	25,902	$	61,666
Comprehensive income (loss) attributable to:				
Equity holders of the Company	$	27,532	$	61,666
Non-controlling interest		(1,630)		–
	$	25,902	$	61,666

All items presented in other comprehensive income (loss) will be reclassified to the consolidated statement of income (loss) in subsequent periods.

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

AGF Management Limited
Consolidated Statement of Changes in Equity

(in thousands of Canadian dollars)	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Attributable to equity owners of the Company	Non-controlling interest	Total equity
Balance, December 1, 2014	$ 517,467	$ 39,584	$ 361,628	$ 11,096	**$ 929,775**	$ –	**$ 929,775**
Net income for the year	–	–	48,028	–	**48,028**	–	**48,028**
Other comprehensive income (net of tax)	–	–	–	13,638	**13,638**	–	**13,638**
Comprehensive income for the year	–	–	48,028	13,638	**61,666**	–	**61,666**
Issued through dividend reinvestment plan	563	–	–	–	**563**	–	**563**
Stock options	101	1,584	–	–	**1,685**	–	**1,685**
AGF Class B Non-Voting shares repurchased for cancellation	(33,981)	–	(5,158)	–	**(39,139)**	–	**(39,139)**
Dividends on AGF Class A Voting common shares and AGF Class B Non-Voting shares, including tax of $0.6 million	–	–	(43,115)	–	**(43,115)**	–	**(43,115)**
Equity-settled Restricted Share Units and Partner Points, net of tax	–	(832)	–	–	**(832)**	–	**(832)**
Treasury stock	(2,885)	–	–	–	**(2,885)**		**(2,885)**
Acquisition of FFCM, LLC	–	–	–	–	**–**	3,135	**3,135**
Balance, November 30, 2015	**$ 481,265**	**$ 40,336**	**$ 361,383**	**$ 24,734**	**$ 907,718**	**$ 3,135**	**$ 910,853**
Balance, December 1, 2015	$ 481,265	$ 40,336	$ 361,383	$ 24,734	**$ 907,718**	$ 3,135	**$ 910,853**
Net income (loss) for the year	–	–	42,410	–	**42,410**	(1,630)	**40,780**
Other comprehensive loss (net of tax)	–	–	–	(14,878)	**(14,878)**	–	**(14,878)**
Comprehensive income (loss) for the year	–	–	42,410	(14,878)	**27,532**	(1,630)	**25,902**
Issued through dividend reinvestment plan	360	–	–	–	**360**	–	**360**
Stock options	–	1,523	–	–	**1,523**	–	**1,523**
AGF Class B Non-Voting shares repurchased for cancellation	(7,283)	–	1,176	–	**(6,107)**	–	**(6,107)**
Dividends on AGF Class A Voting common shares and AGF Class B Non-Voting shares, including tax of $0.3 million	–	–	(25,767)	–	**(25,767)**	–	**(25,767)**
Equity-settled Restricted Share Units and Partner Points, net of tax	–	(1,268)	–	–	**(1,268)**	–	**(1,268)**
Treasury stock	2,948	–	–	–	**2,948**	–	**2,948**
Acquisition of FFCM, LLC	–	–	–	–	**–**	(376)	**(376)**
Balance, November 30, 2016	**$ 477,290**	**$ 40,591**	**$ 379,202**	**$ 9,856**	**$ 906,939**	**$ 1,129**	**$ 908,068**

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

AGF Management Limited
Consolidated Statement of Cash Flow

(in thousands of Canadian dollars) Years ended November 30	Note	2016	2015
Operating Activities			
Net income for the year		$ 40,780	$ 48,028
Adjustments for			
Net loss from discontinued operations	6	140	300
Amortization, derecognition and depreciation		48,286	52,883
Interest expense		8,544	10,365
Income tax expense	20	11,798	15,584
Income taxes paid		(14,698)	(43,548)
Stock-based compensation	18	5,182	5,632
Share of profit of associate and joint ventures	5	(13,131)	(12,233)
Distributions from associate	5	8,214	9,370
Deferred selling commissions paid	8	(30,405)	(35,943)
Fair value adjustment on long-term investments	5	3,905	(4,115)
Other		12	1,000
		68,627	47,323
Net change in non-cash working capital balances related to operations			
Accounts receivable and other current assets		(12,288)	2,117
Other assets		1,000	(8,445)
Accounts payable and accrued liabilities		(4,097)	9,269
Other liabilities		2,933	1,863
		(12,452)	4,804
Net cash provided by operating activities		56,175	52,127
Financing Activities			
Repurchase of Class B Non-Voting shares for cancellation	13	(6,107)	(39,139)
Issue of Class B Non-Voting shares	13	–	91
Purchase of treasury stock	13	(936)	(6,842)
Dividends paid	22	(25,075)	(41,988)
Repayment of long-term debt	10	(80,000)	(40,000)
Issuance of short-term bridge facility	10	–	89,100
Repayment of short-term bridge facility	10	–	(89,100)
Interest paid		(8,385)	(10,023)
Net cash used in financing activities		(120,503)	(137,901)
Investing Activities			
Proceeds from acquisition of subsidiaries	7, 8	5,699	–
Acquisition of subsidiaries, net of cash acquired	7, 8	(981)	(6,425)
Purchase of long-term investments	5	(40,702)	(126,930)
Return of capital from long-term investments	5	99,100	10,120
Purchase of property, equipment and computer software, net of disposals	9	(6,348)	(4,429)
Purchase of short-term investments	4	(7,867)	(5,987)
Proceeds from sale of short-term investments	4	9,823	6,596
Net cash provided by (used in) investing activities		58,724	(127,055)
Decrease in cash and cash equivalents		(5,604)	(212,829)
Balance of cash and cash equivalents, beginning of year		48,669	261,498
Balance of cash and cash equivalents, end of year		$ 43,065	$ 48,669

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

Notes to Consolidated Financial Statements

For the years ended November 30, 2016 and 2015

Note 1: General Information

AGF Management Limited (AGF or the Company) is a limited liability company incorporated and domiciled in Canada under the *Business Corporations Act* (Ontario). The address of its registered office and principal place of business is Toronto-Dominion Bank Tower, 66 Wellington Street West, Toronto, Ontario.

The Company is an integrated, global wealth management corporation whose principal subsidiaries provide investment management for mutual funds, institutions and corporations, as well as high-net-worth clients. The Company conducts the management and distribution of mutual funds in Canada under the brand names AGF, Elements and Harmony (collectively, AGF Investments). The Company's wholly owned subsidiary AGF CustomerFirst Inc. (AGFC) provides fund administration services to the AGF mutual funds. The Company also holds a controlling interest in FFCM, LLC and investments in an associate, Smith & Williamson Holdings Limited (S&WHL), and in joint ventures InstarAGF Inc. (InstarAGF), Stream Asset Financial Management LP (SAFM LP) and Stream Asset Financial LP (Stream).

These consolidated financial statements were authorized for issue by the Board of Directors on January 23, 2017.

Note 2: Basis of Preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Certain comparative figures have been reclassified to conform to the consolidated financial statement presentation in the current year.

Note 3: Significant Accounting Policies, Judgements and Estimation Uncertainty

3.1 Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value.

3.2 Adoption of New and Revised Accounting Standards

The accounting policies adopted in the preparation of the Company's annual consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended November 30, 2015. The Company has not early adopted any other standard, interpretation, or amendment that has been issued but is not yet effective.

3.3 Investment in subsidiaries, associates, joint ventures and structured entities

(a) Subsidiaries and Consolidated Structured Entities

The consolidated financial statements include the accounts of the Company and its directly and indirectly owned subsidiaries. Subsidiaries are all entities for which the Company has exposure to variable returns and power over the investee, which it can use to affect the amounts of such returns and is often accompanied by a shareholding of more than half of the investee's voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date on which control ceases. If the Company loses control of a subsidiary, it accounts for all amounts recognized in other comprehensive income (OCI) in relation to that subsidiary on the same basis as it would if the Company had directly disposed of the related assets or liabilities.

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Intercompany transactions and balances are eliminated on consolidation. For subsidiaries where the Company does not own all of the equity, the non-controlling shareholders' interest is presented in the consolidated statement of financial position as non-controlling interest (NCI) within equity and the related income (loss) is disclosed as a separate line in the consolidated statement of income.

Consolidated structured entities are entities over which the Company has control over the relevant activities of the entity by means of a contractual agreement. The Company established an employee benefit trust as a consolidated structured entity with the purpose of acquiring Class B Non-Voting shares to be delivered to employees upon vesting of their Restricted Share Units (RSUs). Under the contractual agreement, the Company will provide financial support to the trust to fund the purchase of these shares. Refer to Note 3.14 and Note 18 for additional information.

The principal subsidiaries and consolidated structured entities of AGF as at November 30, 2016 are as follows:

	Principal activity	Country of incorporation	Interest held
1801882 Alberta Ltd.	Alternative investments	Canada	100%
20/20 Financial Corporation	Holding company	Canada	100%
AGF Asset Management Asia Limited	Investment management	Singapore	100%
AGF CustomerFirst Inc.	Transfer agency	Canada	100%
AGF International Advisors Company Limited	Investment management	Ireland	100%
AGF Investments America Inc.	Investment management	Canada	100%
AGF Investments Inc.	Investment management	Canada	100%
AGF Securities (Canada) Limited	Securities dealer	Canada	100%
Cypress Capital Management Limited	Investment management	Canada	100%
Doherty & Associates Limited	Investment management	Canada	100%
Employee Benefit Plan Trust	Trust	Canada	100%
FFCM, LLC (FFCM)	Investment management	United States	51%
Highstreet Asset Management Inc.	Investment management	Canada	100%

(b) Associates and Joint Ventures

Associates are entities over which the Company has significant influence, but not control, generally accompanying between 20% and 50% of the voting rights. Joint ventures are arrangements whereby the parties have joint control over, and rights to the net assets of, the arrangement.

	Investment type	Nature of activities	Country of incorporation	Interest held
Smith & Williamson Holdings Limited (S&WHL)	Associate	Asset management, tax, accounting, and financial advisory	United Kingdom	32.5%
InstarAGF Inc. (InstarAGF)	Joint venture	Asset manager – alternative/infrastructure	Canada	50.1%
InstarAGF Essential Infrastructure Fund LP (EIF)	Joint venture	Limited partnership – investment entity	Canada	19.2%
Stream Asset Financial LP (Stream)	Joint venture	Limited partnership – investment entity	Canada	23.6%
Stream Asset Financial GP LP (SAF GP)	Joint venture	Asset manager – alternative/infrastructure	Canada	37.0%
Stream Asset Financial Management LP (SAFM LP)	Joint venture	Asset manager – alternative/infrastructure	Canada	37.0%

The Company's interests in the associates and joint ventures, other than its interest in funds that it manages, are generally accounted for using the equity method of accounting. The Company's investment in associates includes goodwill and other intangible assets identified on acquisition. AGF's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income and its share of post-acquisition other comprehensive income (loss) is recognized in OCI. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Unrealized gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in the associates and joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' and joint ventures' accounting policies have been changed where necessary to ensure consistency with the policies adopted by AGF.

The Company assesses at each period-end whether there is any objective evidence that its interests in associates and joint ventures are impaired. If impaired, the carrying value of the Company's share of the underlying assets of associates or joint ventures is written down to its estimated recoverable amounts (being the higher of fair value less costs to sell and value in use) and charged to the consolidated statement of income.

The Company accounts for InstarAGF, SAF GP and SAFM LP using the equity method of accounting. The Company's share of profit in SAF GP excludes its portion of the estimated carried interest to be distributed to AGF on crystallization. Carried interest will be recognized when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company, which is generally subsequent to the return of capital and contractual rate of return provided to investors.

Consistent with the Company's accounting for investments in the mutual funds it manages, the Company has also designated investments in funds managed by its joint ventures at fair value through profit or loss. Refer to Note 5 for additional information about the Company's interests in associates and joint ventures.

Additionally, the Company has determined that interests it holds in funds it manages may be associates as a result of the Company's power conveyed through investment management and other agreements it has with the funds that permit the Company to make decisions about their investing and operating activities. None of these interests are individually significant and the Company has elected to designate its investments in these funds at fair value through profit or loss. These funds conduct their trading activities, which may include trading of foreign denominated securities, in Canada and Ireland. At November 30, 2016, the carrying amount of the Company's interests in investment funds that it manages was $15.8 million (2015 – $17.2 million), which represents the Company's maximum exposure to loss with respect to these interests. The fair value adjustment related to the Company's interests in investment funds recognized on the consolidated statement of income was $0.1 million in income for the year ended November 30, 2016 (2015 – $0.6 million in charges). Refer to Note 4 for additional information about the Company's investments in funds that it manages.

3.4 Foreign Currency Translation

(a) Functional and Presentation Currency

Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Canadian dollars, which is AGF Management Limited's functional currency.

The financial statements of entities that have a functional currency different from that of AGF Management Limited (foreign operations) are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate of the period (as this is considered a reasonable approximation to actual rates). Resulting differences are recognized in OCI.

(b) Transactions and Balances

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing at the consolidated statement of financial position date and non-monetary assets and liabilities are translated at historical exchange rates. Foreign currency income and expenses are translated at average exchange rates prevailing throughout the year. Unrealized translation gains and losses and all realized gains and losses are included in net income on the consolidated statement of income.

3.5 Assets Under Management (AUM)

The Company manages a range of mutual funds and other investment assets owned by clients and third parties that are not reflected on the consolidated statement of financial position, certain of which are held through investment funds that meet the definition of structured entities under IFRS. The Company earns fees for providing management and administrative services to these investment funds. Fees from these funds and other investment assets are calculated based on AUM, which was $34.2 billion as at November 30, 2016 (2015 – $33.6 billion).

3.6 Cash and Cash Equivalents

Cash represents highly liquid temporary deposits, while cash equivalents consists of bank term deposits, both of which are readily convertible to known amounts of cash, are subject to insignificant risk of changes in fair value and have short-term maturities of less than three months at inception.

3.7 Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires. Regular way purchases and sales of financial assets and liabilities are accounted for at the trade date.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

(a) Financial Assets and Liabilities at Fair Value Through Profit or Loss (FVTPL)

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term or long term. Derivatives are also included in the category unless they are designated as hedges. The Company's FVTPL consists of certain investments and contingent consideration payable related to FFCM.

The non-cash payment portion of the acquisition consideration payable was classified as FVTPL and was recognized initially and subsequently at fair value. Gains and losses arising from changes in fair value and distributions received from certain investments are presented in the consolidated statement of income under fair value adjustments and other income. Transaction costs on FVTPL financial instruments are accounted for in net income as incurred.

(b) Available for Sale

Available for sale assets are non-derivatives that are either designated in this category or not classified in any of the others. The Company's available for sale assets consist of investments in debt and equity securities.

Available for sale assets are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in OCI. Available for sale investments are classified as current.

Interest on available for sale debt investments, calculated using the effective interest method, is recognized in the consolidated statement of income as part of fair value adjustments and other income. Dividends on available for sale equity instruments are recognized in the consolidated statement of income as part of fair value adjustments and other income on the date they become legally receivable. When an available for sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated OCI to the consolidated statement of income and are included in fair value adjustments and other income.

(c) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables consist of accounts receivable and other financial assets.

Accounts receivable and other financial assets are initially recognized at the amount expected to be received, less, when material, a discount to reduce the asset balance to fair value. Subsequently, accounts receivable and other financial assets are measured at amortized cost using the effective interest method less a provision for impairment.

(d) Financial Liabilities at Amortized Cost

Financial liabilities at amortized cost include accounts payable and accrued liabilities, long-term debt, the cash payment portion of the acquisition consideration payable, and other long-term liabilities.

Accounts payable and accrued liabilities, long-term debt, the cash payment portion of the acquisition consideration payable, and other long-term liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, these balances are measured at amortized cost using the effective interest method.

A financial liability is derecognized when it is extinguished. When a liability is extinguished, the difference between its carrying amount and the consideration paid including any non-cash assets transferred and any new liabilities assumed is recognized in profit or loss. A modification of the terms of a liability is accounted for as an extinguishment of the original liability and recognition as a new liability when the modification is substantial. The Company deems an amendment of the terms of a liability to be substantially different if the net present value of the cash flows under the new liability, including any fees paid, is at least 10% different from the net present value of the remaining cash flows of the existing liability, both discounted at the original effective interest rate of the original liability.

Financial liabilities are classified as current liabilities if payment is due within 12 months of the consolidated statement of financial position date. Otherwise, they are presented as non-current liabilities.

Derivative instruments are used to manage the Company's exposure to interest rate risks. The Company does not enter into derivative financial instruments for trading or speculative purposes. When derivative instruments are used, the Company determines whether hedge accounting can and will be applied. The derivative instrument must be highly effective in accomplishing the objective of offsetting either changes in the fair value or forecasted cash flows attributable to the risk being hedged both at inception and over the life of the hedge. In accordance with IAS 39, the accumulated ineffectiveness of hedging relationships must be measured, and the ineffective portion of changes in fair value must be recognized in the consolidated statement of income. Where hedge accounting is not applied, changes in fair value are recognized in the consolidated statement of income.

Cash flow hedges are used to hedge the Company's exposure to fluctuating interest rates on its long-term debt. The effective portion of the change in fair value of the derivative instruments designated as cash flow hedges, net of taxes, is recorded in OCI, while the ineffective portion is recognized in the consolidated statement of income under fair value adjustments and other income. Amounts recorded in OCI are subsequently recognized in the consolidated statement of income consistent with the timing of the recognition of cash flows associated with the hedged instruments. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the consolidated statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of income.

Transaction costs related to financial instruments at fair value through profit or loss are accounted for as expense on initial recognition. For all other financial instruments, transaction costs are included in the initial carrying amount in the consolidated statement of financial position.

3.8 Intangibles

(a) Goodwill and Management Contracts

Goodwill represents the excess of the fair value of consideration paid over the fair value of the Company's share of the identifiable net assets, including management contracts, of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses. Management contracts have been determined to have an indefinite life as the contractual right to manage the assets has no fixed term. Management contracts acquired separately or in a business combination are recorded at fair value on initial recognition and subsequently reduced by the amount of impairment losses, if any.

(b) Customer Contracts and Other Intangibles

Customer contracts and other intangibles are stated at cost (which generally coincides with their fair values at the dates acquired), net of accumulated amortization and impairment, if any. Amortization for customer contracts and certain other intangibles is computed on a straight-line basis over five to 15 years based on the estimated useful lives of these assets. For the remaining other intangibles, amortization is based on the expected discounted cash flow and amortized over the contractual life of the assets. Unamortized customer contracts and other intangibles for which client attrition occurs is immediately charged to net income and included in amortization and derecognition of customer contracts.

(c) Deferred Selling Commissions

Selling commissions paid to brokers on mutual fund securities sold on a deferred sales charge (DSC) basis are recorded at cost and are amortized on a straight-line basis over the period that the associated economic benefits are expected to

arise, which corresponds with the applicable DSC schedule and ranges from three to seven years. Unamortized deferred selling commissions related to units redeemed prior to the end of the expected investment period are derecognized and immediately charged to net income and included in amortization and derecognition of deferred selling commissions. Derecognition is calculated based on historical derecognition rates.

3.9 Property, Equipment and Computer Software

Property, equipment and computer software, which consists of furniture and equipment, computer hardware, computer software and leasehold improvements, is stated at cost, net of accumulated depreciation and impairment, if any. Depreciation is calculated using the following methods based on the estimated useful lives of these assets:

Furniture and equipment	20% declining balance
Computer hardware	straight-line over useful life of an asset
Leasehold improvements	straight-line over term of lease
Computer software	straight-line over three years

3.10 Impairment of Non-financial Assets

Assets that have an indefinite useful life, for example, goodwill and management contracts, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, or CGUs). Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Where such evidence exists, the portion of the previous impairment that no longer is impaired is reversed through net income with a corresponding increase in the carrying value of the asset.

3.11 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured as the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

In November 2005, the Company launched AGF Elements, which consists of five diversified fund-of-fund portfolios. Four of these portfolios include the Elements Advantage Commitment, which is a commitment to the investor that if their portfolio does not match or outperform its customized benchmark over a three-year period, AGF will provide each individual investor up to 90 basis points in additional units. This will be calculated based on the value of such investment at the end of its related three-year period.

The Company records a provision of up to 30 basis points per year of each investor's AUM and the Company's expectation of amounts ultimately to be reimbursed to the investor, adjusted for redemptions, until the end of the three-year measurement period of each investment made by such investor. If an individual investor's returns match or exceed the corresponding benchmark, amounts previously recorded as a provision are reversed and recognized in net income.

Effective June 22, 2009, AGF capped the AGF Elements Advantage Program (the Program). Any eligible units purchased prior to June 22, 2009 remain eligible for the Program. Any units purchased on or after June 22, 2009 are not entitled to participate in the Program. Elements Advantage distributions that are reinvested continue to be eligible to participate in the Program.

3.12 Current and Deferred Income Tax

Income tax consists of current and deferred tax. Income tax is recognized in the consolidated statement of income except to the extent that it relates to items recognized directly in OCI or directly in equity, in which case the income tax is also recognized directly in OCI or equity, respectively.

Management regularly evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, interest and penalties on taxes owing, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of tax losses and credits carryforwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However,

deferred tax is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries or associates, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the date of the consolidated statement of financial position and are expected to apply when the deferred tax asset is realized or liability settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available, against which the deductible temporary differences can be utilized.

Deferred income tax assets and liabilities are presented as non-current.

3.13 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. In addition to these general principles, AGF applies the following specific revenue recognition policies:

Management and advisory fees are based on the net asset value of funds under management and are recognized on an accrual basis. These fees are shown net of management fee rebates.

Administration fees are directly related to the number of client accounts and transactions incurred and recognized on an accrual basis.

DSC revenue is received from investors when mutual fund securities sold on a DSC basis are redeemed. DSC revenue is recognized on the trade date of the redemption of the applicable mutual fund securities.

Share of profit of associate and joint venture is recognized using the equity method and is recognized based on the most recent financial information received from the associate and joint venture.

3.14 Employee Benefits

(a) Stock-based Compensation and Other Stock-based Payments

The Company has established stock option plans for senior employees and utilizes the fair-value-based method of accounting for stock options. The fair value of stock options, determined on the grant date using an option pricing model, is recorded over the vesting period as a charge to net earnings with a corresponding credit to contributed surplus, taking into account forfeitures. Awards are settled by issuance of AGF Class B Non-Voting shares upon exercise of the options. The stock options are issued with an exercise price not less than the market price of the Class B Non-Voting shares immediately prior to the grant date. Stock option awards are granted on a four-year graded-vesting basis whereby 25% of the total awards vest each year on the anniversary of the grant date.

The Company also has a share purchase plan under which employees can have a percentage of their annual earnings withheld subject to a maximum of 6% to purchase AGF's Class B Non-Voting shares. The Company matches up to 60% of the amounts contributed by the employee. The Company's contribution vests immediately and is recorded as a charge to net income in the period that the benefit is earned. All contributions are used by the plan trustee to purchase Class B Non-Voting shares on the open market.

The Company has an Executive Share Unit Plan for senior employees under which certain employees are granted RSUs or Performance Share Units (PSUs) of Class B Non-Voting shares. RSUs vest three years from the grant date.

The Company has a Partners Incentive Plan (PIP) for senior employees under which certain employees are designated to participate. The plan consists of a number of points, which are allocated among participating employees. The value of each point is determined using a funding rate that is based on a set percentage of targeted earnings before interest and tax (EBIT) that defines the funding pool for the year. At the end of each fiscal year, the funding pool is adjusted up or down to reflect the Company's EBIT performance. The adjusted dollar value is then settled in the form of RSUs or stock options. Stock options are granted under the Company's stock option plan, which is described above. RSUs are granted under the PIP. During the first year of the plan, compensation expense and the related liability are expensed based on the targeted funding pool over a graded four-year vesting period. Upon granting of the RSU or stock option, the remaining expense is accounted for under the RSU or stock option model.

On January 30, 2014, the Company amended its plan agreements to require share-based settlement of all RSUs granted to the employees of AGF and its Canadian subsidiaries and communicated this change to affected employees on February 11, 2014. In connection with the amendments, an employee benefit trust was established that is controlled and consolidated by the Company. The purpose of the trust is to acquire Class B Non-Voting shares of the Company in the open market to be delivered to employees upon vesting of their RSUs. Pursuant to the revised plan, the employees of AGF and its Canadian subsidiaries will not have an option to receive cash settlement for their RSUs and consequently,

the Company has transferred the liabilities related to these awards from liabilities to equity. Compensation expense and contributed surplus related to these awards is recognized over the remaining vesting period based on the fair value of the Class B Non-Voting shares at the date of the plan change communication to employees and taking into account forfeitures. Effective February 11, 2014, new grants are expensed over the vesting period based on the fair value of the Class B Non-Voting shares at the date of grant and taking into account forfeitures.

Employees of non-Canadian subsidiaries participating in the plans continue to have the option to receive cash settlement for their RSUs. The compensation expense and the related liability for these awards are recorded equally or graded over the three-year vesting period, taking into account fluctuations in the market price of Class B Non-Voting shares, dividends paid and forfeitures. AGF will redeem all of the participants' RSUs in cash equal to the value of one Class B Non-Voting share for each RSU.

PSU compensation expense and the related liability are recorded equally over the vesting period, taking into account the likelihood of the performance criteria being met, fluctuations in the market price of Class B Non-Voting shares, dividends paid and forfeitures. These PSUs vest three years from the grant date provided employees meet certain performance criteria. AGF will redeem all of the participants' PSUs in cash equal to the value of one Class B Non-Voting share for each PSU.

The Company has a Deferred Share Unit (DSU) plan for non-employee Directors and certain employees. The plan enables Directors of the Company to elect to receive their remuneration in DSUs. These units vest immediately and compensation expense and the related liability are charged to net income in the period the DSUs are granted. DSUs granted to certain employees vest between one to 10 years from the grant date. Compensation expense and the related liability are recorded equally over the respective vesting periods, taking into account fluctuations in the market price of Class B Non-Voting shares, dividends paid and forfeitures. On termination, AGF will redeem all of the participants' DSUs in cash equal to the value of one Class B Non-Voting share at the termination date for each DSU.

(b) Termination Benefits

The Company recognizes termination benefits at the earlier of when it can no longer withdraw the offer of those benefits, or when it recognizes costs for a restructuring that involves termination benefits.

(c) Unit Appreciation Rights (UAR) Plan

The Company has a UAR plan for certain employees of Doherty & Associates Limited (Doherty) and Cypress Capital Management Limited (Cypress). The purpose of the plan is retention of key employees, including senior management and key succession employees, and to promote the profitability and growth of these two subsidiaries by creating a performance incentive for such key employees so that they may benefit from any appreciation in the value of Doherty and Cypress. The plan provides for the grant of performance appreciation rights to certain employees, the value of which are linked to the change in value of Doherty and Cypress by reference to changes in Doherty and Cypress earnings before interest, taxes, depreciation and amortization (EBITDA). Obligations related to the UAR plan are recorded under accounts payable and accrued liabilities on the consolidated statement of financial position.

3.15 Capital Stock

AGF Class A Voting common shares and Class B Non-Voting shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from the proceeds, net of tax.

3.16 Dividends

Dividends to AGF shareholders are recognized in the Company's consolidated financial statements in the period in which the dividends are approved by the Board of Directors.

3.17 Earnings per Share

Basic earnings per share are calculated by dividing net income applicable to AGF Class A Voting common shares and Class B Non-Voting shares by the daily weighted average number of shares outstanding. Diluted earnings per share are calculated using the daily weighted average number of shares that would have been outstanding during the year had all potential common shares been issued at the beginning of the year, or when other potentially dilutive instruments were granted or issued, if later.

The treasury stock method is employed to determine the incremental number of shares that would have been outstanding had the Company used proceeds from the exercise of options to acquire shares.

3.18 Accounting Standards Issued but Not Yet Applied

Certain new accounting standards and interpretations have been published that are not mandatory for the November 30, 2016 reporting periods and have not been early adopted by the Company. The Company is currently evaluating the impact the following new standards will have on its financial statements.

In July 2014, the IASB issued the final version of IFRS 9 that replaces *IAS 39 Financial Instruments: Recognition and Measurement*. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In addition, the IASB introduced a new impairment model. The standard provides a single, principle-based approach for determining the classification of financial assets driven by cash flow characteristics and the business model in which an asset is held. The impairment model will be an expected credit loss model, which will apply to all financial instruments and require more timely recognition of expected credit losses. IFRS 9 is effective for financial years commencing on or after January 1, 2018. Early adoption is permitted. Retrospective application is required, but providing comparative information is not compulsory. The Company is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

IFRS 15 was issued by the IASB in May 2014 and will replace IAS 18, which covers contracts for goods and services, and IAS 11, which covers construction contracts. The new standard is based on the principle that revenue is recognized at an expected amount of consideration in exchange for transferring promised goods or services to a customer. In April 2016, the IASB issued amendments to IFRS 15 to address several implementation issues discussed by the Joint Transition Resource Group for Revenue Recognition. IFRS 15 is effective for financial years commencing on or after January 1, 2018. Early adoption is permitted. The standard permits a modified retrospective approach for the adoption. Under this approach, entities will recognize transitional adjustments in retained earnings on the date of initial application without restating the comparative financial period. Otherwise, a full retrospective approach must be applied. The Company is in the process of assessing the impact of IFRS 15 on its consolidated financial statements and has not yet determined when it will adopt the new standard.

IFRS 16 was issued by the IASB in January 2016 and will replace IAS 17. The standard requires lessees to recognize a lease liability reflecting future lease payments and a ‘right-of-use asset’ for most lease contracts. The standard includes two recognition exemptions for lessees having leases of ‘low-value’ assets and short-term leases with lease term of 12 months or less. IFRS 16 is effective for financial years commencing on or after January 1, 2019. Early adoption is permitted, but only in conjunction with IFRS 15. The standard permits a ‘simplified approach’ that includes certain reliefs related to the measurement of the right-of-use asset and the lease liability, rather than full retrospective application. The Company is in the process of assessing the impact of IFRS 16 on its consolidated financial statements and has not yet determined when it will adopt the new standard.

The IASB issued amendments to *IFRS 2 Share-based Payment* that address the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. The amendments are effective for financial years commencing on or after January 1, 2018. The amendments are applied prospectively, but retrospective application is permitted if certain criteria are met. Early adoption is permitted. The Company is analyzing the amendments to determine their impact on its consolidated financial statements and has not yet determined when it will adopt the new standard.

Amendments to IAS 12 were issued by the IASB to clarify the accounting for recognizing deferred income tax assets on unrealized losses, deferred income taxes where an asset is measured at fair value below the asset’s tax base, and certain other aspects of accounting for deferred income tax assets. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. The amendments are effective for financial years commencing on or after January 1, 2017. The Company is analyzing the amendments to determine their impact on its consolidated financial statements.

Amendments to IAS 7 were issued by the IASB to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendment is part of the IASB’s Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. The amendment is effective for financial years commencing on or after January 1, 2017. The Company is analyzing the amendments to determine their impact on its consolidated statement of cash flow.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

3.19 Critical Accounting Estimates and Judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period in which the estimate is revised if the revision affects both current and future periods.

Key areas of estimation where management has made difficult, complex or subjective judgements – often about matters that are inherently uncertain – include provision for useful lives of depreciable assets, commitments and contingencies, as well as the specific items discussed below.

(a) Impairment of Non-financial Assets

The Company determines the recoverability of each of its CGUs based on the higher of its fair value less cost to sell (FVLCTS) and its value in use (VIU). In certain instances, the Company uses a discounted cash flow methodology to estimate these amounts. Such analysis involves management judgement in selecting the appropriate discount rate, terminal growth rate, cash flows and synergies' inclusion rate to be used in the assessment of the impairment of non-financial assets. Refer to Note 8 for further details on the impairment of non-financial assets.

(b) Stock-based Compensation and Other Stock-based Payments

In determining the fair value of the stock-based rewards and the related charge to the consolidated statement of income, the Company makes assumptions about future events and market conditions. In particular, judgement must be formed as to the likely number of shares, RSUs or PSUs that will vest, and the fair value of each award granted. The fair value of stock options granted is determined using the Black-Scholes option-pricing model, which is dependent on further estimates, including the Company's future dividend policy and the future volatility in the price of the Class B Non-Voting shares. Refer to Note 18 for the assumptions used. Such assumptions are based on publicly available information and reflect market expectation. Different assumptions about these factors to those made by AGF could materially affect reported net income.

(c) Income Taxes

The Company is subject to income taxes in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. AGF recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. When the estimated outcome of these matters is different from the amounts that were recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Refer to Note 26 for further details.

(d) Critical Judgements in Applying the Company's Accounting Policies

The application of the Company's accounting policies may require management to make judgements, apart from those involving estimates, that can affect the amounts recognized in the consolidated financial statements. Such judgements include the identification of CGUs, the determination of whether intangible assets have finite or indefinite lives and the accounting implications related to certain legal matters. In addition, judgement was applied in determining the recognition and measurement of the provision related to the put option liability for loans related to AGF Trust Company (AGF Trust).

(e) Fair Value Estimates of Level 3 Financial Instruments

The fair value estimates of the Company's level 3 financial instruments may require management to make judgements and estimates that can affect the amounts recognized in the consolidated financial statements. Such judgements and estimates include parameter inputs that are unobservable and have an impact on the fair value of the instrument. Refer to Note 24 for further details.

Note 4: Investments

The following table presents a breakdown of investments:

(in thousands of Canadian dollars) **November 30**	**2016**	**2015**
Fair value through profit or loss		
AGF mutual funds and other	$ 15,754	$ 17,201
Equity securities	577	531
	16,331	17,732
Available for sale		
Equity securities and term deposits	6,223	5,385
Loans and receivables		
Canadian government debt – Federal	310	310
	$ 22,864	$ 23,427

During the years ended November 30, 2016 and 2015, no impairment charges were recognized.

The continuity of investments for the years ended November 30, 2016 and 2015 is as follows:

(in thousands of Canadian dollars) **Years ended November 30,**	**2016**	**2015**
Beginning of the year	$ 23,427	$ 23,832
Additions	7,867	5,987
Additions on acquisition of FFCM	–	4
Disposals	(9,823)	(6,596)
Net realized and unrealized gains (losses) on investments classified as FVTPL	70	(587)
Reinvested dividends and interest	386	405
Net unrealized and realized gains on investments classified as available for sale	937	382
End of the year	$ 22,864	$ 23,427

Note 5: Investment in Associate, Joint Ventures and Long-term Investments

(a) Investment in Associate

The Company holds a 32.5% investment in S&WHL accounted for using the equity method. At November 30, 2016, the carrying value was $92.7 million (2015 – $105.3 million). During the year ended November 30, 2016, the Company recognized earnings of $12.4 million (2015 – $11.6 million) from S&WHL, which includes a one-time charge of $2.1 million related to its share of a tax levy recorded by S&WHL, and received $8.2 million (2015 – $9.4 million) in dividends from S&WHL.

The continuity for the investment in S&WHL for the years ended November 30, 2016 and 2015 is as follows:

(in thousands of Canadian dollars) **Years ended November 30**	**2016**	**2015**
Balance, beginning of year	$ 105,296	$ 91,636
Share of profit [1]	14,535	11,612
Foreign exchange differences	(17,236)	11,065
Dividends received	(8,214)	(9,370)
Share of other comprehensive income	420	353
One-time charge of AGF's share of tax levy	(2,100)	–
Balance, end of year	$ 92,701	$ 105,296

[1] Includes $3.8 million (2015 – $4.0 million) recorded in investment in associate and joint ventures on the consolidated statement of financial position related to the amortization of the finite life intangible assets related to the purchase of the investment in S&WHL.

The following is a summary of S&WHL's gross financial information:

(in thousands of Canadian dollars) **November 30**	**2016**	**2015**
Statement of financial position		
Current assets	$ 979,640	$ 996,351
Non-current assets	196,525	242,285
Current liabilities	778,480	781,088
Non-current liabilities	2,247	2,655

(in thousands of Canadian dollars) **Years ended November 30**	**2016**	**2015**
Statement of comprehensive income		
Revenue	$ 431,338	$ 421,955
Expenses	383,090	371,807
Net earnings after tax	48,247	50,148

(b) Investment in Joint Ventures

The Company accounts for SAF GP, SAFM LP and InstarAGF, a joint venture with Instar Group Inc. (Instar), using the equity method of accounting. The continuity for the years ended November 30, 2016 and 2015 is as follows:

	2016			**2015**		
(in thousands of Canadian dollars)	**SAFM LP**	**InstarAGF**	**Total**	**SAFM LP**	**InstarAGF**	**Total**
Balance, beginning of year	$ 933	$ –	$ 933	$ 312	$ –	$ 312
Share of profit	696	–	696	621	–	621
Balance, end of year	$ 1,629	$ –	$ 1,629	$ 933	$ –	$ 933

The Company's share of profit excludes its portion of the estimated carried interest to be distributed to AGF on crystallization. Carried interest will be recognized when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company, which is generally subsequent to the return of capital and contractual rate of return provided to investors.

The Company holds a 37.0% interest in SAFM LP. For the year ended November 30, 2016, the Company recognized earnings of $0.7 million (2015 – $0.6 million) from SAFM LP.

The Company has recorded losses with respect to its equity investment in InstarAGF only to the extent of its initial investment, which has a carrying value of nil, because it is not contractually obligated to fund the losses. As at November 30, 2016, the Company accumulated unrecognized losses of $1.7 million (2015 – $1.2 million) related to its

interest in InstarAGF. In addition, AGF has agreed to advance up to $5.0 million to InstarAGF on an as-needed basis as a working capital loan facility. The loan facility is non-interest bearing and is repayable on a priority basis. As at November 30, 2016, the Company had recorded a receivable of $3.5 million (2015 – $3.3 million), included in accounts receivable, prepaid expenses and other assets on the consolidated statement of financial position.

As at November 30, 2016, the Company had recorded a $0.4 million promissory note receivable from Instar (2015 – $1.0 million). The note bears interest at prime and has been included in accounts receivable, prepaid expenses and other assets on the consolidated statement of financial position.

(c) Investment in Long-term Investments

The continuity for the Company's long-term investments, including Stream and InstarAGF Essential Infrastructure Fund (EIF), accounted for at fair value through profit or loss (FVTPL), for the years ended November 30, 2016 and 2015 is as follows:

(in thousands of Canadian dollars) **Year ended November 30**	**2016**	**2015**
Balance, beginning of year	$ 140,534	$ 19,671
Purchase of long-term investments	40,702	126,930
Return of capital related to rebalancing	(99,100)	–
Return of capital related to crystallization	–	(10,120)
Reclassification of investment	–	(63)
Fair value adjustment[1]	(3,905)	4,116
Balance, end of year	$ 78,231	$ 140,534

[1] Fair value adjustment is based on the net assets of the fund less the Company's portion of the carried interest that would be payable by the fund upon crystallization and is impacted by income distributions paid to the Company from the fund.

The Company has committed a total of $150.0 million to funds and investments associated with the alternative asset management platform. The Company may temporarily provide capital to warehouse investments prior to formation of a fund. Upon a closing of a fund with external investors, the Company receives a return of its capital in excess of its proportionate participation in the fund. The Company has designated its long-term investments in the funds at FVTPL.

As at November 30, 2016, of its $150.0 million allocation, the Company had invested $85.0 million (2015 – $143.5 million). As at November 30, 2016, the Company has $65.0 million (2015 – $6.5 million) remaining committed capital to be invested in Stream and EIF. During the year ended November 30, 2016, the Company invested $40.7 million (2015 – $126.9 million) into Stream and EIF. As a result of multiple closes of EIF throughout the year, the Company received a return of capital of $99.1 million, which aligned AGF's invested capital to its proportionate share of total commitments to the fund. InstarAGF expects to achieve the final closing of EIF in early 2017. During the year ended November 30, 2015, the Company received $10.1 million return of capital related to the monetization of its seed assets.

During the year ended November 30, 2016, the Company recognized $3.9 million in charges (2015 – $4.1 million in income) related to fair value adjustments on the Company's participation in Stream and EIF.

During the year ended November 30, 2016, the Company recognized $11.6 million (2015 – $9.8 million) of income distributions related to its alternative asset management platform. Distributions received during the year ended November 30, 2015 include a $5.7 million distribution related to a crystallization of an asset.

Fair value adjustments and income distributions related to Stream and EIF are included in fair value adjustments and other income in the consolidated statement of income.

As at November 30, 2016, the carrying value of the Company's long-term investments in the alternative asset management platform was $78.2 million (2015 – $140.5 million).

Note 6: Discontinued Operations

On August 1, 2012, the Company completed its sale of 100% of the shares of AGF Trust. As part of the agreement, the Company indemnified the purchaser of AGF Trust against unenforceable loans outstanding or committed as at the date of closing, which may be put back to the Company on a quarterly basis, subject to certain conditions. The put option will expire on October 31, 2017 and indemnifies only against errors in underwriting and not credit deterioration. As at November 30, 2016, the amount of the provision was $0.4 million (2015 – $0.5 million) and was included in accounts payable and accrued liabilities on the consolidated statement of financial position. The Company realized a net loss related to the provision on discontinued operations of $0.1 million during the year ended November 30, 2016 (2015 – $0.3 million).

Note 7: Acquisitions

(a) Acquisition of FFCM, LLC

On November 16, 2015, the Company acquired 51.0% of FFCM for a cash purchase price of $6.7 million. FFCM is a Boston-based exchange-traded funds (ETF) advisor and asset management firm whose expertise is delivered through a family of alternative and smart-beta ETFs and a number of ETF managed solutions.

In addition, the agreement includes contingent consideration if the annualized advisory revenue of FFCM exceeds certain thresholds in 2018, up to a maximum of $6.7 million. Accordingly, a contingent consideration payable of $2.0 million was recorded upon the acquisition of FFCM. As at November 30, 2016, the fair value of the contingent consideration payable is $2.1 million and is included on the statement of financial position, representing management's best estimate of the fair value thereof. The key assumption used in the analysis was the growth rate in annualized advisory revenue. A 1% increase or decrease in the growth rate would result in an increase or decrease to the undiscounted contingent consideration payable of $0.1 million and $0.3 million, respectively.

The non-controlling interest was measured based on its proportionate share of FFCM's net identifiable assets.

The fair value of the net identifiable assets acquired and consideration paid are summarized as follows:

(in thousands of Canadian dollars)		
Net identifiable assets acquired		
Cash	$	253
Investments		4
Accounts receivable, prepaid expenses and other assets		130
Customer contracts		5,545
Goodwill		5,795
Accounts payable and accrued liabilities		(300)
Non-controlling interest		(2,759)
	$	8,668
Consideration paid		
Cash	$	6,678
Contingent consideration payable		1,990
	$	8,668

(b) AGF CustomerFirst Inc. (AGFC)

On February 16, 2016, AGF completed the transition to internalize the Company's fund administration function within AGF. The Company did not acquire any significant net assets as a result of the acquisition. The transition included the transfer of 171 employees from Citigroup Fund Services Canada Inc. (CFSC) to AGFC. AGF invested approximately $6.0 million of capital for leaseholds, facilities and technology. As part of this transition agreement, the Company also entered into a four-year service agreement with L&T Infotech Financial Services Technologies Inc. (L&T). The agreement with L&T includes a minimum annual payment commitment of $7.8 million per year for services provided. This commitment expires in 2020. During the year ended November 30, 2016, the service agreement and commitment with L&T was extended to 2021.

Note 8: Intangible Assets

(in thousands of Canadian dollars)	Management contracts	Customer contracts	Goodwill	Other intangibles	Deferred selling commissions	Total
At December 1, 2014						
Cost, net of derecognition and impairment	$ 689,759	$ 42,654	$ 244,549	$ 46,520	$ 361,239	$ 1,384,721
Less: fully amortized assets	–	(10,924)	–	(23,500)	(102,614)	(137,038)
	689,759	31,730	244,549	23,020	258,625	1,247,683
Accumulated amortization	–	(36,059)	–	(33,972)	(256,466)	(326,497)
Less: fully amortized assets	–	10,924	–	23,500	102,614	137,038
	–	(25,135)	–	(10,472)	(153,852)	(189,459)
Net book amount	$ 689,759	$ 6,595	$ 244,549	$ 12,548	$ 104,773	$ 1,058,224
Year ended November 30, 2015						
Opening net book amount	$ 689,759	$ 6,595	$ 244,549	$ 12,548	$ 104,773	$ 1,058,224
Additions	–	6,313	5,403	–	35,943	47,659
Derecognition	–	(885)	–	(38)	(9,774)	(10,697)
Amortization	–	(2,363)	–	(4,380)	(31,651)	(38,394)
Closing net book amount	$ 689,759	$ 9,660	$ 249,952	$ 8,130	$ 99,291	$ 1,056,792
At November 30, 2015						
Cost, net of derecognition and impairment	$ 689,759	$ 37,158	$ 249,952	$ 22,982	$ 284,794	$ 1,284,645
Less: fully amortized assets	–	(1,117)	–	(1,338)	(61,995)	(64,450)
	689,759	36,041	249,952	21,644	222,799	1,220,195
Accumulated amortization	–	(27,498)	–	(14,852)	(185,503)	(227,853)
Less: fully amortized assets	–	1,117	–	1,338	61,995	64,450
	–	(26,381)	–	(13,514)	(123,508)	(163,403)
Net book amount	$ 689,759	$ 9,660	$ 249,952	$ 8,130	$ 99,291	$ 1,056,792
Year ended November 30, 2016						
Opening net book amount	$ 689,759	$ 9,660	$ 249,952	$ 8,130	$ 99,291	$ 1,056,792
Additions	–	–	194	970	30,405	31,569
Reclassification	–	(768)	392	–	–	(376)
Derecognition	–	(63)	–	(83)	(9,040)	(9,186)
Amortization	–	(2,734)	–	(3,924)	(28,524)	(35,182)
Closing net book amount	$ 689,759	$ 6,095	$ 250,538	$ 5,093	$ 92,132	$ 1,043,617
At November 30, 2016						
Cost, net of derecognition and impairment	$ 689,759	$ 35,210	$ 250,538	$ 22,531	$ 244,164	$ 1,242,202
Less: fully amortized assets	–	–	–	(83)	(39,274)	(39,357)
	689,759	35,210	250,538	22,448	204,890	1,202,845
Accumulated amortization	–	(29,115)	–	(17,438)	(152,032)	(198,585)
Less: fully amortized assets	–	–	–	83	39,274	39,357
	–	(29,115)	–	(17,355)	(112,758)	(159,228)
Net book amount	$ 689,759	$ 6,095	$ 250,538	$ 5,093	$ 92,132	$ 1,043,617

During the year ended November 30, 2016, in accordance with its accounting policies, the Company completed its impairment test on its goodwill and indefinite life intangibles. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Substantially all of the management contracts are in the retail CGU. The following is a summary of the goodwill allocation by CGU:

(in thousands of Canadian dollars)	Investment Management – Retail	Investment Management – Institutional	Cypress Capital Management Ltd.	Doherty & Associates Ltd.	Total
Year ended November 30, 2015					
Opening net book amount	$ 151,624	$ 76,656	$ 12,548	$ 3,721	$ 244,549
Additions	5,297	106	–	–	5,403
Closing net book amount	$ 156,921	$ 76,762	$ 12,548	$ 3,721	$ 249,952
Year ended November 30, 2016					
Opening net book amount	$ 156,921	$ 76,762	$ 12,548	$ 3,721	$ 249,952
Additions	392	–	–	194	586
Closing net book amount	$ 157,313	$ 76,762	$ 12,548	$ 3,915	$ 250,538

To determine whether an impairment loss should be recognized, the carrying value of the assets and liabilities of the CGU is compared to its recoverable amount, which is the higher of fair value less costs to sell (FVLCTS) and its value in use (VIU). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As at November 30, 2016 and 2015, the Company has performed a discounted cash flow analysis for each CGU to assess both the FVLCTS and the VIU.

The discounted cash flow analysis was based on projected cash flows expected over the next three fiscal years and thereafter based on an assumed terminal growth rate all discounted to present value at a market participant discount rate. Future cash flow projections are based on assets under management of which key drivers are assumptions about gross sales, redemptions and market growth. In the case of the FVLCTS approach, the analysis also incorporated an estimate of the anticipated synergies that could be realized by a market participant upon acquisition.

To arrive at a discount rate specific to each CGU, a base rate for the total Company was determined and a specific risk premium was applied for each CGU to reflect the CGU's non-systematic risk characteristics. The inputs for the base rate were derived based on observable market information and/or empirical studies. The specific risk premium took into consideration factors specific to each CGU, including but not limited to, historical sales and redemption trends, fund performance, asset mix, and potential changes to the regulatory environment.

The terminal growth rate was selected taking into consideration the AUM composition within each CGU and long-term expected market returns, net of management expenses.

Market participant synergies of 60.0% to 70.0% were estimated based on the Company's experience with prior acquisitions and giving consideration to the attributes of a likely purchaser of each CGU. These synergies were further discounted by the synergies inclusion rate.

Based on the results of the impairment test, which were premised on the recoverable amount determined subject to the higher of the FVLCTS and VIU approaches, the Company concluded that no goodwill or intangible assets were impaired as at November 30, 2016. The recoverable amounts determined in accordance with FVLCTS are categorized within level 3 in the fair value hierarchy.

The following is a summary of the key inputs for the Company's two most significant CGUs as at November 30, 2016:

(in thousands of Canadian dollars)	Investment Management – Retail	Investment Management – Institutional
Recoverable amount applied – overall	$ 1,078,902	$ 161,896
Carrying amount	765,868	81,646
Excess	$ 313,034	$ 80,250
FVLCTS approach		
Discount rate	11.75%	15.88%
Terminal growth rate	3.50%	3.50%
Synergies inclusion rate	50.00%	50.00%
VIU approach		
Discount rate	11.75%	15.88%
Terminal growth rate	4.50%	4.50%

The following is a summary of a sensitivity analysis performed based on alternative assumptions as at November 30, 2016:

(in thousands of Canadian dollars)	Investment Management – Retail	Investment Management – Institutional
FVLCTS approach		
Discount rate	-0.50%	-0.38%
Terminal growth rate	+0.50%	+0.50%
Synergies inclusion rate	+20.00%	+20.00%
Recoverable amount – high	$1,218,393 – $1,313,433	$173,852 – $212,366
Discount rate	+0.50%	+0.37%
Terminal growth rate	-0.50%	-0.50%
Synergies inclusion rate	-20.00%	-20.00%
Recoverable amount – low	$870,309 – $969,507	$114,268 – $151,410
VIU approach		
Discount rate	-0.50%	-0.38%
Terminal growth rate	+0.50%	+0.50%
Recoverable amount – high	$903,500	$64,100
Discount rate	+0.50%	+0.37%
Terminal growth rate	-0.50%	-0.50%
Recoverable amount – low	$691,800	$53,400

Management will continue to regularly monitor its intangibles for indications of potential impairment.

Note 9: Property, Equipment and Computer Software

(in thousands of Canadian dollars)	Furniture and equipment	Leasehold improvements	Computer hardware	Computer software	Total
At December 1, 2014					
Cost	$ 7,440	$ 5,704	$ 16,704	$ 3,907	$ 33,755
Less: disposals	(11)	(55)	(6,552)	–	(6,618)
Less: fully depreciated assets	–	(3,096)	(10)	(956)	(4,062)
	7,429	2,553	10,142	2,951	23,075
Accumulated depreciation	(5,711)	(3,836)	(12,395)	(2,454)	(24,396)
Less: depreciation on disposals	7	54	6,551	–	6,612
Less: fully depreciated assets	–	3,096	10	956	4,062
	(5,704)	(686)	(5,834)	(1,498)	(13,722)
Net book amount	$ 1,725	$ 1,867	$ 4,308	$ 1,453	$ 9,353
Year ended November 30, 2015					
Opening net book amount	$ 1,725	$ 1,867	$ 4,308	$ 1,453	$ 9,353
Additions	653	495	2,019	1,262	4,429
Depreciation	(356)	(293)	(2,164)	(979)	(3,792)
Closing net book amount	$ 2,022	$ 2,069	$ 4,163	$ 1,736	$ 9,990
At November 30, 2015					
Cost	$ 8,082	$ 3,048	$ 12,161	$ 4,213	$ 27,504
Less: fully depreciated assets	–	(206)	(1,824)	(950)	(2,980)
	8,082	2,842	10,337	3,263	24,524
Accumulated depreciation	(6,060)	(979)	(7,998)	(2,477)	(17,514)
Less: fully depreciated assets	–	206	1,824	950	2,980
	(6,060)	(773)	(6,174)	(1,527)	(14,534)
Net book amount	$ 2,022	$ 2,069	$ 4,163	$ 1,736	$ 9,990
Year ended November 30, 2016					
Opening net book amount	$ 2,022	$ 2,069	$ 4,163	$ 1,736	$ 9,990
Additions	599	3,082	1,504	1,163	6,348
Depreciation	(464)	(522)	(1,895)	(1,037)	(3,918)
Closing net book amount	$ 2,157	$ 4,629	$ 3,772	$ 1,862	$ 12,420
At November 30, 2016					
Cost	$ 8,681	$ 5,924	$ 11,841	$ 4,426	$ 30,872
Less: fully depreciated assets	(2)	(4)	(1,791)	(1,287)	(3,084)
	8,679	5,920	10,050	3,139	27,788
Accumulated depreciation	(6,524)	(1,295)	(8,069)	(2,564)	(18,452)
Less: fully depreciated assets	2	4	1,791	1,287	3,084
	(6,522)	(1,291)	(6,278)	(1,277)	(15,368)
Net book amount	$ 2,157	$ 4,629	$ 3,772	$ 1,862	$ 12,420

Note 10: Long-term Debt

(a) Revolving Credit Facility

On August 19, 2016, the Company, through its subsidiary AGF Investments Inc., amended and restated its loan agreement to extend the term to 2021. The Company's unsecured revolving credit facility (the Facility) has a maximum aggregate principal amount of $320.0 million (2015 – $320.0 million). In addition, the agreement includes a $10.0 million swingline facility commitment. Advances under the Facility are made available by prime-rate loans in U.S. or Canadian dollars, under banker's acceptances (BAs) or by issuance of letters of credit. The Facility is due in full on November 29, 2021, and no principal repayments are due until this date. During the year ended November 30, 2016, the Company repaid $80.0 million (2015 – $40.0 million) of its revolving credit facility. As at November 30, 2016, AGF had drawn $190.0 million (2015 – $270.0 million) against the Facility in the form of a one-month BA at an effective interest rate of 2.9% per annum (2015 – 3.5% per annum).

On January 26, 2015, the Company arranged for a seven-day $100.0 million bridge facility through a Canadian chartered bank to fund an alternative asset investment. On January 26, 2015, AGF drew $89.1 million against the bridge facility, which was secured by the Company's term deposits held by the bank. The bridge facility was fully repaid on February 2, 2015. Refer to Note 5(c) for additional information on the investment in long-term investments.

(b) Interest Rate Swap

To hedge the Company's exposure to fluctuating interest rates on its long-term debt, AGF had entered into an interest rate swap transaction with a Canadian chartered bank, which involved the exchange of a one-month BA rate, plus 150 basis points, to pay a fixed interest rate of 3.8%. The swap contract was designated as a cash flow hedging instrument and was used to mitigate interest expense volatility on the issuances of BAs over the term to maturity. The swap transaction expired in July 2016. As at November 30, 2015, the notional amount of the swap was $125.0 million and its fair value was $1.8 million, which was recorded as a liability on the consolidated statement of financial position.

Note 11: Deferred Income Tax and Liabilities

(a) The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

(in thousands of Canadian dollars) **November 30**		**2016**		**2015**
Deferred income tax assets				
Deferred income tax asset to be recovered after more than 12 months	$	2,793	$	2,277
Deferred income tax asset to be recovered within 12 months		808		825
		3,601		3,102
Deferred income tax liabilities				
Deferred income tax liability to be settled after more than 12 months		172,264		175,464
Deferred income tax liability to be settled within 12 months		892		84
		173,156		175,548
Net deferred income tax liabilities	$	169,555	$	172,446

The movement in deferred income tax assets and liabilities during the years ended November 30, 2016 and 2015, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(in thousands of Canadian dollars)

Year ended November 30, 2016	Balance, beginning of year	Recognized in income	Recognized in contributed surplus	Recognized in OCI	Acquired in business combinations	Balance, end of year
Deferred income tax assets						
Expenses deductible in future periods	$ 5,449	$ (589)	$ (363)	$ –	$ –	$ 4,497
Property and equipment	1,248	(1,240)	–	–	–	8
Loss carryforwards	53	1,337	–	–	–	1,390
Deferred charges	–	1,360	–	–	–	1,360
Other credits and carryforwards	110	10	–	–	–	120
	$ 6,860	$ 878	$ (363)	$ –	$ –	$ 7,375
Deferred income tax liabilities						
Management contracts and other intangibles	$ 153,225	$ (1,331)	$ –	$ –	$ 255	$ 152,149
Deferred sales commissions	24,215	(1,571)	–	–	–	22,644
Investments	1,727	(129)	–	526	–	2,124
Other	139	(126)	–	–	–	13
	$ 179,306	$ (3,157)	$ –	$ 526	$ 255	$ 176,930
Net deferred income tax liabilities	$ 172,446	$ (4,035)	$ 363	$ 526	$ 255	$ 169,555

(in thousands of Canadian dollars)

Year ended November 30, 2015	Balance, beginning of year	Recognized in income	Recognized in contributed surplus	Recognized in OCI	Acquired in business combinations	Balance, end of year
Deferred income tax assets						
Expenses deductible in future periods	$ 6,270	$ 225	$ (1,046)	$ –	$ –	$ 5,449
Property and equipment	1,769	(521)	–	–	–	1,248
Loss carryforwards	165	(112)	–	–	–	53
Investments	439	(1,903)	–	(263)	–	(1,727)
Other credits and carryforwards	187	(77)	–	–	–	110
	$ 8,830	$ (2,388)	$ (1,046)	$ (263)	$ –	$ 5,133
Deferred income tax liabilities						
Management contracts and other intangibles	$ 154,575	$ (1,350)	$ –	$ –	$ –	$ 153,225
Deferred sales commissions	25,099	(884)	–	–	–	24,215
Other	125	14	–	–	–	139
	$ 179,799	$ (2,220)	$ –	$ –	$ –	$ 177,579
Net deferred income tax liabilities	$ 170,969	$ 168	$ 1,046	$ 263	$ –	$ 172,446

(b) Deferred income tax assets are recognized for tax loss carryforwards and other deductible expenses to the extent that the realization of the related tax benefit through future taxable profits is probable. The ability to realize the tax benefits of these losses is dependent upon a number of factors, including the future profitability of operations in the jurisdictions in which the tax losses arose. As at November 30, 2016, deferred income tax assets have not been recognized for $4.5 million of capital losses carryforward that have no expiry date, $3.3 million of non-capital losses and $0.9 million of deductible expenses.

Non-capital loss carryforwards by year of expiry as at November 30, 2016 are summarized below:

(in thousands of Canadian dollars)		
2029	$	31
2030		77
2031		8
2032		100
2033		87
Thereafter		2,573
No expiry		473

(c) As at November 30, 2016, the amount of temporary differences associated with the Company's investment in S&WHL for which deferred income tax assets have not been recognized is $12.7 million (2015 – $0.1 million). The aggregate amount of temporary differences associated with investments in subsidiaries for which deferred income tax liabilities have not been recognized is $8.3 million (2015 – $11.5 million).

Note 12: Provision for Elements Advantage

(in thousands of Canadian dollars) **Years ended November 30**		**2016**		**2015**
Beginning of the year	$	2,571	$	3,464
Additional provision charged to the income statement		815		1,267
Used during the year		(1,281)		(2,160)
		2,105		2,571
Less: non-current portion		1,194		1,159
	$	911	$	1,412

Note 13: Capital Stock

(a) Authorized Capital

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

(b) Changes During the Year

The change in capital stock is summarized as follows:

Years ended November 30	**2016**			**2015**		
(in thousands of Canadian dollars, except share amounts)	**Shares**		**Stated value**	**Shares**		**Stated value**
Class A Voting common shares	57,600	$	–	57,600	$	–
Class B Non-Voting shares						
Balance, beginning of the year	79,517,587	$	481,265	85,703,751	$	517,467
Issued through dividend reinvestment plan	71,383		360	79,181		563
Stock options exercised	–		–	10,179		101
Repurchased for cancellation	(1,200,000)		(7,283)	(5,599,964)		(33,981)
Treasury stock purchased for employee benefit trust	(190,000)		(936)	(1,093,506)		(6,842)
Treasury stock released for employee benefit trust [1]	752,633		3,884	417,946		3,957
Balance, end of the year	78,951,603	$	477,290	79,517,587	$	481,265

[1] An additional 409,530 share units were released in December 2016.

(c) Class B Non-Voting Shares Purchased for Cancellation

AGF has obtained applicable regulatory approval to purchase for cancellation, from time to time, certain of its Class B Non-Voting shares through the facilities of the TSX (or as otherwise permitted by the TSX). AGF relies on an automatic purchase plan during the normal course issuer bid. The automatic purchase plan allows for purchases by AGF of its Class B Non-Voting shares during certain pre-determined black-out periods, subject to certain parameters. Outside of these pre-determined black-out periods, shares will be purchased in accordance with management's discretion. 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 4,664,042 shares for the period February 4, 2016 to February 3, 2017 and up to 6,707,999 shares for the period from February 4, 2015 to February 3, 2016. During the year ended November 30, 2016, under AGF's normal course issuer bid 1,200,000 (2015 – 5,599,964) Class B Non-Voting shares were repurchased at a cost of $6.1 million (2015 – $39.1 million) and the excess recovered of $1.2 million (2015 – $5.2 million excess paid) over the recorded capital stock value of the shares repurchased for cancellation was recorded in retained earnings.

(d) Class B Non-Voting Shares Purchased as Treasury Stock for Employee Benefit Trust

During the year ended November 30, 2016, 190,000 (2015 – 1,093,506) Class B Non-Voting shares were purchased for the employee benefit trust at a cost of $0.9 million (2015 – $6.8 million). Shares purchased for the Trust are also purchased under the Company's normal course issuer bid and recorded as a reduction to capital stock. During the year ended November 30, 2016, 752,633 (2015 – 417,946) Class B Non-Voting shares purchased as treasury stock were released. As at November 30, 2016, 578,129 (2015 – 1,140,761) Class B Non-Voting shares were held as treasury stock.

Note 14: Accumulated Other Comprehensive Income

(in thousands of Canadian dollars)	Foreign currency translation	Available for sale securities	Cash flow hedge	Total
Opening composition of accumulated other comprehensive income (loss) at November 30, 2014				
Accumulated other comprehensive income (loss)	$ 9,342	$ 3,512	$ (2,315)	$ 10,539
Income tax recovery (expense)	–	(57)	614	557
Balance, November 30, 2014	9,342	3,455	(1,701)	11,096
Transactions during the year ended November 30, 2015				
Other comprehensive income	12,366	735	800	13,901
Income tax expense	–	(51)	(212)	(263)
Balance, November 30, 2015	21,708	4,139	(1,113)	24,734
Transactions during the year ended November 30, 2016				
Other comprehensive income (loss)	(17,224)	1,357	1,515	(14,352)
Income tax expense	–	(124)	(402)	(526)
Balance, November 30, 2016	$ 4,484	$ 5,372	$ –	$ 9,856

Note 15: Fair Value Adjustments and Other Income

(in thousands of Canadian dollars) **Years ended November 30**	**2016**	**2015**
Fair value adjustment related to investment in AGF mutual funds (Note 4)	$ 70	$ (587)
Fair value adjustment and distributions related to long-term investments (Note 5 (c))	7,680	13,883
Interest income	631	1,086
Other	1,066	122
	$ 9,447	$ 14,504

Note 16: Expenses by Nature

(in thousands of Canadian dollars) **Years ended November 30**	**2016**	**2015**
Selling, general and administrative		
Employee benefit expense	$ 115,401	$ 104,820
Restructuring expense	–	7,229
Sales and marketing	12,564	13,837
Information technology and facilities	33,793	25,401
Professional fees	19,234	16,272
Fund absorption and other fund costs [1]	16,898	16,721
Other [1]	(3,039)	4,447
	$ 194,851	$ 188,727

[1] Year ended November 30, 2016 includes $3.7 million of one-time net expense recovery related to a reversal of a provision from prior years related to Harmonized Sales Tax offset by fund transition costs.

Note 17: Employee Benefit Expense

(in thousands of Canadian dollars) **Years ended November 30**		**2016**		**2015**
Salaries and benefits	$	109,121	$	97,979
Stock option plans		1,353		1,388
Share purchase plan		1,098		1,209
RSU and PSU plans		2,872		3,566
DSU plan		552		(290)
Partners Incentive Plan		405		968
	$	115,401	$	104,820

Note 18: Stock-based Compensation and Other Stock-based Payments

(a) Stock Option Plans

Under the Company's stock option plans, an additional maximum of 1,541,536 Class B Non-Voting shares could have been granted as at November 30, 2016 (2015 – 2,293,337).

The change in stock options during the years ended November 30, 2016 and 2015 is summarized as follows:

Years ended November 30	**2016**			**2015**		
	Options		**Weighted average exercise price**	**Options**		**Weighted average exercise price**
Class B Non-Voting share options						
Balance, beginning of the year	6,102,781	$	10.69	4,428,542	$	12.86
Options granted	1,610,394		4.59	2,465,122		7.16
Options forfeited	(421,093)		11.04	(111,938)		14.82
Options expired	(437,500)		16.82	(668,766)		11.35
Options exercised	–		–	(10,179)		8.93
Balance, end of the year	6,854,582	$	8.85	6,102,781	$	10.69

The outstanding stock options as at November 30, 2016 have expiry dates ranging from 2017 to 2023. The following table summarizes additional information about stock options outstanding as at November 30, 2016 and 2015:

November 30, 2016 Range of exercise prices	Number of options outstanding	Weighted average remaining life		Weighted average exercise price	Number of options exercisable		Weighted average exercise price
$0.01 to $8.00	3,456,291	5.8 years	$	5.79	461,478	$	6.84
$8.01 to $15.00	2,506,968	3.9		10.06	1,615,105		9.99
$15.01 to $25.00	891,323	1.6		17.30	891,323		17.30
	6,854,582	4.6 years	$	8.85	2,967,906	$	11.70

November 30, 2015 Range of exercise prices	Number of options outstanding	Weighted average remaining life		Weighted average exercise price	Number of options exercisable		Weighted average exercise price
$0.01 to $8.00	1,915,466	6.5 years	$	6.84	–	$	–
$8.01 to $15.00	2,780,797	4.9		10.03	1,122,747		9.89
$15.01 to $25.00	1,406,518	2.0		17.24	1,300,969		17.35
	6,102,781	4.7 years	$	10.69	2,423,716	$	13.90

During the year ended November 30, 2016, 1,610,394 (2015 – 2,465,122) stock options were granted and compensation expense and contributed surplus of $1.4 million (2015 – $1.4 million) was recorded. The fair value of options granted during the year ended November 30, 2016 has been estimated at $0.52 per option (2015 – $0.63 to $1.40) using the Black-Scholes option-pricing model. The following assumptions were used to determine the fair value of the options granted during the years ended November 30, 2016 and 2015:

Years ended November 30	2016	2015
Risk-free interest rate	0.6%	0.7% – 0.9%
Expected dividend yield	7.0%	3.9% – 6.3%
Five-year historical-based expected share price volatility	30.5%	28.3% – 33.1%
Forfeiture rate	5.0%	5.1% – 5.2%
Option term	5.0 years	5.0 years

(b) Other Stock-based Compensation

Other stock-based compensation includes RSUs, PSUs, DSUs and PIP. Compensation expense related to cash-settled stock-based compensation for the year ended November 30, 2016 was $0.7 million (2015 – $0.2 million) and the liability recorded as at November 30, 2016 related to cash-settled stock-based compensation was $1.7 million (2015 – $1.8 million). Compensation expense related to equity-settled RSUs and PIP for the year ended November 30, 2016 was $3.1 million (2015 – $4.3 million) and contributed surplus related to equity-settled RSUs and PIP, net of tax, as at November 30, 2016 was $8.2 million (2015 – $9.4 million).

The change in share units of RSUs, PSUs and DSUs during the years ended November 30, 2016 and 2015 is as follows:

Years ended November 30	2016	2015
	Number of share units	Number of share units
Outstanding, beginning of the year		
Non-vested	1,149,063	1,662,192
Issued		
Initial grant	896,948	847,113
In lieu of dividends	106,733	113,448
Settled in cash	(77,868)	(111,138)
Settled in equity	(49,749)	(1,120,829)
Forfeited and cancelled	(100,514)	(241,723)
Outstanding, end of the year	1,924,613	1,149,063

Note 19: Interest Expense

(in thousands of Canadian dollars) Years ended November 30		2016		2015
Interest on long-term debt and standby fees	$	7,333	$	8,690
Interest on cash flow hedge		1,211		1,675
Total interest expense	$	8,544	$	10,365

Note 20: Income Tax Expense

(a) The following are major components of income tax expense from continuing operations:

(in thousands of Canadian dollars) Years ended November 30		2016		2015
Current income tax				
Current income tax on profits for the year	$	13,416	$	12,521
Adjustments in respect of prior years		(17)		(54)
Accrual with respect to the transfer pricing tax audit		2,050		2,714
Other		384		235
Total current income tax expense	$	15,833	$	15,416
Deferred income tax				
Origination and reversal of temporary differences	$	(3,974)	$	167
Adjustments in respect of prior years		(362)		(53)
Other		301		54
Total deferred income tax benefit		(4,035)		168
Income tax expense	$	11,798	$	15,584

(b) The Company's effective income tax rate for continuing operations is comprised as follows:

(in thousands of Canadian dollars) **Years ended November 30**	**2016**	**2015**
Canadian corporate tax rate	26.5%	26.5%
Rate differential on earnings of subsidiaries	(1.1)	(1.0)
Tax-exempt investment income	(8.9)	(7.7)
Accrual with respect to the transfer pricing tax audit	3.9	4.2
Non-deductible expenses	0.8	1.5
Other	1.2	0.9
Effective income tax rate	22.4%	24.4%

(c) The tax charged (credited) relating to components of other comprehensive income, excluding discontinued operations, is as follows:

(in thousands of Canadian dollars) **Years ended November 30**		**2016**		**2015**
Fair value gains on available for sale investments	$	124	$	51
Cash flow hedge		402		212
	$	526	$	263

(d) The tax charged (credited) relating to components of equity is as follows:

(in thousands of Canadian dollars) **Years ended November 30**		**2016**		**2015**
Equity-settled share-based compensation	$	363	$	1,046

Note 21: Earnings per Share

(in thousands of Canadian dollars, except per share data) **Years ended November 30**	**2016**	**2015**
Numerator		
Net income for the year from continuing operations attributable to the equity owners of the Company	$ 42,550	$ 48,328
Net loss for the year from discontinued operations attributable to the equity owners of the Company	(140)	(300)
Net income for the year attributable to the equity owners of the Company	42,410	48,028
Denominator		
Weighted average number of shares – basic	79,278,876	82,295,595
Dilutive effect of employee stock-based compensation awards	974,724	1,288,944
Weighted average number of shares – diluted	80,253,600	83,584,539
Basic earnings per share		
Continuing operations	$ 0.53	$ 0.59
Discontinued operations	–	–
	$ 0.53	$ 0.59
Diluted earnings per share		
Continuing operations	$ 0.53	$ 0.58
Discontinued operations	–	–
	$ 0.53	$ 0.58

Note 22: Dividends

During the year ended November 30, 2016, the Company paid dividends of $0.32 (2015 – $0.51) per share. Total dividends paid, including dividends reinvested, in the year ended November 30, 2016 were $25.4 million (2015 – $42.5 million). On December 13, 2016, the Board of Directors of AGF declared a quarterly dividend on both the Class A Voting common shares and Class B Non-Voting shares of the Company of $0.08 per share in respect of the three months ended November 30, 2016, amounting to a total dividend of approximately $6.3 million. These consolidated financial statements do not reflect this dividend payable.

Note 23: Related Party Transactions

(a) Key Management Compensation

The Company is controlled by Blake C. Goldring, Chairman and Chief Executive Officer of AGF, through his indirect ownership of all the voting shares of Goldring Capital Corporation, which owns 80% of the Company's Class A Voting common shares. The remaining 20% of the Class A Voting common shares are held by the Vice-Chairman of AGF, who is also a Director.

The remuneration of Directors and other key management personnel of AGF is as follows:

(in thousands of Canadian dollars) **Years ended November 30**	**2016**	**2015**
Salaries and other short-term employee benefits	$ 5,139	$ 6,577
Share-based payments	2,212	1,412
	$ 7,351	$ 7,989

(b) Mutual Funds and other investments

Under IFRS, entities are deemed to be related parties if one entity provides key management personnel services to another entity. As such, AGF Investments Inc. is deemed for IFRS purposes to be a related party to AGF Funds (the Funds) since it is the manager of the Funds.

The Company receives management, advisory and administration fees from the Funds in accordance with the respective agreements between the Funds and the Company. In return, the Company is responsible for management, administration and investment advisory services and all costs connected with the distribution of securities of the Funds. A majority of the management and advisory fees the Company earned in the years ended November 30, 2016 and 2015 were from the Funds. As at November 30, 2016, the Company had $25.6 million (2015 – $19.7 million) receivable from the Funds. The Company also acts as trustee for the Funds that are mutual fund trusts.

The aggregate unitholder services costs absorbed and management and advisory fees waived by the Company during the year ended November 30, 2016 on behalf of the Funds were approximately $7.4 million (2015 – $4.7 million).

The Company also invests in seed capital in the Funds and the alternative asset management platform. For additional information on these investments refer to Note 4 and 5(c), respectively.

Note 24: Financial Risk Management

(a) Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. In the normal course of business, the Company manages these risks as they arise as a result of its use of financial instruments.

Market Risk

Market risk is the risk of a financial loss resulting from adverse changes in underlying market factors, such as foreign exchange rate, interest rates, and equity and commodity prices.

(i) Foreign Exchange Risk

The Company's main foreign exchange risk derives from the U.S. and international portfolio securities held in the retail fund AUM. Changes in the value of the Canadian dollar relative to foreign currencies will cause fluctuations in the Canadian-dollar value of non-Canadian AUM upon which management fees are calculated. This risk is monitored since currency fluctuation may impact the financial results of the Company; however, it is at the discretion of the fund manager to decide whether to enter into foreign exchange contracts to hedge foreign exposure on U.S. and international securities held in funds.

The Company is subject to foreign exchange risk on our integrated foreign subsidiaries in the United States, Ireland and Singapore, which provide investment advisory services. These subsidiaries retain minimal monetary exposure to the local currency and their revenues are calculated in Canadian dollars. The local currency expenses are translated at the average monthly rate, and local currency assets and liabilities are translated at the rate of exchange in effect at the statement of financial position date.

The Company is exposed to foreign exchange risks through its equity interest in S&WHL, which is denominated in U.K. pounds. The investment is translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date. Unrealized translation gains and losses are reported in other comprehensive income. Based on the carrying value at November 30, 2016, a 5% change in the value of the Canadian dollar versus the U.K. pound would result in a change in other comprehensive income of $4.4 million (2015 – $5.1 million).

(ii) Interest Rate Risk

The Company has exposure to the risk related to changes in interest rates on floating-rate debt and cash balances. The Company entered into an interest swap to manage interest rate exposure on a portion of its long-term debt. The swap transaction expired on July 31, 2016. Using average balances for the year, the effect of a 1% change in variable interest rates on floating-rate debt and cash balances in fiscal 2016 would have resulted in a corresponding change of approximately $1.9 million (2015 – $1.5 million) in interest expense for the year ended November 30, 2016.

(iii) Price Risk

The Company is not exposed to commodity price risk. The Company is exposed to equity securities price risk on certain equity securities held by the Company and long-term investments in infrastructure funds. The Company's investments that have price risk include seed capital investments in mutual funds managed by the Company of $15.8

million (2015 – $17.2 million), equity securities of $2.8 million (2015 – $1.8 million) and long-term investments of $78.2 million (2015 – $140.5 million) as at November 30, 2016. As at November 30, 2016, the effect of a 10% decline or increase in the value of investments would result in a $9.4 million (2015 – $15.8 million) pre-tax unrealized gain or loss in net income and a $0.3 million (2015 – $0.2 million) pre-tax unrealized gain or loss to other comprehensive income.

Credit Risk

The Company is exposed to the risk that third parties, including clients, who owe the Company money, securities or other assets will not perform their obligations. Credit risk arises from cash and cash equivalents, investments, accounts receivable and other assets. Cash and cash equivalents consist primarily of highly liquid temporary deposits with Canadian banks, an Irish bank and non-Irish banks in Ireland, as well as bank term deposits. The Company's overall credit risk strategy and credit risk policy are developed by senior management and further refined at the business unit level, through the use of policies, processes and internal controls designed to promote business activities, while ensuring these activities are within the standards of risk tolerance levels. The Company does not have significant exposure to any individual counterparty.

Liquidity Risk

Liquidity risk is the risk that the Company may not be able to generate sufficient funds and within the time required to meet its obligations as they come due. The key liquidity requirements are the funding of deferred selling commissions paid on mutual funds, dividends paid to shareholders, obligations to taxation authorities, investment-related commitments and the repayment of long-term debt. While the Company currently has access to financing, unfavourable market conditions may affect its ability to obtain loans or make other arrangements on terms acceptable to AGF. The Company manages its liquidity risk through the management of its capital structure and financial leverage as outlined in Capital Management (below) and Note 10. 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 revolving credit facility. Cash surpluses are invested in interest-bearing short-term deposits and investments with a maturity up to 90 days. The Company is subject to certain financial loan covenants under its revolving credit facility and has met all of these conditions.

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on the remaining period from November 30, 2016 and 2015 to the contractual maturity date.

(in thousands of Canadian dollars) **November 30, 2016**	**Demand**	**1 year or less**	**1 to 5 years**
Accounts payable and accrued liabilities	$ –	$ 72,227	$ –
Provision for Elements Advantage	–	911	1,194
Long-term debt	–	–	190,000
Derivative financial instrument	–	–	–
Contingent consideration payable	–	–	2,284
Other liabilities	–	–	10,030
Total	$ –	$ 73,138	$ 203,508

(in thousands of Canadian dollars) **November 30, 2015**	**Demand**	**1 year or less**	**1 to 5 years**
Accounts payable and accrued liabilities	$ –	$ 69,325	$ –
Provision for Elements Advantage	–	1,412	1,159
Long-term debt	–	–	270,000
Derivative financial instrument	–	1,519	–
Contingent consideration payable	–	–	2,270
Other liabilities	–	–	6,093
Total	$ –	$ 72,256	$ 279,522

(b) Capital Management

The Company actively manages capital to maintain a strong and efficient capital base to maximize risk-adjusted returns to shareholders, to invest in future growth opportunities, while ensuring there is available capital to fund capital commitments related to the alternative asset management platform.

As part of the ongoing strategic and capital planning, the Company regularly reviews its holdings in short and long-term investments, including its investments in associates and joint ventures, to determine the best strategic use of these assets in order to achieve our long-term capital and strategic goals.

The Company's capital consists of shareholders' equity and long-term debt. Refer to Notes 10 and 13 for additional information. The Company reviews its three-year capital plan annually while detailing projected operating budgets and capital requirements. These plans become the basis for the payment of dividends to shareholders, the repurchase of Class B Non-Voting shares and, combined with the reasonable use of leverage, the source of funds for expansion through organic growth and strategic investments. The AGF Finance Committee is responsible for the management of capital. The AGF Board of Directors is responsible for overseeing the Company's capital policy and management.

A significant objective of the capital management program is to ensure regulatory requirements are met for capital. The Company's Investment Management businesses, in general, are not subject to significant regulatory capital requirements in each of the jurisdictions in which they are registered and operate.

(c) Fair Value Estimation

The carrying value of accounts receivable and other assets, accounts payable and accrued liabilities approximate fair value due to their short-term nature. Long-term debt approximates fair value as a result of the floating rate portion of the effective interest rate.

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets and liabilities,

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the group's assets and liabilities that are measured at fair value at November 30, 2016:

(in thousands of Canadian dollars) **November 30, 2016**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit or loss				
Cash and cash equivalents	$ 43,065	$ –	$ –	$ 43,065
AGF mutual funds and other	15,754	–	–	15,754
Equity securities	577	–	–	577
Long-term investments	–	–	78,231	78,231
Available for sale				
Equity securities and term deposits	6,223	–	–	6,223
Loans and receivables				
Canadian government debt – Federal	–	310	–	310
Total financial assets	$ 65,619	$ 310	$ 78,231	$ 144,160
Liabilities				
Financial liabilities at fair value through profit or loss				
Contingent consideration payable	$ –	$ –	$ 2,091	$ 2,091
Total financial liabilities	$ –	$ –	$ 2,091	$ 2,091

The following table presents the group's assets and liabilities that were measured at fair value at November 30, 2015:

(in thousands of Canadian dollars) **November 30, 2015**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit or loss				
Cash and cash equivalents	$ 48,669	$ –	$ –	$ 48,669
AGF mutual funds and other	17,201	–	–	17,201
Equity securities	531	–	–	531
Long-term investments	–	–	140,534	140,534
Available for sale				
Equity securities and term deposits	5,385	–	–	5,385
Loans and receivables				
Canadian government debt – Federal	–	310	–	310
Total financial assets	$ 71,786	$ 310	$ 140,534	$ 212,630
Liabilities				
Financial liabilities at fair value through profit or loss				
Contingent consideration payable	$ –	$ –	$ 1,990	$ 1,990
Derivatives used for hedging	–	1,763	–	1,763
Total financial liabilities	$ –	$ 1,763	$ 1,990	$ 3,753

The fair value of financial instruments traded in active markets is determined using the quoted prices where they represent those at which regularly and recently occurring transactions take place.

Level 1 instruments include listed equity securities on major exchanges, investments in AGF mutual funds, highly liquid temporary deposits with an Irish bank and non-Irish banks in Ireland, as well as Singapore bank term deposits.

Level 2 instruments include derivative instruments with major Canadian chartered banks and Canadian federal government debt. The fair value of derivatives used to manage interest rate exposure on deposits and long-term debt is calculated through discounting future expected cash flows using the BA-based swap curve. Since the BA-based swap curve is an observable input, these financial instruments are considered level 2. Canadian federal government debt is measured at amortized cost and its fair value approximates its carrying value due to its short-term nature.

Level 3 instruments include long-term investments related to the alternative asset management platform and contingent consideration payable. Instruments classified in this category have a parameter input or inputs that are unobservable and that have a more than insignificant impact on either the fair value of the instrument or the profit or loss of the instrument. The fair value of the long-term investments is calculated using the Company's percentage ownership and the fair market value of the investment derived from financial information provided by investees. The fair value of the Company's investment in EIF as at November 30, 2016 has been estimated using the net asset value (NAV) as calculated by the asset manager of the fund, adjusted to reflect the Company's agreement to limit its initial return to a specified maximum percentage on the portion of its interest that it expects to be sold to new investors upon the final close of the fund. The fair value of the Company's investment in the Stream fund is determined using NAV as calculated by the asset manager. If the NAV were to increase or decrease by 10%, the fair value of the Company's long-term investment and pre-tax income would increase or decrease by $7.8 million. Refer to Note 5(c) for additional information.

Contingent consideration payable is determined based on the present value of the expected payment to the sellers of FFCM, if the annualized advisory revenue in 2018 exceeds certain thresholds. Refer to Note 7 for additional information.

The following table presents changes in level 3 instruments for the year ended November 30, 2016:

(in thousands of Canadian dollars)		**Long-term investments**		**Contingent consideration payable**
Balance at December 1, 2015	$	140,534	$	1,990
Purchase of investment		40,702		–
Return of capital		(99,100)		–
Fair value adjustment recognized in profit or loss		(3,905)		101
Balance at November 30, 2016	$	78,231	$	2,091

The following table presents changes in level 3 instruments for the year ended November 30, 2015:

(in thousands of Canadian dollars)		**Long-term investments**		**Contingent consideration payable**
Balance at December 1, 2014	$	19,671	$	–
Purchase of investment		126,930		–
Return of capital		(10,120)		
Fair value adjustment recognized in profit or loss		4,116		–
Fair value based on purchase price allocation		–		1,990
Reclassification of investment		(63)		–
Balance at November 30, 2015	$	140,534	$	1,990

There were no transfers into or out of level 1 and level 2 during the years ended November 30, 2016.

Note 25: Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where AGF currently has a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In the normal course of business, AGF has entered into various master netting agreements or other similar arrangements that do not meet the criteria for offsetting in the consolidated statement of financial position but still allow for the related amounts to be set off in certain circumstances, such as default or bankruptcy.

The following table presents the recognized financial instruments that are offset or subject to enforceable master netting arrangements or other similar agreements but not offset, as at November 30, 2016 and 2015, and shows what the net impact would be on the Company's consolidated statement of financial position if all set-off rights were exercised:

(in thousands of Canadian dollars)

November 30, 2016	**Amounts offset**			**Amounts not offset**	**Net**
	Gross asset	Gross liability offset	Net amount presented		
Financial assets					
Cash and cash equivalents (Note 25(a),(b),(c))	$ 525,052	$ (481,987)	$ 43,065	$ 65,642	$ 108,707
Total financial assets	$ 525,052	$ (481,987)	$ 43,065	$ 65,642	$ 108,707
	Amounts offset			**Amounts not offset**	**Net**
	Gross liability	Gross asset offset	Net amount presented		
Financial liabilities					
Long-term debt (Note 25(b))	$ 188,206	$ –	$ 188,206	$ 65,642	$ 253,848
Total financial liabilities	$ 188,206	$ –	$ 188,206	$ 65,642	$ 253,848

(in thousands of Canadian dollars)

November 30, 2015	**Amounts offset**			**Amounts not offset**	**Net**
	Gross asset	Gross liability offset	Net amount presented		
Financial assets					
Cash and cash equivalents (Note 25(a),(b),(c))	$ 579,093	$ (530,424)	$ 48,669	$ 73,639	$ 122,308
Total financial assets	$ 579,093	$ (530,424)	$ 48,669	$ 73,639	$ 122,308
	Amounts offset			**Amounts not offset**	**Net**
	Gross liability	Gross asset offset	Net amount presented		
Financial liabilities					
Long-term debt (Note 25(b))	$ 268,782	$ –	$ 268,782	$ 75,402	$ 344,184
Derivative financial instrument (Note 25(c))	1,763	–	1,763	(1,763)	–
Total financial liabilities	$ 270,545	$ –	$ 270,545	$ 73,639	$ 344,184

(a) Based on an agreement with a Canadian chartered bank, certain bank deposits are pooled into one concentration account and offset with bank overdrafts of the Company and its subsidiaries that are part of the pooling agreement. The net amount is included in cash and cash equivalents in the consolidated statement of financial position.

(b) The Company, through its subsidiary AGF Investments Inc. (AGFII), has a loan agreement with two Canadian chartered banks. Based on this agreement, in the event of a default or bankruptcy, the creditors have the right to offset the liability against any deposits of the Company and certain subsidiaries held by the creditors. These cash deposits are recorded under cash and cash equivalents in the consolidated statement of financial position.

(c) The Company, through its subsidiary AGFII, had entered into an interest rate swap transaction with a Canadian chartered bank. Under the terms of this agreement, the swap liability could have been offset against AGFII's cash deposits held in the counterparty's bank, which are recorded under cash and cash equivalents in the consolidated statement of financial position. As the swap transaction was with one of the creditors mentioned in Note 25(b), the cash deposits of AGFII held with this creditor have been offset against both financial liabilities in the table above. The swap transaction expired in July 2016.

Note 26: Contingencies

There are certain claims and potential claims against the Company. None of these claims or potential claims are expected to have a material adverse effect on the consolidated financial position of the Company.

The Company believes that it has adequately provided for income taxes based on all of the information that is currently available. The calculation of income taxes in many cases, however, requires significant judgement in interpreting tax rules and regulations. The Company's tax filings are subject to audits, which could materially change the amount of the current and deferred income tax assets and liabilities, and could, in certain circumstances, result in the assessment of interest and penalties.

The Company has several ongoing disputes with the Canada Revenue Agency (CRA), of which the final result of the audit and appeals process may vary and may be materially different compared to the estimates and assumptions used by management in determining the Company's consolidated income tax provision and in determining the amounts of its income tax assets and liabilities.

(a) CRA Audit – Transfer Pricing

During the period November 30, 2013 to November 30, 2016, the Company has received a number of notices of reassessment (NOR) from the CRA for its 2005 through 2010 fiscal years relating to the transfer pricing and allocation of income between one of the Company's Canadian legal entities and a foreign subsidiary. These reassessments would increase the Company's taxes payable (including interest and penalties of $32.2 million), net of estimated relief from double taxation of $21.4 million, from its original tax filings by $71.9 million. Any Competent Authority relief from double taxation should be granted at the completion of the mutual agreement procedures (MAP) under the applicable tax treaty.

The Company strongly disagrees with the CRA's position and filed various objections to the NOR for the taxation years 2005 to 2010. In connection with the filing of an objection to the NORs for the applicable periods 2005 through 2010, the Company has paid approximately $60.0 million ($62.0 million paid, net of $2.0 million of interest relief refunded by CRA) of which $8.0 million was paid (including interest and penalties) during the year ended November 30, 2016 in relation to the 2009 and 2010 NORs.

In consultation with its external advisors, the Company believes that its transfer pricing methodology was reasonable and the Company is contesting the CRA's position and any related transfer pricing penalty. The Company believes it is likely that the CRA will reassess its taxes for subsequent years on a similar basis and that these may result in future cash payments on receipt of the reassessments. During the year ended November 30, 2016, the Company has recorded a tax expense of $2.1 million (2015 – $2.7 million) in relation to this transfer pricing audit. The amount of tax provision recorded on the consolidated statement of financial position of $61.1 million (prior to netting the cumulative payments of $62.0 million as at November 30, 2016 and $2.0 million interest relief refund by the CRA in 2015 with respect to the 2005 through 2007 NOR) reflects management's best estimate on the ultimate resolution of this matter and includes any related estimated interest and penalties for the 2005 to 2016 fiscal years.

In 2013, the Company was accepted by the CRA into a Bilateral Advance Pricing Arrangement (BAPA) between Canada and the relevant tax authorities to establish the appropriate transfer pricing methodologies for the tax years 2011 through 2016. Under a BAPA, the taxpayer will receive certainty as to its transfer pricing arrangements for the years under consideration, will not be assessed transfer pricing penalties, and can avoid double taxation on transactions covered by the BAPA according to the provision of the income tax treaty between Canada and the foreign country.

(b) CRA Audit – Acquisition of Tax-related Benefits

In July 2015, the Company received a NOR from the CRA denying $30.5 million of tax-related benefits acquired and utilized by the Company in the 2005 fiscal year. The NOR would increase the Company's taxes payable from its original tax filings by $10.9 million (before the application of interest and penalties of $9.7 million). The Company strongly disagrees with the CRA's position and has filed an objection to the NOR. As a result of receiving the NOR, the Company paid $13.5 million (including interest and penalties) during the year ended November 30, 2015, which was recorded as income tax receivable on the consolidated statement of financial position. In consultation with its external advisors, the Company believes that its tax position is probable of being sustained and, as a result, has not recorded a provision in relation to this matter.

Note 27: Commitments and Guarantees

(a) Commitments

The Company is committed under operating leases for office premises and equipment. The approximate minimum annual cash payments related to the above are as follows

(in thousands of Canadian dollars) **Years ended November 30**		
2017	$	32,235
2018		26,503
2019		19,441
2020		15,482
2021		14,530
Thereafter		7,987

In addition, the Company has committed a total of $150.0 million to the funds and investments associated with the alternative asset management platform. As at November 30, 2016, the Company has $65.0 million (2015 – $6.5 million) remaining committed capital to be invested in Stream and EIF.

(b) Guarantees

The Company, under an indemnification agreement with each of the directors of the Company, as well as directors of the mutual fund corporations, has agreed to indemnify the directors against any costs in respect of any action or suit brought against them in respect of the proper execution of their duties. To date, there have been no claims under these indemnities.

Consolidated 10-year Review

(from continuing operations)

(in thousands of Canadian dollars, except per share amounts) Years ended November 30	IFRS 2016	IFRS 2015	IFRS 2014	IFRS 2013	IFRS[1] 2012
Income	$ 428,669	$ 449,600	$ 464,480	$ 484,535	$ 510,216
Expenses [2]	319,121	322,440	309,650	320,842	321,218
EBITDA [3]	109,548	127,160	154,830	163,693	188,998
Pre-tax income	52,718	63,912	79,175	65,693	58,530
Net income attributable to equity owners of the Company	42,550	48,328	61,255	22,447	52,260
Earnings per share attributable to equity owners of the Company					
Basic	$ 0.53	$ 0.59	$ 0.69	$ 0.25	$ 0.29
Diluted	0.53	0.58	0.68	0.25	0.29
Dividends per share	$ 0.32	$ 0.51	$ 1.08	$ 1.08	$ 1.08
Long-term debt[4]	188,206	268,782	308,199	307,888	312,309
Weighted average basic shares	79,278,876	82,295,595	86,000,437	88,163,616	94,117,889
Weighted average fully diluted shares	80,253,600	83,584,539	87,384,880	88,690,410	94,932,213

(in thousands of Canadian dollars, except per share amounts) Years ended November 30	IFRS 2011	GAAP 2010	GAAP 2009	GAAP 2008	GAAP 2007
Income	$ 585,672	$ 512,967	$ 476,022	$ 609,104	$ 678,531
Expenses [2]	337,532	303,238	293,774	338,782	375,730
EBITDA [3]	248,140	209,729	182,248	270,322	302,801
Pre-tax income	114,681	119,000	82,384	101,589	171,064
Net income attributable to equity owners of the Company	103,573	85,743	74,620	102,020	141,498
Earnings per share attributable to equity owners of the Company					
Basic	$ 0.80	$ 0.96	$ 0.84	$ 1.14	$ 1.57
Diluted	0.80	0.95	0.83	1.12	1.55
Dividends per share	$ 1.07	$ 1.04	$ 1.00	$ 0.95	$ 0.78
Long-term debt [4]	315,138	143,678	143,678	123,740	184,486
Weighted average basic shares	94,295,903	89,112,595	88,845,141	89,321,964	89,945,162
Weighted average fully diluted shares	95,111,318	90,157,585	89,660,844	91,333,944	91,295,411

[1] Refer to Annual Report 2012 for transition adjustments from GAAP to IFRS.

[2] Includes SG&A, trailing commissions and investment advisory fees.

[3] EBITDA is defined as earnings before interest, taxes, depreciation and amortization

[4] From 2011 to 2012 includes cash consideration related to the Acuity acquisition.

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