AGF MANAGEMENT LIMITED | 2019 ANNUAL REPORT

In an era of rapidly changing environments, we continue to deliver excellence in investment management, provide an exceptional client experience and remain disciplined to stay ahead of change.

Global asset manager with offices in five countries and retail and institutional clients across the world

Diversified investment capabilities – Fundamental, Quantitative, Alternatives and Private Client

Disciplined approach aimed to deliver consistent investment performance

Focus on responsible investing and sustainable practices across the organization

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$38.8

Billion in AUM[1]

AGF remains focused on delivering strong long-term investment performance and exceptional service.

[1] Amounts presented as at November 30, 2019. Expressed in Canadian Dollars.

Our Investment Capabilities

As a diversified global asset management firm, AGF has fundamental, quantitative, alternatives and private client investment management businesses.

Fundamental

AGF's fundamental investment management teams are focused on consistently delivering on investment objectives for our clients by leveraging our industry experience. Our fundamental teams' lead equity and fixed income portfolio managers have a combined 280+ years of experience in investment management, with deep relationships across the industry.

Throughout the years, as we have embraced change and innovation, our motivation has remained consistent. We carry a deep sense of accountability to our investors to deliver on our objectives, allowing them to achieve their goals.

In an increasingly challenging environment, the ability to meet these objectives requires substantial experience and skill. At AGF, our tenure, expertise and access to global firm resources has allowed us to maintain a disciplined approach while at the same time embracing a spirit of research and innovation to adapt.

We believe a culture of curiosity, open dialogue and challenging each other's ideas leads to better investment outcomes and helps to continually raise the bar for all of our clients.

AGF's fundamental, actively-managed platform includes a broad range of equity and fixed income strategies covering a spectrum of objectives from wealth accumulation and risk management to income-generating solutions. In addition to our Global and North American equity and fixed income capabilities we have demonstrated specialist expertise in the areas of sustainable and alternative investing.

[1] Assets under management as of November 30, 2019.

Quantitative

AGFiQ is the quantitative platform for AGF powered by an intellectually diverse, multi-disciplined team.

Led by pioneers in factor-based investing, the team's approach is grounded in the belief that investment outcomes can be improved by assessing and targeting the factors that drive market returns. Utilizing disciplined, factor-based approaches allows us to view risk through multiple lenses as we work to achieve our objective of providing better risk-adjusted returns.

Our Un-artificial Intelligence

We collectively believe that in quantitative approaches, it's the people behind the strategies that truly drives innovation. We pride ourselves on thinking differently and do so by combining diverse and complementary strengths which lead to innovative investment approaches. Our relentless passion for research and understanding drives our ability to advance the wealth accumulation and preservation goals of investors.

Our In-house Research Platform

We have found that external, third-party systems are not keeping pace with our ideas, our research and the flexibility and customization requirements we need to deliver better outcomes. As a result, we have developed an in-house research and database platform that enables us to define customized factors and build risk models and portfolio optimizations tailored for the unique investment objectives of each strategy.

[1] Assets under management as of November 30, 2019.

$2.6 Billion in AUM[1]

Alternatives

At AGF, our expertise and partnerships across the alternatives spectrum allows investors to have access to and benefit from allocations to alternative investments as part of a disciplined investment approach. From alternative asset classes to alternatives strategies, we offer solutions for a wide range of objectives.

Publicly Listed Liquid Alternatives

Alternative Asset Classes

Through our fundamental and quantitative platforms, we offer investments in publicly-listed companies related to real assets including infrastructure, energy, precious metals and real estate through a variety of vehicles including mutual funds, ETFs and separately managed accounts.

Alternative Strategies

AGFiQ offers deep expertise employing innovative quantitative and alternative approaches, including long/short, market neutral and derivative-based strategies to meet investment objectives.

Private Alternative Investments

Private Infrastructure

Innovative investment solutions with an emphasis on essential infrastructure in the North American middle market offered through InstarAGF Asset Management Inc. – AGF's joint venture with Instar Group Inc., in which AGF holds a 51% economic interest.

INSTARAGF

Structured Credit

Structured credit opportunities in partnership with SAF Group, a Canadian-based investment firm with expertise constructing bespoke financial products across the capital structure, providing opportunities linked to real assets including, but not limited to, the oil and gas sector.

SAF GROUP

[1] Assets under management as of November 30, 2019.

$6.1 Billion in AUM[1]

Private Client

AGF's private client platform – which includes Cypress Capital Management Ltd., Doherty & Associates Ltd. and Highstreet Asset Management Inc. – provides investment solutions for high-net-worth individuals, endowments and foundations in key markets across Canada.

CYPRESS CAPITAL MANAGEMENT

Cypress Capital Management provides quality investment services at a reasonable cost, where the best interest of the client is paramount. They are committed to being honest and transparent regarding return expectations, risks, fees and their capabilities as investment managers.

DOHERTY & ASSOCIATES INVESTMENT COUNSEL

Doherty & Associates was founded on the principle that their clients come first in all they do. Their philosophy of "Great Companies at Great Prices" coupled with a disciplined investment process guides them to grow wealth responsibly over time.

HIGHSTREET ASSET MANAGEMENT

Highstreet is committed to their core principles of doing two things exceptionally well – serving their clients and managing money. They believe that investment success can be achieved through blending quantitative and fundamental analysis to capture alpha drivers.

[1] Assets under management as of November 30, 2019.

Financial Highlights

Consolidated 10-year Review (from continuing operations)

(in millions of Canadian dollars, except per share amounts)	IFRS	IFRS	IFRS	IFRS	IFRS
Years ended November 30	**2019[1,2]**	**2018[3]**	**2017[4]**	**2016[5]**	**2015[6]**
Income	**$ 436.7**	$ 450.2	$ 455.5	$ 428.7	$ 449.6
Expenses[9]	**326.7**	343.7	339.1	319.2	322.4
EBITDA before commissions[10]	**110.0**	106.5	116.4	109.5	127.2
Pre-tax income	**57.3**	62.5	61.8	52.7	63.9
Net income attributable to equity owners of the Company	**47.9**	73.9	52.1	42.5	48.3
Earnings per share attributable to equity owners of the Company					
Basic	**$ 0.61**	$ 0.94	$ 0.66	$ 0.53	$ 0.59
Diluted	**0.60**	0.92	0.64	0.53	0.58
Free cash flow[10]	**$ 52.8**	$ 41.4	$ 58.7	$ 61.5	$ 67.8
Dividends per share	**$ 0.32**	$ 0.32	$ 0.32	$ 0.32	$ 0.51
Long-term debt[11]	**$ 207.3**	$ 188.6	$ 138.6	$ 188.2	$ 268.8
Weighted average basic shares	**78,739,081**	79,292,775	79,330,190	79,278,876	82,295,595
Weighted average fully diluted shares	**79,672,961**	80,637,948	81,245,279	80,253,600	83,584,539

[1] Refer to Note 3 in the Consolidated Financial Statements for more information on the adoption of IFRS 15.
[2] 2019 includes income of $4.1 million related to one-time fund expense tax recovery, and $14.4 million related to restructuring costs. Refer to the 'Restructuring Provision' section for more information.
[3] 2018 includes income of $1.5 million related to the Company's share of a one-time tax levy provision reversal for Smith & Williamson Holdings Limited (S&WHL), $5.2 million of one-time restructuring and administrative costs, $21.9 million provision release, $2.2 million of interest recovery related to the transfer pricing case.
[4] 2017 includes $10.0 million of income related to a litigation settlement.
[5] 2016 includes a $2.1 million charge in income related to the Company's share of a one-time tax levy for S&WHL 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.

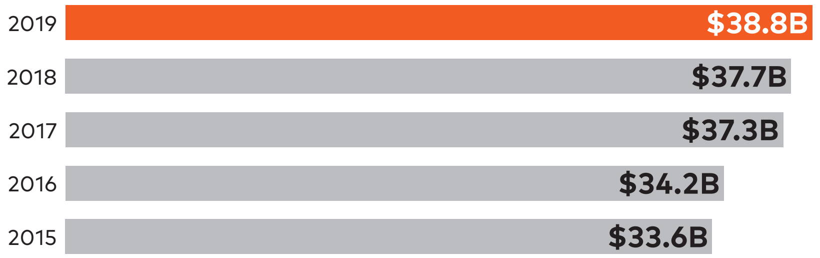
(in millions of Canadian dollars, except per share amounts)	IFRS	IFRS	IFRS	IFRS	GAAP
Years ended November 30	**2014**	**2013[7]**	**2012[8]**	**2011**	**2010**
Income	$ 464.5	$ 484.5	$ 510.2	$ 585.7	$ 513.0
Expenses[9]	309.6	320.9	321.2	337.5	303.2
EBITDA[10]	154.9	163.6	189.0	248.1	209.7
Pre-tax income	79.1	66.0	58.5	114.7	119.0
Net income attributable to equity owners of the Company	61.3	22.4	52.3	103.6	85.7
Earnings per share attributable to equity owners of the Company					
Basic	$ 0.69	$ 0.25	$ 0.29	$ 0.80	$ 0.96
Diluted	0.68	0.25	0.29	0.80	0.95
Free cash flow[10]	$ 82.0	$ 102.3	$ 95.8	$ 135.9	$ 173.8
Dividends per share	$ 1.08	$ 1.08	$ 1.08	$ 1.07	$ 1.04
Long-term debt[11]	$ 308.2	$ 307.9	$ 312.3	$ 315.1	$ 143.7
Weighted average basic shares	86,000,437	88,163,616	94,117,889	94,295,903	89,112,595
Weighted average fully diluted shares	87,384,880	88,690,410	94,932,213	95,111,318	90,157,585

[6] 2015 includes a $5.7 million distribution related to a crystallization of an asset and a one-time restructuring cost of $7.2 million.
[7] 2013 includes a $25.0 million one-time adjustment to tax provision related to the transfer pricing case.
[8] Refer to Annual Report 2012 for transition adjustments from GAAP to IFRS.
[9] Includes selling, general, and administrative (SG&A), restructuring provisions, trailing commissions and investment advisory fees.
[10] See the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section.
[11] From 2011 to 2012 includes cash consideration related to the Acuity acquisition.

FINANCIAL HIGHLIGHTS

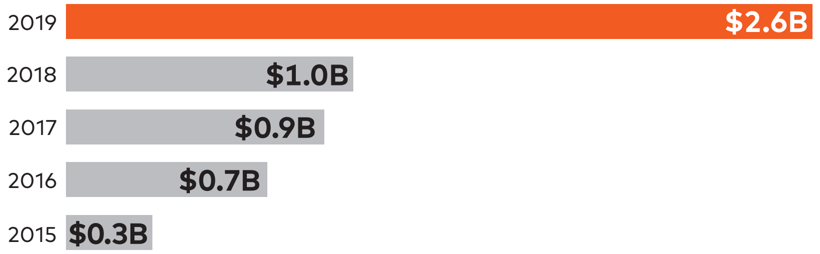
$38.8B

Assets Under Management



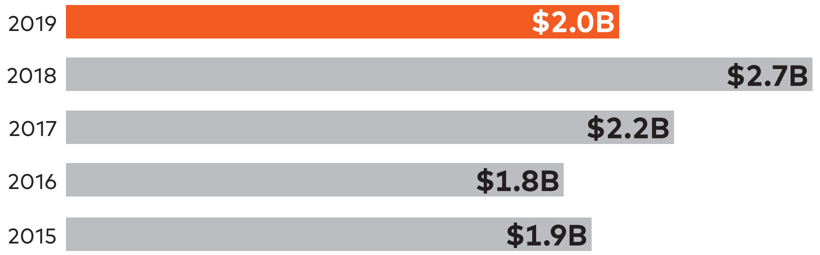
$2.6B

Private Alternative AUM



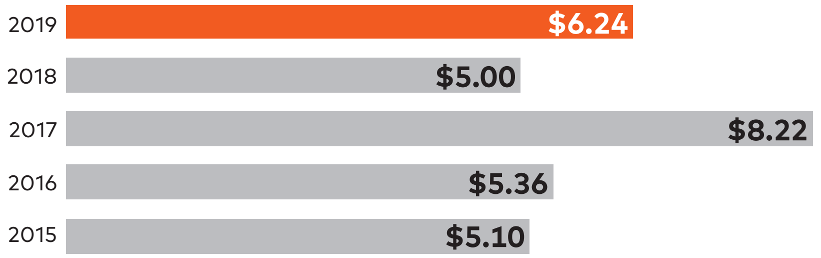
$2.0B

Mutual Fund Gross Sales



$6.24

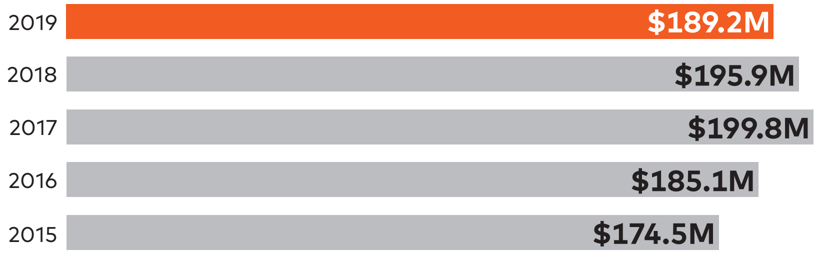
Share Price



$189.2M

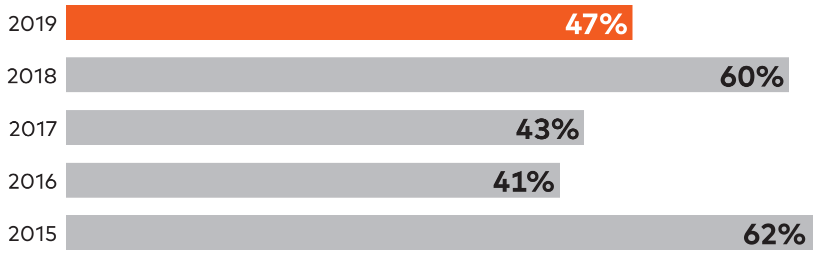
Selling, General and Administration

Adjusted for one time items and IFRS 15[1]



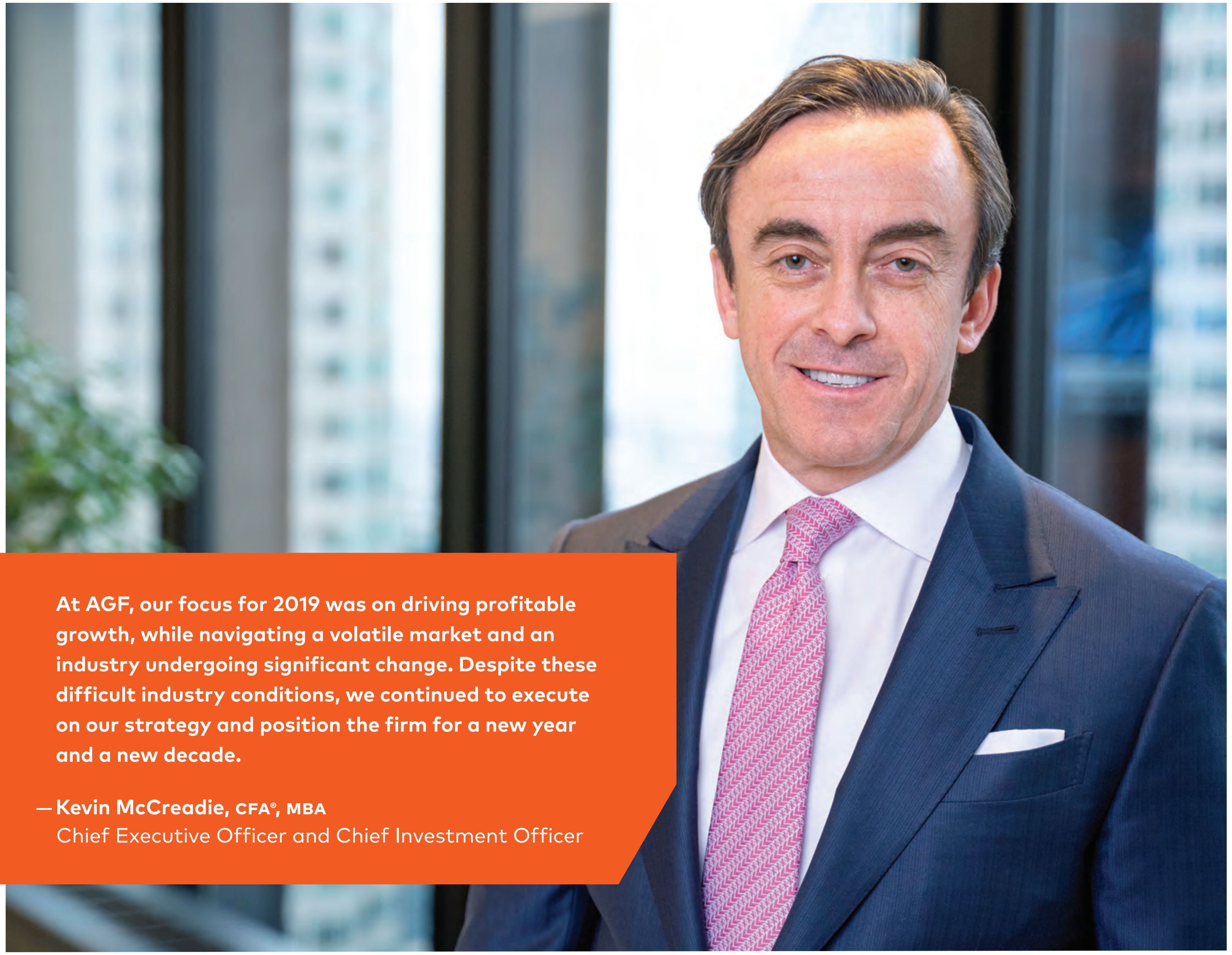
47%

Dividend Payout Ratio



[1] AGF CustomerFirst was acquired in February 2016.

A Message to Shareholders



At AGF, our focus for 2019 was on driving profitable growth, while navigating a volatile market and an industry undergoing significant change. Despite these difficult industry conditions, we continued to execute on our strategy and position the firm for a new year and a new decade.

— **Kevin McCreadie, CFA®, MBA**
Chief Executive Officer and Chief Investment Officer

Looking back at his first year as CEO, Kevin McCreadie discusses AGF's diversified platform and how the firm will continue to evolve going forward to ensure our success and the success of our clients.

What did you accomplish during your first year as CEO?

2019 was a year focused on evolving the structure of the firm and future-proofing AGF for the disruptive market conditions we faced across our industry, from the ongoing market uncertainty to the changing client dynamics and regulatory regimes around the globe.

Overall, I am pleased with the progress we made this past year, including the following highlights:

- The proposed merger of Smith & Williamson and Tilney.
- Our private alternatives AUM reached $2.6 billion, furthering our goal of reaching scale on this business.
- AGFiQ, which includes our ETFs in both Canada and the U.S., is gaining momentum in the marketplace.
- We demonstrated expense discipline while focusing on improving efficiencies, resulting in a $6.7 million or 3.4% reduction in SG&A compared to the prior year.

Prioritizing and focusing resources against our stated strategic imperatives and fostering future talent growth remains at the core of our organizational decisions. To further evolve the organization, I have also strategically re-aligned several of the firm's leaders with new or expanded mandates with an aim to put our people in the places where we need them most. These changes were designed to capitalize on the depth of our talent and elevate the diversity of the team while driving greater accountability for the firm's growth objectives including accelerating distribution globally, fueling the growth of alternatives; while also continuing to embrace new technologies and digital strategies to drive further efficiencies across our businesses.

What does the next decade look like for investors?

The next decade presents new challenges, including the influx of digital information, increased regulations, changing demographics and even climate change.

In particular, markets have had a long-tenured run since the Financial Crisis with more upside likely to come, but we also expect that there will be more volatility and potentially a market correction early on in the decade. For investors, the challenge and major priority at this stage of the late-cycle economy will be preserving capital and minimizing the impact of losses to help meet their specific objectives in a changing world.

How have AGF's capabilities evolved over the years?

Sixty-three years ago, we were a leader in the retail fund industry for Canadian investors. Today, we are a diversified global asset management firm that brings a disciplined approach to delivering excellence in investment management through our fundamental, quantitative, alternative and high-net-worth businesses.

We are constantly thinking about how we can bring solutions – not products – to our retail, institutional and private clients to help them reach their desired outcomes, whether that be defending against the next market downturn or trying to find a better way to achieve their goals in a less risky fashion.

Over the last few years, we have made significant investments to reposition our company. For example, we are proud to have one of the deepest quantitative teams and engines in Canada.

At the same time, we have embraced alternative investments. We offer a spectrum of solutions for a wide range of investors, from publicly listed liquid alternatives to private.

Additionally, we continue to believe that the ability to drive consistency in investment management will be dependent upon maintaining a global perspective, sharing intelligence across our platforms, using data in our investment processes to better manage risk and applying these processes consistently to deliver repeatable results.

Why are alternatives a key focus for AGF going forward?

In an ever-evolving and increasingly complex market environment, investors are actively seeking out opportunities to diversify their sources of return away from traditional equity and fixed income investments. They are also increasingly demanding products and solutions that provide them with stable and consistent outcomes.

At AGF, we believe alternatives are fundamental building blocks for well-constructed portfolios – contributing to lower volatility and opportunities for better long-term risk-adjusted returns. Our expertise and partnerships across the public and private markets allow investors to have access to and benefit from allocations to alternative investments as part of a disciplined investment approach.

In 2020, we will further build out our footprint in alternatives to complement the firm's nearly 30 years of providing alternative solutions to clients and key strategic partnerships.

How do you ensure you remain a global provider of choice?

Our global presence gives us global perspective. This helps shape not only our investment decisions, but also our capabilities and the products and solutions we offer, ensuring our competitiveness in the global marketplace.

Drawing on our global viewpoint, we've taken a thoughtful and disciplined approach to repositioning our company for what's next, evolving our capabilities and offerings as the needs of our clients evolve.

It's this mindset that makes us a global provider of choice now – and will help us maintain that position in the years and decades to come.

What is AGF focused on for 2020?

In 2020, our focus remains on profitable growth. Of particular importance will be growing our presence in the U.S., deepening our alternatives business and continuing to embrace new technologies and digital strategies to drive further efficiencies across our businesses, all of which expand on and complement our core investment and client-servicing capabilities.

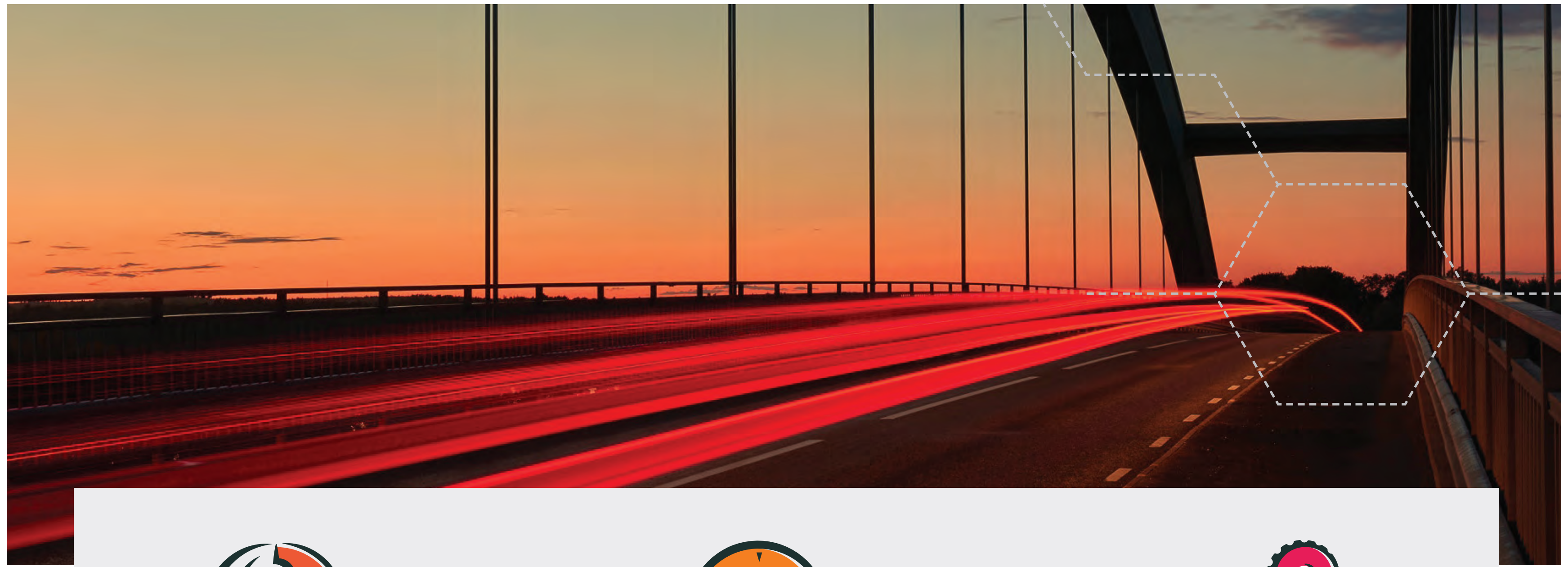
With our unique capabilities in fundamental, quantitative and alternative investing, coupled with a focus on global and ESG investing, we are well-positioned to provide clients products and solutions that differentiate AGF from its competitors.

At the same time, we are cognizant of industry headwinds and the impact of continued market volatility on industry AUM and net flows. In this context, our primary goals for 2020 are to:

- Deliver consistent and repeatable investment performance;
- Drive the organization to sustainable net inflows;
- Position the firm to reach $5 billion in alternative assets by 2022, and;
- Meeting our IFRS 16 adjusted expense guidance of $180 million while continuing to invest in key growth areas.

Our Approach: Invested in Discipline

At AGF, our approach is defined by three principles. Together, they create a disciplined process that is transparent, repeatable, and deeply woven into our DNA – delivering consistent outcomes for our clients, whatever tomorrow may bring.



Shared Intelligence

Our teams work together to form a global perspective, while maintaining the autonomy required to deliver on distinct investment philosophies.

Measured Approach

Our teams diligently apply real-time research, data and analytics across everything we do at AGF, minimizing drastic changes and protecting long-term growth.

Active Accountability

Our teams apply consistent processes designed to deliver repeatable results where active management truly equals active expectations.

A Differentiated Investment Platform

Our investment teams manage a diverse range of investment strategies and are empowered with the latitude to pursue distinct, research-driven investment philosophies and processes.

AGF: Fundamental Strategies*

Equities

Global/International
North American
Emerging Markets
Sustainable (Thematic, Impact)
Dividends/Income

Fixed Income

Global Credit/Rate Sensitive
Canadian Core
Emerging Market Debt

Asset Allocation

Managed Solutions
(Risk Spectrum, Outcomes)

Alternative Real Assets

Global Real Assets
(Precious Metals, Natural Resources)

AGFiQ: Quantitative Strategies

Equities

Global/International
North American
Emerging Markets
Sustainable (ESG Factors)*
Dividends/Income

Fixed Income

Global

Asset Allocation

Multi-Asset ETF Strategies
(Risk Spectrum, Outcomes)

Alternative Real Assets

Infrastructure

Alternative Strategies

Market Neutral
Long/Short
Cash Call
Absolute Return

Private Real Assets

Private Infrastructure*

InstarAGF Asset Management Inc.
(Essential Infrastructure)

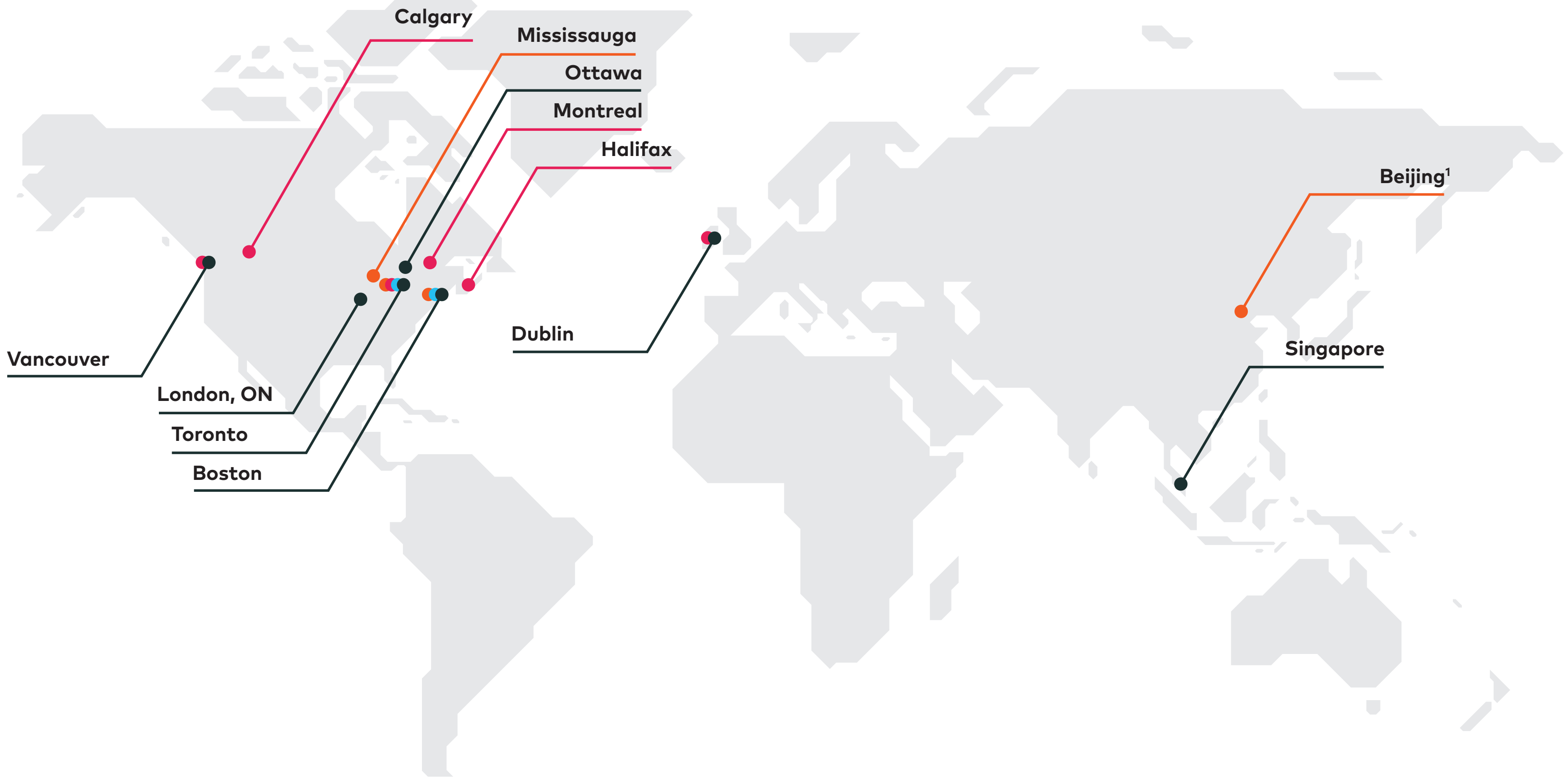
Structured Credit

SAF Group (Stream Asset Financial LP)

***ESG Integration**

Currency Management

Our Global Footprint



Investment Management and Research Office	Toronto / Vancouver / London, ON / Ottawa / Boston / Dublin / Singapore
Wholesale Office	Toronto / Vancouver / Calgary / Montreal / Halifax / Dublin
Sales and Service Office	Toronto / Mississauga / Boston / Beijing[1]
Institutional Business Development	Toronto / Boston

[1] Representative office

Our Corporate Responsibility

At AGF, responsible and sustainable practices are more than simply an approach to investing – this thinking shapes our organization at all levels.

— **Judy Goldring, LL.B, LL.D, ICD.D**
President and Head of Global Distribution

We apply forward-thinking practices related to environmental, social and governance factors in establishing strategic priorities to benefit all of our stakeholders.

How does AGF create value for shareholders?

We create value by excelling in our core business of investment management. To this end, we've taken a disciplined approach to building up our diversified investment management platform, deepening our capabilities in alternatives and quantitative investing, while accelerating key areas of growth and delivering an exceptional client experience. In addition, we believe that our sound, forward-thinking practices related to environmental, social and governance (ESG) factors is a positive differentiator for AGF. With increasing demands in this space, we responded by integrating ESG issues into our investment decision-making and ownership practices and became a signatory to the United Nations-supported Principles for Responsible Investment (UNPRI) to formalize our commitment. We believe these actions will help deliver better investment outcomes to our clients, allowing AGF to thrive as a global asset management firm and creating value for our shareholders.

What is AGF's approach to sustainable practices?

At AGF, responsible and sustainable practices are more than simply an approach to investing – this thinking shapes our organization at all levels. We apply forward-thinking practices related to ESG factors in establishing strategic priorities to benefit all of our stakeholders.

For example, one of my first initiatives as President was to establish AGF's Sustainability Council. The Council provides oversight on our policies, programs and related risks that concern key public policy and sustainability matters, including public issues of significance to AGF and its stakeholders that may affect AGF's business, strategy, operations, performance, and/or reputation.

Our mandate covers a wide spectrum. We are evaluating AGF's involvement in national and international initiatives and agreements related to ESG as well as corporate sustainability matters, while looking for ways to engage in corporate social responsibility that creates a positive impact in the communities in which we operate. At the same time, the Council is also about our people – retaining the best talent and incorporating inclusion and diversity throughout the organization.

How does AGF think about Corporate Social Responsibility?

Our mission to bring stability to the world of investing extends to bringing stability to the communities in which we both work and live. We have a rich history of giving back and partnering with organizations that support and align with our pillars of social responsibility, which include education, diversity and the environment.

Education: We foster educational development and opportunities to invest in our future.

Diversity: We embrace diverse backgrounds, experiences and perspectives and champion social change.

Environment: We are considerate of our environmental impact and promote sustainability of our planet.

Sponsorships and partnerships help us fulfill our commitment to our social responsibility pillars while raising awareness of and supporting these important causes. We are committed to being an employer of choice and our employees are supported in their efforts to make a difference in their communities.

AGF Sustainability Council

AGF's Sustainability Council provides oversight on our policies, programs and related risks that concern key public policy and sustainability matters, including public issues of significance to AGF and its stakeholders that may affect AGF's business, strategy, operations, performance and/or reputation.

Council objectives include:

- Evaluate AGF's involvement in national and international initiatives or agreements related to ESG and corporate sustainability matters.
- Identify ways to engage in corporate social responsibility that creates a positive impact in the communities in which we operate.
- Retaining the best talent and incorporating inclusion and diversity throughout the organization.

Our Employees

At AGF, the most important asset is our people as they play an integral role in our success.

We are committed to being an employer of choice which means looking at responsible practices and initiatives to attract, develop and reward our employees.

We believe that embracing the strength of diversity and providing a satisfying human and physical environment increases our ability to serve and support each other, our clients and our communities.

Workforce Diversity

We are committed to employing a diverse workforce that reflects the diversity of our communities.

33% of senior management roles are held by women*

* Senior Vice-President and above.

Exceed minimum wage by at least 20%*

The Living Wage

We are believers of the philosophy of The Living Wage and practice paying our employees a higher base pay than established by government standards.

* In all countries where we have salaried employees.

CEO-to-Employee Pay Ratio

We measure and evaluate our vertical pay ratios to ensure fair salaries for our employees.

Our Clients

We are committed to the principles of good stewardship and responsible investing, and believe that integrating Environmental, Social and Governance (ESG) issues into our investment decision-making and ownership practices across platforms will help deliver better investment outcomes to our clients.

ESG Committee

AGF's ESG Committee meets monthly to govern responsible investment matters within the firm. The Committee consists of representatives from each investment team and assists the Office of the Chief Investment Officer and AGF's Sustainability Council with:

- Incorporating ESG issues into our investment management process.
- Reporting of and establishing processes to monitor adherence with stewardship activities related to ESG matters that impact AGF's investment management operations, policies and processes.
- Educational training of the investment management team on ESG issues.
- Establishing processes for monitoring portfolio manager engagement of investee companies on sustainability matters.
- Drafting and updating the responsible investment policies and establishing processes to monitor adherence with such policies.

Foundations of Our Investment Stewardship

Research & Analysis

We recognize that effective research, analysis and evaluation of ESG issues is a fundamental part of assessing the value and performance of an investment over the medium and longer term and that this analysis should inform asset allocation, stock selection, portfolio construction, shareholder engagement and voting.

Risk Oversight

Portfolio level ESG investment risk is monitored in the AGF portfolio analytics and risk management process and reviewed at the quarterly review with every Portfolio Manager, CIO and Risk and Portfolio Analytics team.

Active Ownership

Proxy voting is an important component of active ownership. AGF adopted Sustainability Proxy Voting Guidelines to support sustainable business practices and enhance shareholder value. We vote proxies in the best interests of the Funds.

Engagement

AGF engages in dialogue with companies and policy makers to influence and promote ESG value-adding practices, better understand the quality of the businesses that we invest in and how they are positioned for future challenges. We also participate in broader discussions about standards and best practices in responsible investing.

Principles for Responsible Investment

AGF Investments Inc. is the signatory to United Nations-supported Principles for Responsible Investment.

CDP

AGF is a member of CDP a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

Responsible Investment Association

AGF is a sustaining member of the Responsible Investment Association, Canada's membership association for Responsible Investment.

Ceres INCR

As a member of The Ceres Investor Network on Climate Risk and Sustainability, AGF engages and collaborates on environmental, social and governance issues to advance leading investment practices, corporate engagement strategies and policy solutions.

Our Shareholders

We are committed to ensuring our corporate governance practices evolve with best practices. Each of AGF's directors is actively engaged in his or her duties as a steward of the corporation, tasked with the protection and promotion of our shareholders' interests.

Direct Ownership

All directors are required to own at least three times their annual retainer in AGF Class B Non-Voting shares and/or Deferred Share Units. New directors have 24 months upon appointment to obtain such ownership.

Annual Assessment

The Board conducts an annual review of its performance, the performance of each of the Board's committees, and the performance of each director.

Ethical Conduct

All directors, officers and employees of AGF are subject to a code of business conduct and ethics and must acknowledge their adherence annually to AGF's Code of Business Conduct and Ethics.

Our Board

When it comes to diversity, we believe that smart corporate decision making requires different points of view, which come from people with diverse backgrounds, experiences and perspectives working together. Our Board is comprised of talented and dedicated directors who bring new ideas and distinct voices to help AGF succeed.

AGF is a member of the 30% Club Canada, which encourages and supports companies to appoint more women at board level as well as senior management levels.

40% of our Board are women

Active member of the **30% Club**

Our Communities

Sponsorships and partnerships help us fulfill our commitment to our social responsibility pillars while raising awareness of and supporting these important causes. Our employees also contribute beyond their jobs and are encouraged to lead by example and make a difference in their communities.

Education

We foster educational development and opportunities to invest in our future.

Diversity

We embrace diverse backgrounds, experiences and perspectives and champion social change.

Environment

We are considerate of our environmental impact and promote sustainability of our planet.

Corporate Governance Practices

AGF is committed to ensuring its corporate governance practices evolve with best practices. Each of its directors is actively engaged in his or her duties as a steward of the corporation, tasked with the protection and promotion of shareholder interests. To help galvanize the alignment of interests, AGF's Board has established a policy that each Board member own at least three times his or her annual retainer in AGF Class B Non-Voting shares and/or Deferred Share Units.

AGF operates in a highly regulated environment and complies with all legislative and regulatory requirements for its businesses. Regulators include securities commissions and regulators of financial institutions in the respective jurisdictions in which AGF operates.

Best Practices in Corporate Governance in Place at AGF Management Limited

- All three of the Board's committees meet independence guidelines in terms of composition.
- The Board conducts an annual review of its performance, the performance of each of the Board's committees and the performance of each director.
- All directors are required to own at least three times their annual retainer in AGF Class B Non-Voting shares and/or Deferred Share Units. New directors have 24 months upon appointment to obtain such ownership.
- At each regularly scheduled meeting of the Board and Board committees, time is specifically reserved for independent discussion without management present.
- An orientation and education program is in place for all new directors, as well as a continuing education program for all directors.
- All directors, officers and employees of AGF must acknowledge their adherence annually to AGF's Code of Business Conduct and Ethics.

The Board of Directors

Mandate of the Board

AGF's Board is responsible for the stewardship of the Corporation, including overseeing the conduct of the business and affairs of the Corporation. The Board has a written charter that is reviewed annually. All material relating to the strategic plan, which takes into account the risks and opportunities of the business, is reviewed at least annually by the Board and discussed with management. Any transaction having a significant impact on the strategic plan and other significant decisions that affect the AGF Group of Companies is approved by the Board. It assesses the effectiveness of the Board committees based on reports from the committees. In addition, each director annually completes a Board and Board Committee Effectiveness Evaluation questionnaire and a Self-Assessment questionnaire, the results of which are taken into consideration for the annual election of directors and appointment of Board committee members. The Board appoints the Chief Executive Officer and other executive officers.

The Board meets with senior executives on a regular basis to receive and consider reports on the affairs of the Corporation. The Board expects these reports to be comprehensive, accurate and timely. All material communications to shareholders are approved by the Board. Additionally, the Board reviews and approves annual and interim reports to shareholders, including financial statements and management's discussion and analysis.

Independence from Management

AGF Management Limited's Board has 10 directors, the majority of whom are independent from management. The independent directors are: Jane Buchan, Kathleen Camilli, Sarah Davis, Douglas L. Derry, Charles Guay and G. Wayne Squibb (lead director). Representatives from management on the Board are Blake C. Goldring, W. Robert Farquharson, Judy G. Goldring, and Kevin McCreadie. Blake C. Goldring indirectly owns all of the voting shares of Goldring Capital Corporation, which owns 80% of the voting shares of the Corporation. Blake C. Goldring and Judy G. Goldring are indirect shareholders of Goldring Capital Corporation and are parties to a unanimous shareholders' agreement. W. Robert Farquharson holds 20% of the voting shares of the Corporation.

THE BOARD OF DIRECTORS

Blake C. Goldring

C.M., M.S.M., C.D., CFA (2000)

Executive Chairman, AGF Management Limited

Blake C. Goldring is the Executive Chairman of AGF. He first joined AGF in 1987 and held a series of senior positions before being appointed President in 1997, CEO in 2000, and Chairman in 2006. Prior to that, he worked in corporate banking for a major Canadian bank. Mr. Goldring holds an Honours BA in Economics from the University of Toronto and an MBA from INSEAD in France. He holds the Chartered Financial Analyst designation and is a member of the Toronto Society of Financial Analysts and a Fellow of the Institute of Canadian Bankers. Mr. Goldring sits on a number of private and not-for-profit boards.

In December 2018, he was appointed a Member of the Order of Canada for his contributions to business and philanthropy.

Jane Buchan

PhD, CAIA (2017)

Chief Executive Officer, Martlet Asset Management LLC

Ms. Buchan is the Chief Executive Officer of Martlet Asset Management, an independent asset management firm focused on liquid alternatives. Until August 1, 2018, she was CEO of PAAMCO. She served as Director and Chairwoman of the Board for the Chartered Alternative Investment Analyst Association (CAIA) until 2018. She also serves as a member of the Board of Directors for Globe Life Inc. (NYSE), is a founding Angel for 100 Women in Finance, is a trustee for the Standards Board of Alternative Investments and she serves on the Advisory Board for the Journal of Alternative Investments.

Kathleen Camilli

(2015) **Founder and Principal, Camilli Economics, LLC**

Ms. Camilli is one of the top macro-economic forecasters in the USA. She started her career at the Federal Reserve Bank of NY, was the US economist on the global team at Credit Suisse Asset Management, and the Chief Economist at Tucker Anthony Sutro. Ms. Camilli has served on three public company boards, and is currently an independent director at the UniFirst Corporation (NYSE). She is a strategic advisor to two start-ups, one in social media, and the other in fintech. She is a National Association of Corporate Directors Governance Fellow, a member of Women Corporate Directors, and a member of the National Association for Business Economists. Ms. Camilli has an MBA in Finance/MA in French Studies from New York University. She has served on the boards of numerous not-for-profit organizations.

Sarah Davis

FCPA, FCA (2014)

President, Loblaw Companies Limited

Sarah Davis is the President of Loblaw Companies Limited, Canada's largest Retailer and the nation's food and pharmacy leader. Before taking on this role, Ms. Davis served as Chief Administrative Officer of Loblaw, where she had a broad portfolio of responsibilities including corporate strategy, supply chain, information technology, real estate and human resources. Prior to this, Ms. Davis served as Chief Financial Officer. Ms. Davis was named one of Canada's Most Powerful Women: Top 100 in 2011 by the Women's Executive Network and was executive sponsor of the Women@Loblaw network from 2009 to 2017. Ms. Davis holds an Honours Bachelor of Commerce degree from Queen's University. Currently, Ms. Davis sits on the Board of Directors for PC Financial and is Chair of the Board of PC Children's Charity and T&T Supermarkets.

Douglas L. Derry

FCPA, FCA (2000)

Corporate Director

Douglas Derry is chairman of Poplar Lane Holdings Ltd., a family company. In addition to AGF Management, he currently serves or has recently served as audit committee chair on the board of directors of public, public interest and private companies, including Equitable Life of Canada (2000-2016), Keewhit Investments and closed-end funds administered by Scotiabank. He also serves on the Independent Review Committee of the above funds and others administered by BMO Nesbitt Burns Inc. A former senior partner in PricewaterhouseCoopers LLP, he has current or past membership on the board of directors of a wide variety of not-for-profit organizations.

Douglas holds an Honours B.A. from the Western University's Ivey School of Business and is a Fellow of Ontario's Institute of Chartered Accountants and Chartered Professional Accountants. He was in 2012 awarded the Queen Elizabeth II Diamond Jubilee Medal.

The date next to each name indicates the year in which that person first became a director.

W. Robert Farquharson

CFA (1977)

Vice-Chairman, AGF Management Limited

W. Robert (Bob) Farquharson serves as Vice-Chairman at AGF. He joined AGF as an analyst and over a period of 50 years has managed a number of AGF funds and served the Company in senior executive and director roles. Mr. Farquharson earned a Bachelor of Commerce degree from the University of Toronto, holds an honorary LL.D. from the University of Guelph, and holds the Chartered Financial Analyst designation. Mr. Farquharson sits on a number of private and not-for-profit boards.

Judy G. Goldring

LL.B, LL.D, ICD.D (2007)

President and Head of Global Distribution, AGF Management Limited

Judy G. Goldring joined AGF as Vice-President and General Counsel in 1998, became General Counsel and Senior Vice-President, Business Operations, in 2001, and became General Counsel and Senior Vice-President, Law and Corporate Affairs in 2004. In 2009, Ms. Goldring became Executive Vice President, Chief Operating Officer and General Counsel, and in 2011, she became Executive Vice President and Chief Operating Officer. On December 1, 2018, she was named President and Chief Administration Officer. Effective January 23, 2020, she became President and Head of Global Distribution. Before joining AGF, Ms. Goldring specialized in regulatory and administrative law. She earned her LL.B from Queen's University and was called to the Bar in Ontario. In 2019, she received an Honorary Doctorate of Laws (LL.D) from the University of Toronto. Judy sits on the Board of the Investment Funds Institute of Canada (IFIC) and serves as Chair of the Toronto French School (TFS).

Charles Guay

(2017)

President & Chief Operating Officer, SuccessFinder

A recognized transformational business leader and builder, Charles was President and Chief Executive Officer of National Bank Securities, Standard Life Canada and Manulife Quebec, where he left an impressive track record. He joined SuccessFinder in September 2018 as President and Chief Operating Officer. He sits on several boards of directors, including Pomerleau and the CHU Sainte-Justine Foundation. He is a recipient of several excellence awards, such as the "Top 40 under 40", the Arista of the Junior Chamber of Commerce of Montreal and the Hermès Career Achievement award of Laval University, from which he graduated in 1994.

Kevin McCreadie

(2018)

Chief Executive Officer and Chief Investment Officer AGF Management Limited

Kevin McCreadie is Chief Executive Officer (CEO) and Chief Investment Officer (CIO) of AGF Management Limited. In the role of CEO, Mr. McCreadie is responsible for the overall success of AGF, overseeing the firm's mission, vision and strategic direction. He also leads AGF's Executive Management Team and serves as its liaison with AGF's Board of Directors. As CIO, Mr. McCreadie provides direction and leadership to AGF's investment management teams and leads the firm's global institutional business.

Mr. McCreadie brings 35 years of investment management experience to AGF, with extensive expertise in retail and institutional asset management, direct portfolio management and over a decade of combined experience as CIO for two major U.S. financial services firms. He earned an MBA in Finance from the Wharton Graduate School of Business and holds the Chartered Financial Analyst designation.

G. Wayne Squibb

(2009)

President and CEO, Realstar Group and Lead Director, AGF

G. Wayne Squibb is the co-founder of Realstar Group and has been CEO since 1983. One of the leading real estate investment and management organizations in Canada, Realstar Group is focused on strategic investing in the multi-unit residential rental, hospitality, and sports/entertainment sectors in Canada and the United Kingdom. The company holds the Canadian master franchise rights to the Days Inn, Motel 6 and Studio 6 hotel brands and previously owned and operated Delta Hotels and Resorts. Mr. Squibb serves on a number of not-for-profit and corporate boards.

Committees of the Board

The Board has established three committees: the Nominating and Corporate Governance Committee, the Audit Committee and the Compensation Committee. The key responsibilities under the mandate of each committee are described below. Each Chair, who is an independent director, is responsible for directing the meetings of the committee and for ensuring that the roles and responsibilities of the committee have been met.

The Chair of the committee is also responsible for reporting to the Board on those matters that the committee has dealt with since the last regular meeting of the Board. Each committee regularly examines its effectiveness in fulfilling its roles and responsibilities and reports its findings to the Board. The committees may convene meetings without management present whenever the committees feel it is necessary. Each Chair also acts as a liaison between management and the Board.

Committee	Members	Key Responsibilities
Nominating and Corporate Governance Committee	Kathleen Camilli (chair) Jane Buchan Douglas L. Derry Charles Guay G. Wayne Squibb	Review, at least annually, the committee charter as well as the charters of the Board and Board committees and recommend to the Board the adoption of or amendment to such charters. Consider the size and composition of the Board to facilitate effective decision-making and make recommendations to the Board on changes to board composition. Identify, review and make recommendations to the Board regarding new director nominees. Evaluate the contribution of each individual director.
Audit Committee	Douglas L. Derry (chair) G. Wayne Squibb Jane Buchan Kathleen Camilli Sarah Davis	Oversee the integrity of financial reporting. Oversee internal controls and disclosure controls. Oversee the performance of the internal audit function, including the resolution of disagreements between management and the internal auditor regarding internal controls. Oversee adequacy of compliance policies and review reports from regulators. Be directly responsible for the selection, compensation, retention and oversight of the work of the external auditors, including the resolution of disagreements between management and the external auditors. The external auditors report directly to the committee.
Compensation Committee	Sarah Davis (chair) Kathleen Camilli Douglas L. Derry Charles Guay G. Wayne Squibb	Review, assess and oversee the executive compensation policies and programs and monitor the overall effectiveness of the AGF Group's general compensation programs in achieving its strategic objectives. Set performance objectives for the CEO that encourage the AGF Group of Companies' long-term financial success and regularly measure the CEO's performance against these objectives. Review AGF's plans for the CEO's and the executive officers' succession. Review the compensation and performance objectives of all executive officers.

Board of Directors and Executive Officers

Board of Directors

AGF Management Limited
Blake C. Goldring, C.M., M.S.M., C.D., CFA[1]
Jane Buchan, PHD, CAIA
Kathleen Camilli[5]
Sarah Davis, FCPA, FCA[6]
Douglas L. Derry, FCPA, FCA[3]
W. Robert Farquharson, CFA
Judy G. Goldring, LL.B, LL.D, ICD.D
Charles Guay
Kevin McCreadie
G. Wayne Squibb[7]

Mutual Fund Corporations and Trusts
John B. Newman[3,4]
Louise Anne Morwick, CFA[2]
Paul Hogan
Judy G. Goldring, LL.B, LL.D, ICD.D
Blake C. Goldring, C.M., M.S.M., C.D., CFA
Jamie Bowland

AGF Asset Management Asia Ltd.
Blake C. Goldring, C.M., M.S.M., C.D., CFA
Dr. Soo Ann Lee
Eng Hock Ong, CFA

AGF International Advisors Company Limited
Blake C. Goldring, C.M., M.S.M., C.D., CFA[2]
Michael C. Brady
Brian Brennan
David M. Kennedy
Richard McGrath

Executive Officers

Blake C. Goldring, C.M., M.S.M., C.D., CFA
Executive Chairman

Kevin McCreadie, MBA, CFA
Chief Executive Officer and Chief Investment Officer

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

Judy G. Goldring, LL.B, LL.D, ICD.D
President and Head of Global Distribution

Chris Jackson
Chief Operating Officer

[1] Executive Chairman of the Board of AGF Management Limited
[2] Chair of the Board
[3] Chair of the Audit Committee
[4] Chair of the Audit Advisory Committee
[5] Chair of the Nominating and Corporate Governance Committee of AGF Management Limited
[6] Chair of the Compensation Committee of AGF Management Limited
[7] Lead Director

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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 2019 Annual MD&A.

Summary of Annual Results

(from continuing operations)

(in millions of Canadian dollars, except per share amounts) **Years ended November 30**	IFRS 2019[1,2]	IFRS 2018[3]	IFRS 2017[4]	IFRS 2016[5]	IFRS 2015[6]
Income	**$ 436.7**	$ 450.2	$ 455.5	$ 428.7	$ 449.6
Expenses[9]	**326.7**	343.7	339.1	319.2	322.4
EBITDA before commissions[10]	**110.0**	106.5	116.4	109.5	127.2
Pre-tax income	**57.3**	62.5	61.8	52.7	63.9
Net income attributable to equity owners of the Company	**47.9**	73.9	52.1	42.5	48.3
Earnings per share attributable to equity owners of the Company					
Basic	**$ 0.61**	$ 0.94	$ 0.66	$ 0.53	$ 0.59
Diluted	**0.60**	0.92	0.64	0.53	0.58
Free cash flow[10]	**$ 52.8**	$ 41.4	$ 58.7	$ 61.5	$ 67.8
Dividends per share	**$ 0.32**	$ 0.32	$ 0.32	$ 0.32	$ 0.51
Long-term debt[11]	**$ 207.3**	$ 188.6	$ 138.6	$ 188.2	$ 268.8
Weighted average basic shares	**78,739,081**	79,292,775	79,330,190	79,278,876	82,295,595
Weighted average fully diluted shares	**79,672,961**	80,637,948	81,245,279	80,253,600	83,584,539

(in millions of Canadian dollars, except per share amounts) **Years ended November 30**	IFRS 2014	IFRS 2013[7]	IFRS 2012[8]	IFRS 2011	GAAP 2010
Income	$ 464.5	$ 484.5	$ 510.2	$ 585.7	$ 513.0
Expenses[9]	309.6	320.9	321.2	337.5	303.2
EBITDA[10]	154.9	163.6	189.0	248.1	209.7
Pre-tax income	79.1	66.0	58.5	114.7	119.0
Net income attributable to equity owners of the Company	61.3	22.4	52.3	103.6	85.7
Earnings per share attributable to equity owners of the Company					
Basic	$ 0.69	$ 0.25	$ 0.29	$ 0.80	$ 0.96
Diluted	0.68	0.25	0.29	0.80	0.95
Free cash flow[10]	$ 82.0	$ 102.3	$ 95.8	$ 135.9	$ 173.8
Dividends per share	$ 1.08	$ 1.08	$ 1.08	$ 1.07	$ 1.04
Long-term debt[11]	$ 308.2	$ 307.9	$ 312.3	$ 315.1	$ 143.7
Weighted average basic shares	86,000,437	88,163,616	94,117,889	94,295,903	89,112,595
Weighted average fully diluted shares	87,384,880	88,690,410	94,932,213	95,111,318	90,157,585

1 Refer to Note 3 in the Consolidated Financial Statements for more information on the adoption of IFRS 15.
2 2019 includes income of $4.1 million related to one-time fund expense tax recovery, and $14.4 million related to restructuring costs. Refer to the 'Restructuring Provision' section for more information.
3 2018 includes income of $1.5 million related to the Company's share of a one-time tax levy provision reversal for Smith & Williamson Holdings Limited (S&WHL), $5.2 million of one-time restructuring and administrative costs, $21.9 million provision release, $2.2 million of interest recovery related to the transfer pricing case.
4 2017 includes $10.0 million of income related to a litigation settlement.
5 2016 includes a $2.1 million charge in income related to the Company's share of a one-time tax levy for S&WHL 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.
6 2015 includes a $5.7 million distribution related to a crystallization of an asset and a one-time restructuring cost of $7.2 million.
7 2013 includes a $25.0 million one-time adjustment to tax provision related to the transfer pricing case.
8 Refer to Annual Report 2012 for transition adjustments from GAAP to IFRS.
9 Includes selling, general, and administrative (SG&A), restructuring provisions, trailing commissions and investment advisory fees.
10 See the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' sections.
11 From 2011 to 2012 includes cash consideration related to the Acuity acquisition.

Summary of Quarterly Results

(from continuing operations)

(in millions of Canadian dollars, except per share amounts) **Three months ended**	Nov. 30, 2019[1,2]	Aug. 31, 2019[1]	May 31, 2019[1]	Feb. 28, 2019[1,3]
Income	**$ 114.5**	$ 107.4	$ 109.8	$ 105.0
Expenses[8]	**75.8**	78.4	80.6	92.1
EBITDA before commissions[9]	**38.7**	29.0	29.2	12.9
Pre-tax income (loss)	**27.5**	16.9	14.1	(1.3)
Net income (loss) attributable to equity owners of the Company	**22.2**	14.4	11.5	(0.2)
Earnings per share attributable to equity owners of the Company				
Basic	**$ 0.28**	$ 0.18	$ 0.15	$ –
Diluted	**0.28**	0.18	0.14	–
Free cash flow[9]	**18.3**	9.7	8.2	16.6
Dividends per share	**0.08**	0.08	0.08	0.08
Long-term debt	**207.3**	158.9	164.9	168.7
Weighted average basic shares	**78,503,480**	78,715,118	78,669,275	78,664,067
Weighted average fully diluted shares	**79,624,609**	79,818,712	79,771,774	79,836,248

(in millions of Canadian dollars, except per share amounts) **Three months ended**	Nov. 30, 2018[4]	Aug. 31, 2018[5]	May 31, 2018[6]	Feb. 28, 2018[7]
Income	$ 108.5	$ 116.5	$ 114.2	$ 110.9
Expenses[8]	79.8	84.3	93.6	86.0
EBITDA before commissions[9]	28.7	32.2	20.6	24.9
Pre-tax income	17.2	19.8	11.3	14.1
Net income attributable to equity owners of the Company	14.7	20.7	17.0	21.5
Earnings per share attributable to equity owners of the Company				
Basic	$ 0.19	$ 0.26	$ 0.21	$ 0.27
Diluted	0.19	0.26	0.21	0.27
Free cash flow[9]	16.1	12.8	2.1	10.5
Dividends per share	0.08	0.08	0.08	0.08
Long-term debt	188.6	168.7	168.6	168.6
Weighted average basic shares	78,996,510	79,318,325	79,666,007	79,616,259
Weighted average fully diluted shares	79,900,283	80,885,103	81,214,021	81,081,521

1 Refer to Note 3 in the Consolidated Financial Statements for more information on the adoption of IFRS 15.
2 November 30, 2019 includes $4.1 million of one-time fund expense tax recovery.
3 February 28, 2019 includes $14.4 million related to restructuring costs. Refer to the 'Restructuring Provision' section for more information.
4 November 30, 2018 includes income of $1.5 million related to the Company's share of a one-time tax levy provision reversal for S&WHL.
5 August 31, 2018 includes $4.5 million of provision release related to the transfer pricing case.
6 May 31, 2018 includes $5.2 million of one-time restructuring and administrative costs, $7.4 million of provision release and $2.2 million of interest recovery related to the transfer pricing case.
7 February 28, 2018 includes $10.0 million provision release related to the transfer pricing case.
8 Includes SG&A, restructuring provisions, trailing commissions and investment advisory fees.
9 See the '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 21, 2020, and presents an analysis of the financial condition of AGF Management Limited (AGF or the Company) and its subsidiaries as at November 30, 2019, compared to November 30, 2018. The MD&A should be read in conjunction with the 2019 Consolidated Financial Statements for the year ended November 30, 2019. 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 offering investment solutions to a wide range of clients, from individual investors and financial advisors to institutions, including pension plans, corporate plans, sovereign wealth funds, endowments and foundations. AGF has investment operations and client servicing teams in North America, Europe and Asia. With $38.8 billion in total assets under management (AUM) as at November 30, 2019, AGF serves more than one million investors. AGF trades on the Toronto Stock Exchange (TSX) under the symbol AGF.B.

AGF provides fund administration services to the AGF mutual funds through its subsidiary AGF CustomerFirst Inc. (AGFC), and provides the capability to deliver complete trading infrastructure to support ETFs and 40-Act vehicles in the U.S. through its subsidiary AGF Investments LLC.

As an independent firm, AGF brings a disciplined approach to delivering excellence in investment management and providing an exceptional client experience. Being independent has allowed us to improve our client service experience and enabled us to offer new and innovative products, while enhancing our research capabilities. We are committed to delivering best-in-class quality of service, consistent and repeatable investment performance that delivers long-term capital growth with downside protection, and innovative products designed to meet the evolving needs of today's investors.

AGF holds a 35.0% 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 $38.6 billion (£22.5 billion) of funds under management and advice as at November 30, 2019.

Smith & Williamson Sale

On September 19, 2019, the Company confirmed a merger between S&WHL and Tilney Group (Tilney) to create one of the U.K.'s leading integrated wealth management and professional services groups with over £45 billion in assets under management. Based on the terms of the arrangement, the Company will divest its minority stake and estimates that the transaction will result in total cash and equity proceeds of approximately £193.2 million (approximately C$331.8 million[1]), excluding one-time expenses and subject to closing adjustments and taxes, compared to a book value as at November 30, 2019 of $146.8 million. Prior to closing, AGF is expected to receive a special cash distribution estimated to be £19.8 million (approximately C$34.0 million[1]). At closing, AGF will receive cash proceeds of approximately £147.4 million (approximately C$253.1 million[1]) and retain approximately 2.3% interest in the newly combined entity. AGF has entered into a hedge at a strike price of 1.6130 to protect AGF's cash consideration if the British pound declines below that level. The hedge expires on March 31, 2020. The transaction is subject to regulatory approvals. On January 20, 2020, the Company announced that the Financial Conduct Authority (FCA) informed Tilney Group that the proposed transaction structure for the merger of Smith & Williamson and Tilney Group has not met with its approval. Discussions with the FCA are ongoing to determine the required steps forward. All parties remain fully committed to the merger and continue to believe very strongly in the underlying strategic rationale of bringing the respective businesses together. It is anticipated that the completion of the transaction, which remains subject to regulatory approval, may be delayed.

Our Investment Approach

We aim to deliver consistent and repeatable investment performance for our clients. Our investment approach is defined by three principles: (1) shared intelligence; (2) a measured approach; and (3) active accountability. These principles are the basis of creating a disciplined process that is transparent and repeatable, delivering consistent outcomes for our clients. Our team of over 65 investment professionals work together to form a global perspective, applying research, data and analytics across everything we do to minimize volatility and protect long-term growth. We promote team-based decision-making, while maintaining the autonomy required to deliver on distinct investment philosophies. Our teams apply consistent processes designed to deliver repeatable results where active management truly equals active expectations. We have dedicated investment professionals who manage risk metrics across AGF's investment platform.

Investment Stewardship

At AGF, we believe that sound, forward-thinking practices related to Environmental, Social and Governance (ESG) factors will not only help deliver better investment outcomes to our clients but also have a positive influence on the future of our organization. Consideration of ESG factors into our investment decision-making and ownership practices across platforms can contribute to better investment outcomes and is a necessary component of our fiduciary duty as an asset manager.

All investment professionals at AGF recognize that effective research, analysis and evaluation of ESG issues is a fundamental part of assessing the value and performance of an investment over the medium and longer term and that this analysis should inform asset allocation, security selection, portfolio construction, shareholder engagement and voting. Integrating ESG factors into our investment processes has helped us to identify key risk and return drivers in our portfolios.

[1] Canadian dollar figure assumes an exchange rate of 1.7172 as at November 30, 2019.

In 2015, AGF established our Responsible Investment Policy to formalize our practice of integrating ESG issues into investment decision-making, voting and company engagement through active management. We believe strongly that it is ultimately the responsibility of each investment management team to determine the precise implementation of ESG integration within its own investment processes as it relates to each specific mandate.

As a signatory to the United Nations-supported Principles for Responsible Investment (UNPRI), AGF is assessed and scored on our responsible investment activities.

Our Investment Strategies

As a diversified global asset management firm, we offer individuals and institutions a broad array of investment strategies through four key investment management platforms as follows:

Fundamental

AGF's fundamental actively managed platform, with $21.9 billion in AUM, operates under the AGF brand and includes a broad range of investment strategies, including equities, fixed income and asset allocation strategies in a variety of vehicles including mutual funds, managed or portfolio solutions and separately managed accounts. Our equity strategies span global (including developed and emerging markets), North American, alternative asset classes and sustainable investment solutions. AGF also offers a diverse lineup of fixed income strategies designed to help investors achieve their goals by leveraging expertise in four key areas: Canadian core, global rate sensitive, global credit and emerging market debt. The team complements these four core pillars with expertise in specialized areas of the fixed income market including convertible bonds and inflation-linked bonds as well as currency management and derivatives. AGF's Asset Allocation Committee leads the asset allocation strategy for the firm and consists of senior investment professionals who analyze and allocate across global bond and equity markets. They provide an active asset allocation outlook for many of AGF's products, including the AGF Elements Portfolios.

Quantitative

AGF's quantitative and factor-based investing platform, with $8.2 billion in AUM, operates under the AGFiQ (AGFiQ) brand. Led by pioneers in factor-based approaches to investing, the AGFiQ investment team is 19 members strong, with six Ph.D. holders in fields spanning from Astrophysics, Computer Science, Finance and Economics. AGFiQ's team approach is grounded in the belief that investment outcomes can be improved by assessing and targeting the factors that drive market returns. Utilizing disciplined, factor-based approaches allows AGFiQ to view risk through multiple lenses. AGFiQ's quantitative factor-based investment strategies provide access to a wide variety of market exposures ranging from equities, fixed income and sustainable investing solutions to alternative asset classes and strategies. The team offers long-tenured expertise meeting a wide range of client objectives from wealth accumulation and risk management to hedging tools and innovative income-generating solutions through multi-factor, single-factor and alternative approaches in a variety of vehicles including mutual funds, ETFs, managed or portfolio solutions and separately managed accounts.

Private Client

AGF's private client platform, with $6.1 billion in AUM, 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 Asset Management Inc. (Highstreet), located in London, Ontario. This platform provides investment solutions and services for high-net-worth individuals, endowments and foundations in key markets across Canada.

Private Alternatives Business

AGF's private alternatives business, with a focus on private investments from credit to infrastructure, is central to our mission: to bring stability to the world of investing. In an ever-evolving and increasingly complex market environment, investors are actively seeking out opportunities to diversify their sources of return away from traditional equity and fixed income investments. AGF's private alternatives business, with $2.6 billion in AUM, includes a joint venture with Instar Group Inc. (Instar): InstarAGF Asset Management Inc. (InstarAGF), in which AGF holds a 51% economic interest. InstarAGF is an alternative asset management firm with an emphasis on essential infrastructure in the North American middle market, with the goal of delivering sustainable and attractive returns to investors. AGF also has a partnership with Stream Asset Financial Management LP (SAFM LP), a Canadian-based private equity and structured credit investment firm with expertise constructing bespoke financial products across the capital structure, providing opportunities linked to real assets including, but not limited to, the oil and gas sector, metals and mining, and financial services.

Our Distribution Channels

Retail and Strategic Accounts

Our sales teams manage a national integrated distribution strategy including advisor and strategic account relationships via 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 provide products and services to both the Mutual Fund Dealers Association (MFDA) and Insurance Managing General Agent (MGA) advisors, who distribute mutual funds, and Investment Industry Regulatory Organization of Canada (IIROC) advisors, who offer mutual funds as well as exchange traded investment solutions. Strategic account relationships are often with the same firms that employ advisors. These firms have centralized groups that approve products that can be offered by advisors and control allocations made to subadvisors, such as AGF, within internal products.

We target sustainable net sales by developing new strategic relationships while capitalizing on our existing relationships. We will do this by providing innovative products and solutions around specific needs and delivering consistent and repeatable investment performance. In 2017, we launched our Canadian suite of AGFiQ ETFs and continue to expand this offering, ending 2019 with 12 ETFs. We are also committed to providing investors and their advisors with choice. Through our fee-based product offerings, we offer a series of our mutual funds that are suitable for wrap accounts, which are fee-based series typically used by IIROC advisors, to provide advisors and their clients with the product and pricing options that they require.

On October 3, 2019, the Canadian Securities Administrators (the CSA) published final rule amendments (the Amendments) aimed at enhancing the client-registrant relationship, as set out in National Instrument 31-103 (*Registration Requirements, Exemptions and Ongoing Registrant Obligations*) – dubbed the "Client Focused Reforms". Among other things, the Amendments require registrants to promote the best interests of clients when addressing material conflicts of interest and to put clients' interests first when making suitability determinations. When implemented, the Amendments will also enhance registrants' obligations with respect to know-your-client (KYC), know-your-product (KYP) and disclosure obligations, and will require registrants to clarify for clients what they should expect from their registrants. The Amendments came into force on December 31, 2019, with a phased transition period over a two-year period. The Executive Management Committee meets on a regular basis to assess potential impacts to, and opportunities for, AGF as a result of the Amendments.

On December 19, 2019, the CSA released CSA Staff Notice 81-332 *Next Steps on Proposals to Prohibit Certain Investment Fund Embedded Commissions*. All members of the CSA (other than Ontario) will publish final amendments in early 2020 to ban the payment of upfront sales commissions by fund organizations to dealers, and in so doing, discontinue sales charge options that involve such payments, such as all forms of the deferred sales charge option, including low-load options (the DSC Option). The Ontario Securities Commission will not be adopting final amendments to ban the DSC option. Further, all members of the CSA will publish final amendments later in 2020 to ban trailing commission payments by fund organizations to dealers who do not make a suitability determination, such as order-execution-only (OEO) dealers. The CSA anticipates that there will be a transition period of at least two years; more information will be included in the final amendments, when published.

As a long-standing participant in the Canadian financial services industry, the Company and its subsidiaries will continue to be an advocate for sound regulatory changes that are grounded in the needs of all investors. The Company strongly believes in upholding the value of advice, preserving investor choice, and limiting the negative effects of unintended consequences. While the impact of these regulatory initiatives still remains uncertain until they are effective, the Company and its subsidiaries will continue to monitor the implementation of these initiatives throughout the industry, and will actively participate in engagement with the regulators as necessary.

Institutional

AGF's institutional sales team covers North America, Europe and Asia. AGF has strong relationships and markets directly to plan sponsors including pension plans, corporate plans, sovereign wealth funds, endowments and foundations as well as outsourced CIO (OCIO) platforms. AGF also has a 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 obtaining new business. Our key competencies in global equities are aligned with the increasing appetite for emerging markets and ESG strategies, and our quantitative investing capabilities are well positioned to meet the increasing demand for customized factor-based solutions and alternative strategies.

Our institutional clients have an option to invest in custom series offerings within our mutual fund products reported under our mutual fund AUM category. Net redemptions of such investment totalled $329.5 million for the year ended November 30, 2019[1].

Outlook

As 2020 begins, AGF's strategy remains focused on AUM growth and increasing profitability, while improving the strength of our balance sheet.

Investors are increasingly demanding products and solutions that provide them with stable and consistent outcomes. With AGF's unique capabilities in fundamental, quantitative and alternative investing, coupled with a focus on global and ESG investing, AGF will continue to lead and respond to the trends transforming the asset management industry through the launch of new products and the continued expansion of its alternative and quantitative business, while focusing on delivering consistent investment performance across all disciplines. With a stated goal of $5.0 billion in private alternative AUM by 2022, AGF is on track, ending 2019 with $2.6 billion in private alternative AUM, up from $1.0 billion at the end of 2018.

[1] Net sales in retail mutual funds are calculated as reported mutual fund net sales (redemptions) less non-recurring institutional net sales (redemptions) in excess of $5.0 million invested in our mutual funds.

Over the past number of years, the asset management industry has faced ongoing margin compression as the industry consolidates and investors allocate money away from traditional fundamental products and solutions to passive strategies. In early 2019, AGF announced a restructuring plan that focuses on improving efficiencies through investment in digital strategies while realigning its workforce to allocate resources into areas of growth, with the goal of reducing operating costs. The focus on efficiencies and cost control will continue as AGF looks to improve operating margins while ensuring continued investment in growth areas.

During 2019, AGF announced a merger between S&WHL and Tilney. On January 20, 2020, AGF announced that the FCA informed Tilney Group that the proposed transaction structure for the merger of Smith & Williamson and Tilney Group has not met with its approval. Discussions with the FCA are ongoing to determine the required steps forward. All parties remain fully committed to the merger and continue to believe very strongly in the underlying strategic rationale of bringing the respective businesses together. It is anticipated that the completion of the transaction, which remains subject to regulatory approval, may be delayed.

Operating and Financial Highlights

During 2019, AGF achieved a number of significant milestones while continuing to successfully execute our planned strategy:

- Announced a merger between S&WHL and Tilney to create one of the U.K.'s leading integrated wealth management and professional services groups. As part of the transaction, AGF will divest its minority stake and expects to receive total cash and equity proceeds of £193.2 million (approximately C$331.8 million[1]) while maintaining a 2.3% interest in the newly merged company.
- On January 20, 2020, AGF announced that the FCA informed Tilney Group that the proposed transaction structure for the merger of Smith & Williamson and Tilney Group has not met with its approval. Discussions with the FCA are ongoing to determine the required steps forward. It is anticipated that the completion of the transaction, which remains subject to regulatory approval, may be delayed.
- Committed $75.0 million to a closed-end fund managed by InstarAGF. The fund is expected to close in March 2020.
- Increased AUM in AGF's private alternative business to $2.6 billion at the end of 2019, a 155% increase from $1.0 billion in 2018.
- Launched three liquid alternative funds in Canada: AGFiQ US Market Neutral Anti-Beta CAD-Hedged ETF (QBTL), AGFiQ US Long/Short Dividend Income CAD-Hedged ETF (QUDV) and AGFiQ US Long/Short Dividend Income CAD-Hedged Fund to provide diversification opportunities through innovative alternative investment strategies.
- Earned a Lipper Fund Award for AGF's U.S. Small-Mid Cap Series MF for three- and five-year performance.
- As a signatory to the United Nations Principles for Responsible Investments, AGF maintained its overall "Strategy and Governance" score of 'A+', and its overall score of 'A' under "Incorporation under listed Equity" in their 2019 Assessment Report.
- Implemented a restructuring plan to reduce costs while focusing on improving efficiencies, resulting in a $6.6 million or 3.4% reduction in SG&A (adjusted for IFRS 15), compared to the prior year.
- Reported diluted earnings per share (EPS) for the fourth quarter of 2019 of $0.28 as compared to $0.19 for the same period in 2018. Adjusting for one-time items, adjusted diluted earnings per share for the fourth quarter was $0.24 as compared to $0.17 for the same period in 2018.

[1] Canadian dollar figure assumes an exchange rate of 1.7172 as at November 30, 2019.

Assets Under Management

(in millions of Canadian dollars)	Three months ended November 30, 2019	Three months ended August 31, 2019	Three months ended November 30, 2018	Years ended November 30, 2019	Years ended November 30, 2018
Mutual fund AUM (including retail pooled funds),[1] beginning of the period	$ 18,839	$ 18,725	$ 19,401	$ 18,713	$ 19,111
Gross sales	479	492	718	2,046	2,682
Redemptions	(660)	(595)	(607)	(2,932)	(2,546)
Net sales (redemptions)	(181)	(103)	111	(886)	136
Market appreciation (depreciation) of fund portfolios	$ 688	$ 217	$ (799)	$ 1,519	$ (534)
Mutual fund AUM (including retail pooled funds),[1] end of the period	$ 19,346	$ 18,839	$ 18,713	$ 19,346	$ 18,713
Average daily mutual fund AUM[1]	$ 19,015	$ 18,915	$ 18,958	$ 18,908	$ 19,060
Institutional, sub-advisory and ETF accounts AUM, beginning of period	$ 10,391	$ 11,712	$ 12,694	$ 12,475	$ 11,782
Net change in institutional, sub-advisory and ETF accounts, including market performance	364	(1,321)	(219)	(1,720)	693
Institutional, sub-advisory and ETF accounts AUM, end of the period	$ 10,755	$ 10,391	$ 12,475	$ 10,755	$ 12,475
Private client AUM	$ 6,100	$ 5,778	$ 5,513	$ 6,100	$ 5,513
Subtotal before private alternative AUM, end of the period	$ 36,201	$ 35,008	$ 36,701	$ 36,201	$ 36,701
Private alternative AUM[2]	$ 2,580	$ 2,413	$ 1,011	$ 2,580	$ 1,011
Total AUM, including private alternative AUM, end of the period	$ 38,781	$ 37,421	$ 37,712	$ 38,781	$ 37,712

[1] Mutual fund AUM includes retail AUM and institutional client AUM invested in customized series offered within mutual funds.
[2] Represents fee-earning committed and/or invested capital from AGF and external investors held through joint ventures. AGF's portion of this commitment is $208.8 million, of which $138.5 million has been funded as at November 30, 2019.

Consolidated Operating Results

(in millions of Canadian dollars, except per share data)	Three months ended November 30, 2019[1]	Three months ended August 31, 2019[1]	Three months ended November 30, 2018	Years ended November 30, 2019[1]	Years ended November 30, 2018
Income					
Management, advisory and administration fees[1,2]	$ 100.5	$ 95.5	$ 98.3	$ 386.1	$ 411.8
Deferred sales charges	1.9	1.8	1.6	7.2	6.5
Share of profit of associate and joint ventures[3]	7.9	5.9	7.7	24.9	25.1
Fair value adjustments and other income	4.2	4.2	0.9	18.5	6.8
	114.5	107.4	108.5	436.7	450.2
Expenses					
Selling, general and administrative[1]	45.4	47.3	48.8	189.2	208.1
Restructuring provision	–	–	–	14.4	5.2
Trailing commissions	29.9	30.6	30.1	120.7	127.0
Investment advisory fees	0.5	0.5	0.9	2.4	3.4
	75.8	78.4	79.8	326.7	343.7
EBITDA before commission from continuing operations[4]	38.7	29.0	28.7	110.0	106.5
Deferred selling commissions[1]	8.9	9.5	–	41.8	–
Amortization, derecognition and depreciation[1]	1.0	1.1	9.8	4.2	39.6
Interest expense[5]	1.3	1.5	1.7	6.7	4.4
Income before income taxes	27.5	16.9	17.2	57.3	62.5
Income tax expense (benefit)[6]	5.3	2.5	2.5	9.4	(10.5)
Income, net of tax	22.2	14.4	14.7	47.9	73.0
Income from discontinued operations, net of tax	–	–	0.4	–	0.4
Net income for the period	22.2	14.4	15.1	47.9	73.4
Net income attributable to:					
Equity owners of the Company	$ 22.2	$ 14.4	$ 15.1	$ 47.9	$ 74.3
Non-controlling interest	–	–	–	–	(0.9)
	22.2	14.4	15.1	47.9	73.4
Earnings per share attributable to equity owners of the Company					
Basic earnings per share					
Continuing operations	$ 0.28	$ 0.18	$ 0.19	$ 0.61	$ 0.94
Discontinued operations	–	–	–	–	–
	$ 0.28	$ 0.18	$ 0.19	$ 0.61	$ 0.94
Diluted earnings per share					
Continuing operations	$ 0.28	$ 0.18	$ 0.19	$ 0.60	$ 0.92
Discontinued operations	–	–	–	–	–
	$ 0.28	$ 0.18	$ 0.19	$ 0.60	$ 0.92

[1] Refer to Note 3 in the Consolidated Financial Statements for more information on the adoption of IFRS 15.
[2] Three months and year ended November 30, 2019 includes $4.1 million of one-time fund expense tax recovery.
[3] Three months and year ended November 30, 2019 includes $6.9 million of dividends recognized as income. Three months and year ended November 30, 2018 includes income of $1.5 million related to the Company's share of a one-time tax levy provision reversal related to S&WHL.
[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, a defined term under IFRS, are detailed above.
[5] Year ended November 30, 2018 includes $2.2 million reversal of interest expense related to the transfer pricing case.
[6] Year ended November 30, 2019 includes a $3.1 million tax benefit related to the restructuring provision. Year ended November 30, 2018 includes a reversal of tax provision related to the transfer pricing case of $21.9 million.

One-time Adjustments

(in millions of Canadian dollars, except per share data)	Three months ended November 30, 2019	Three months ended August 31, 2019	Three months ended November 30, 2018	Years ended November 30, 2019	Years ended November 30, 2018
EBITDA before commissions from continuing operations[1]	**$ 38.7**	$ 29.0	$ 28.7	**$ 110.0**	$ 106.5
Add (deduct):					
One-time fund expense tax recovery	**(4.1)**	–	–	**(4.1)**	–
One-time restructuring costs	**–**	–	–	**14.4**	5.2
One-time S&WHL tax levy reversal	**–**	–	(1.5)	**–**	(1.5)
Adjusted EBITDA before commissions from continuing operations[1]	**$ 34.6**	$ 29.0	$ 27.2	**$ 120.3**	$ 110.2
Net income from continuing operations attributable to equity owners of the Company	**$ 22.2**	$ 14.4	$ 14.7	**$ 47.9**	$ 73.9
Add (deduct):					
Adjustments to EBITDA before commissions from above	**(4.1)**	–	(1.5)	**10.3**	3.7
One-time interest expense recovery related to the transfer pricing case	**–**	–	–	**–**	(2.2)
One-time net recovery related to transfer pricing provision	**–**	–	–	**–**	(21.9)
Tax impact on the adjustments to EBITDA before commissions above	**1.1**	–	–	**(2.0)**	(1.4)
Adjusted net income from continuing operations attributable to equity owners of the company[1]	**$ 19.2**	$ 14.4	$ 13.2	**$ 56.2**	$ 52.1
Adjusted diluted EPS[1]	**$ 0.24**	$ 0.18	$ 0.17	**$ 0.71**	$ 0.64

[1] 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, a defined term under IFRS, are detailed above.

Adoption of IFRS 15 Revenue from Contracts with Customers

The Company has adopted IFRS 15 Revenue from Contracts with Customers, effective December 1, 2018. These changes were adopted in accordance with the application transitional provisions of the revised standard. Note 3 in the year ended November 30, 2019 Consolidated Financial Statements provides more information regarding the new accounting standard.

The following table shows the consolidated statement of net income for the years ended November 30, 2019 and November 30, 2018 under IFRS 15. The new accounting standard has no impact on the economics of our business. The implementation of IFRS 15 resulted in a change in timing of the recognition of deferred selling commission expense but had no effect on the cash flows of the Company.

Years ended (in millions of Canadian dollars, except per share data)	Nov. 30, 2019 IFRS 15	November 30, 2018 IAS 18	November 30, 2018 Adjustments	November 30, 2018 IFRS 15
Total income[1]	**$ 436.7**	$ 450.2	$ (12.2)	$ 438.0
Expenses				
Selling, general and administration[1]	**189.2**	208.1	(12.2)	195.9
Restructuring provision	**14.4**	5.2	–	5.2
Trailing commissions	**120.7**	127.0	–	127.0
Investment advisory fees	**2.4**	3.4	–	3.4
EBITDA before commissions from continuing operations	**110.0**	106.5	–	106.5
Deferred selling commissions	**41.8**	–	40.1	40.1
Amortization, derecognition and depreciation	**4.2**	39.6	(34.9)	4.7
Interest expense	**6.7**	4.4	–	4.4
Income before income taxes	**57.3**	**62.5**	**(5.2)**	**57.3**
Income tax expense (benefit)	**9.4**	(10.5)	(1.4)	(11.9)
Income from continuing operations, net of tax	**47.9**	73.0	(3.8)	69.2
Income from discontinued operations, net of tax	**–**	0.4	–	0.4
Net income for the year	**$ 47.9**	**$ 73.4**	**$ (3.8)**	**$ 69.6**
Add (deduct) one-time adjustments[2]	**8.3**	(21.8)	–	(21.8)
Adjusted net income for the year	**56.2**	**51.6**	**(3.8)**	**47.8**
Adjusted net income (loss) attributable to:				
Equity owners of the Company	**$ 56.2**	$ 52.5	$ (3.8)	$ 48.7
Non-controlling interest	**–**	(0.9)	–	(0.9)
	$ 56.2	$ 51.6	$ (3.8)	$ 47.8
Adjusted earnings per share attributable to equity owners of the company:				
Basic earnings per share				
Continuing operations	**$ 0.71**	$ 0.66	$ (0.05)	$ 0.61
Discontinued operations	**–**	–	–	–
	$ 0.71	$ 0.66	$ (0.05)	$ 0.61
Diluted earnings per share				
Continuing operations	**$ 0.71**	$ 0.64	$ (0.05)	$ 0.59
Discontinued operations	**–**	–	–	–
	$ 0.71	$ 0.64	$ (0.05)	$ 0.59

[1] Adjustment relates to fees waivers and expenses reimbursed to the funds or paid on the funds' behalf.
[2] Refer to 'One-time Adjustments' section above for more information.

Income

For the three months and year ended November 30, 2019, income increased by 5.5% and decreased by 3.0%, respectively, over the previous year, with changes in the categories as follows:

Management, Advisory and Administration Fees

Management, advisory and administration fees are directly related to our AUM levels. Administration fees prior to October 1, 2018 were related to the number of client accounts and transactions incurred. Management, advisory and administration fees are recognized on an accrual basis as the service is performed. For the three months and year ended November 30, 2019, management, advisory and administration fees were $100.5 million and $386.1 million, which include a one-time fund expense tax recovery of $4.1 million. Excluding the one-time tax recovery, management, advisory and administration fees were $96.4 million and $382.0 million, compared to $98.3 million and $411.8 million in 2018. Management fees for the three months and year ended November 30, 2019 include $0.9 million and $9.2 million in fee waivers and expenses reimbursed to the funds or paid on the funds' behalf, due to the adoption of IFRS 15 on December 1, 2018. Previously, these fee waivers were recognized in SG&A.

Management, advisory and administration fees increased by $2.2 million or 2.2% and decreased by $25.7 million or 6.2% for the three months and year ended November 30, 2019, compared to the same periods in 2018. Excluding the adoption of IFRS 15, management, advisory and administration fees decreased by $1.0 million and $20.6 million or 1.0% and 5.0% for the three months and year ended November 30, 2019, compared to the same periods in 2018.

A breakdown of the change is as follows:

(in millions of Canadian dollars)	Three months ended November 30, 2019	Year ended November 30, 2019
Decrease in management, advisory and administration fees before IFRS 15	$ (1.0)	$ (20.6)
Fee waivers – IFRS 15	(0.9)	(9.2)
One-time fund expense tax recovery	4.1	4.1
Total change in management, advisory and administration fees	$ 2.2	$ (25.7)

The following further explains management, advisory and administration fees changes in the three months and year ended November 30, 2019, compared to the same periods in the prior year:

- Management, advisory and administration fees decreased by $1.0 million and $20.6 million due to lower revenue rates resulting from a trend towards lower fee earning AUM, price reductions in 2018 and an expansion in the lowest fee series. Redemptions in sub-advisory and institutional AUM also resulted in a decrease in management, advisory and administration fees.
- As a result of the adoption of IFRS 15 on December 1, 2018, fee waivers and expenses reimbursed to the funds or paid on the funds' behalf that were previously recognized in SG&A are now recognized and classified as a reduction in management fee revenue.

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 was $1.9 million and $7.2 million for the three months and year ended November 30, 2019, compared to $1.6 million and $6.5 million for the same periods in 2018.

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.

On September 19, 2019, the Company confirmed a merger between S&WHL and Tilney to create one of the U.K.'s leading integrated wealth management and professional services groups with over £45 billion in assets under management. The Company accounted for its investment in S&WHL using the equity method through to September 18, 2019. Effective September 19, 2019, the investment in S&WHL was classified as 'held for sale' and equity accounting ceased. Dividends received subsequent to September 18, 2019 have been recorded as income. Foreign exchange revaluation on the carrying value of S&WHL has continued to be recorded through other comprehensive income.

Share of profit of associates and joint ventures was $7.9 million and $24.9 million for the three months and year ended November 30, 2019, compared to $7.7 million and $25.1 million during the same periods in 2018.

For the three months and year ended November 30, 2019, earnings from our 35.0% ownership in S&WHL increased 2.6% and decreased 0.8% to $7.8 million and $24.6 million, compared to $7.6 million and $24.8 million during the same periods in 2018. Earnings for the three months and year ended November 30, 2019 include $6.9 million of dividends received from S&WHL after the asset was classified as 'held for sale'. The three months and year ended November 30, 2018 includes $1.5 million in earnings related to the Company's share of a one-time tax levy provision reversal recorded by S&WHL.

For the three months and year ended November 30, 2019, earnings related to our ownership in the joint ventures that manage our infrastructure funds were $0.1 million and $0.3 million, compared to $0.1 million and $0.3 million during the same periods in 2018. 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, 2019	August 31, 2019	November 30, 2018	November 30, 2019	November 30, 2018
Share of profit of S&WHL[1]	**$ 7.8**	$ 5.8	$ 7.6	**$ 24.6**	$ 24.8
Share of profit of joint ventures[2]	**0.1**	0.1	0.1	**0.3**	0.3
	$ 7.9	$ 5.9	$ 7.7	**$ 24.9**	$ 25.1

[1] Equity earnings ceased on September 19, 2019 as a result of the sale of S&WHL. Three months and year ended November 30, 2019 include $6.9 million of dividends recognized as income. Three months and year ended November 30, 2018 include income of $1.5 million related to the Company's share of a one-time tax levy provision for S&WHL.

[2] 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 that are held as seed capital investments and fair value adjustments and distributions associated with our long-term investments. Long-term investments include investments in our private alternative business, which are accounted for at fair value through profit or loss. During the three months and year ended November 30, 2019, we recorded $2.6 million and $15.2 million (2018 – $1.0 million and $5.7 million) as fair value adjustments and income distributions related to our economic interest in the investments in our private alternative business. The amounts recorded as income fluctuate primarily with the amount of capital invested and changes in fair value.

(in millions of Canadian dollars)	Three months ended November 30, 2019	Three months ended August 31, 2019	Three months ended November 30, 2018	Years ended November 30, 2019	Years ended November 30, 2018
Fair value adjustment related to investment in AGF mutual funds	**$ 0.6**	$ 0.2	$ (0.5)	**$ 1.3**	$ (0.3)
Fair value adjustment and distributions related to long-term investments	**2.6**	3.9	1.0	**15.2**	5.7
Interest income[1]	**0.7**	0.2	0.2	**1.2**	2.0
Other	**0.3**	(0.1)	0.2	**0.8**	(0.6)
	$ 4.2	$ 4.2	$ 0.9	**$ 18.5**	$ 6.8

[1] Year ended November 30, 2018 includes $1.5 million of interest income related to a tax reassessment received related to the transfer pricing case.

Expenses

For the three months and year ended November 30, 2019, expenses decreased by 5.0% and 4.9% from the same periods in 2018. Changes in specific categories are described in the discussion that follows:

Selling, General and Administrative Expenses (SG&A)

SG&A decreased by $3.4 million or 7.0% and $18.9 million or 9.1% for the three months and year ended November 30, 2019, compared to the same periods in 2018. Excluding the adoption of IFRS 15, SG&A decreased by $0.4 million and $6.6 million or 0.8% and 3.4% for the three months and year ended November 30, 2019, compared to the same periods in 2018.

A breakdown of the decrease is as follows:

(in millions of Canadian dollars)	Three months ended November 30, 2019	Year ended November 30, 2019
Increase (decrease) in compensation expenses	$ 0.6	$ (2.2)
Increase in stock compensation expenses	0.8	1.2
Decrease in other expenses	(1.8)	(5.6)
SG&A decrease before IFRS 15	$ (0.4)	$ (6.6)
IFRS 15	(3.0)	(12.2)
Total decrease in SG&A	$ (3.4)	$ (18.8)

The following explains expense changes in the three months and year ended November 30, 2019, compared to the same periods in the prior year:

- Compensation increased by $0.6 million and decreased by $2.2 million. The increase in the three months ended November 30, 2019 was due to an increase in fair value related to long-term benefit and bonus plans. The decrease in the year ended November 30, 2019 was due to lower headcount attributed to cost reductions.
- Stock compensation increased by $0.8 million and $1.2 million due to the increase in the Company's share price.
- Other expenses decreased by $1.8 million and $5.6 million attributed to expense savings initiatives.
- As a result of the adoption of IFRS 15 on December 1, 2018, fee waivers and expenses reimbursed to the funds or paid on the funds' behalf that were previously recognized in SG&A are now recognized and classified as a reduction in management fee revenue.

Restructuring Provision

During the year ended November 30, 2019, the Company implemented a plan to achieve certain organizational and operational efficiencies, resulting in a restructuring charge of $14.4 million as compared to $5.2 million for the same period in 2018.

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 0.63% and 0.64% for the three months and year ended November 30, 2019, compared to 0.63% and 0.67% for the same periods in 2018. The decrease for the year ended November 30, 2019 is primarily attributable to the impact of a series mix change that occurred in the second half of 2018.

EBITDA Before Commissions and EBITDA Before Commissions Margin (Non-IFRS Measures)

The impact of the above revenue and expense items resulted in EBITDA before commissions of $38.7 million and $110.0 million for the three months and year ended November 30, 2019, compared to $28.7 million and $106.5 million for the same periods of 2018. Adjusted EBITDA before commissions was $34.6 million and $120.3 million for the three months and year ended November 30, 2019, compared to $27.2 million and $110.2 million for the same periods of 2018.

EBITDA before commissions margin was 33.8% and 25.2% for the three months and year ended November 30, 2019, compared to 26.5% and 23.7% in the corresponding periods in 2018. Adjusted EBITDA before commissions margin was 31.3% and 27.8% for the three months and year ended November 30, 2019, compared to 25.4% and 24.6% in the corresponding periods in 2018.

Deferred Selling Commissions

Effective December 1, 2018, following the adoption of IFRS 15, deferred selling commissions are expensed on an accrual basis. In previous periods, these selling commissions were capitalized and amortized on a straight-line basis over a period that corresponded with their applicable DSC schedule. For the three months and year ended November 30, 2019, deferred selling commissions expense was $8.9 million and $41.8 million (2018 – nil and nil). Note 3 in the year ended November 30, 2019 Consolidated Financial Statements provides more information regarding the new accounting standard. During the year ended November 30, 2019, deferred selling commissions increased $1.7 million compared to the prior year due to a higher proportion of DSC paying assets.

Amortization and Interest Expense

The category represents customer contracts, other intangible assets, property, equipment, and computer software and interest expense. Deferred selling commissions amortization previously represented the most significant category of amortization. We internally finance all selling commissions paid. Prior to December 1, 2018, these selling commissions were capitalized and amortized on a straight-line basis over a period that corresponded with the applicable DSC schedule. Effective December 1, 2018, following the adoption of IFRS 15, deferred selling commissions are now expensed immediately on an accrual basis. Comparative results were not restated. Note 3 in the year ended November 30, 2019 Consolidated Financial Statements provides more information regarding the new accounting standard.

Customer contracts amortization and derecognition decreased by $0.1 million and $0.4 million for the three months and year ended November 30, 2019, compared to the same periods in 2018, 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, 2019 and decreased $0.1 million for the year ended November 30, 2019, compared to the same periods in 2018, as a result of a lower carrying value.

Depreciation remained flat for the three months and year ended November 30, 2019, compared to the same periods in 2018.

Interest expense decreased by $0.4 million and increased by $2.3 million for the three months and year ended November 30, 2019, compared to the same periods in 2018. During the year ended November 30, 2018, a one-time reversal of $2.2 million in interest related to the transfer pricing case was recognized.

Income Tax Expense

Income tax expense for the three months and year ended November 30, 2019 was $5.3 million and $9.4 million, as compared to an expense of $2.5 million and a recovery of $10.5 million in the corresponding periods in 2018. The estimated effective tax rate for the year ended November 30, 2019 was an expense of 16.4% (2018 – recovery of 16.8%). During the year ended November 30, 2019, the company recorded a tax benefit of $3.1 million related to the restructuring provision. In the corresponding period in 2018, the Company recorded a tax contingencies recovery of $21.9 million with respect to the Canada Revenue Agency (CRA) transfer pricing audit. Excluding the restructuring provision and the related tax benefit of $3.1 million, the estimated effective tax rate for the year ended November 30, 2019 was 17.4% (2018 – 19.2%, excluding the transfer pricing tax contingencies and the tax effect of the related interest expense reversal).

The main items impacting the effective tax rate in the period relates to tax-exempt investment income, gains from investment subject to different tax rates and temporary differences for which no deferred tax assets were recognized.

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 an ongoing dispute with the 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 – Acquisition of Tax-related Benefits

In July 2015, the Company received a notice of reassessment (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 $9.0 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 $13.9 million (including interest and penalties). The amount 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.

(b) CRA Audit – Transfer Pricing

As previously disclosed in the 2017 and 2018 Annual Consolidated Financial Statements, the Company reached a settlement with the CRA and the applicable tax authority in the relevant foreign jurisdiction on the allocation of income for tax purposes between one of the Company's Canadian legal entities and a foreign subsidiary relating to the 2005 to 2016 taxation years.

In 2018, the issue was resolved when the Company received tax reassessments reflecting the settlements, including the waiver of the transfer pricing penalties, and resolved the uncertainties in implementing the settlements with the CRA. As a result, the Company received a net refund of $18.2 million and released $24.1 million from its transfer pricing provision (including $21.9 million in tax expense and $2.2 million in reversal of interest expense) and recorded $1.5 million in interest income during the year ended November 30, 2018.

The transfer pricing issue is resolved. During the year ended November 30, 2019, the Company received $2.6 million of refund (including $0.3 million of interest) from the CRA. The Company expects to receive a further refund of approximately $1.2 million from the CRA, which is netted in the current tax receivable on the consolidated statement of financial position.

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 $22.2 million and $47.9 million for the three months and year ended November 30, 2019, as compared to net income from continuing operations attributable to the equity owners of the company of $14.7 million and $73.9 million in the corresponding periods in 2018. Excluding one-time items, the net income from continuing operations attributable to the equity owners of the Company was $19.2 million and $56.2 million for the three months and year ended November 30, 2019, as compared to $13.2 million and $52.1 million for the same periods in the prior year. Refer to the 'One-time Adjustments' section of this MD&A for additional information about the one-time adjustments for the three months and years ended November 30, 2019 and 2018.

Earnings per Share

Diluted earnings per share from continuing operations was $0.28 and $0.60 per share for the three months and year ended November 30, 2019, as compared to earnings of $0.19 and $0.92 per share in the corresponding periods of 2018. Adjusted diluted earnings per share from continuing operations was $0.24 and $0.71 per share for the three months and year ended November 30, 2019, as compared to earnings of $0.17 and $0.64 per share in the corresponding periods of 2018.

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 expired on October 31, 2017. During the year ended November 30, 2018, the Company reversed a provision resulting in net income of $0.4 million for discontinued operations. As at November 30, 2018, the final amount of the provision was nil as there are no further obligations related to this put option.

Liquidity and Capital Resources

As at November 30, 2019, the Company had total cash and cash equivalents of $51.7 million (2018 – $46.8 million). Free cash flow generated, as defined in the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section of this MD&A, was $18.3 million and $52.8 million for the three months and year ended November 30, 2019, compared to $16.1 million and $41.4 million in the prior periods. During the year ended November 30, 2019, cash increased $4.9 million (2018 – $20.9 million) as follows:

(in millions of Canadian dollars) **Years ended November 30**	**2019**	2018
Net cash provided by operating activities less amounts received from CRA in relation to ongoing tax matters	**$ 65.1**	$ 39.8
Received from CRA in relation to transfer pricing settlement process and other tax contingency	**2.4**	17.9
Repurchase of shares under normal course issuer bid and purchase of treasury stock for employee benefit trust (EBT)	**(3.5)**	(10.7)
Dividends paid	**(24.9)**	(25.1)
Issuance of long-term debt	**18.5**	50.0
Interest paid	**(7.1)**	(6.2)
Purchase of long-term investments, net of return on capital	**(33.5)**	(29.4)
Purchase of investment in associate	**(14.8)**	–
Net proceeds from sale of short-term investments, including seed capital	**9.2**	(10.5)
Other	**(6.5)**	(4.9)
Change in cash and cash equivalents	**$ 4.9**	$ 20.9

The Company's working capital decreased $18.3 million for the year ended November 30, 2019.

Total long-term debt outstanding at November 30, 2019 was $207.3 million (2018 – $188.6 million). The Company's revolving credit facility has a maximum aggregate principal amount of $320.0 million and a $10.0 million swingline facility commitment. As at November 30, 2019, $116.4 million was available to be drawn from the revolving credit facility and swingline facility commitment. 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 private alternative asset management business 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, 2019. See also Notes 13 and 32 of the Consolidated Financial Statements.

(in millions of Canadian dollars)	Total	2020	2021	2022	2023	2024	Thereafter
Long-term debt	$ 208.5	$ –	$ 208.5	$ –	$ –	$ –	$ –
Operating leases	141.6	8.2	7.9	12.2	9.2	9.0	95.1
Purchase obligations	36.7	20.1	11.4	5.1	0.1	–	–
Total contractual obligations	$ 386.8	$ 28.3	$ 227.8	$ 17.3	$ 9.3	$ 9.0	$ 95.1

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 2019, we paid $120.7 million (2018 – $127.0 million) in trailing commissions.
- The Company has funded $138.5 million (November 30, 2018 – $105.0 million) in funds and investments associated with the private alternative business and has $70.3 million (November 30, 2018 – $34.5 million) remaining committed capital to be invested.

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, respectively.

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, 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, 2019 and 2018 were from the Funds. As at November 30, 2019, the Company had $14.3 million (2018 – $23.4 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, 2019 on behalf of the Funds were approximately $6.0 million as compared to $13.2 million for the prior year due to a one-time fund expense tax recovery of $4.1 million. Excluding the one-time fund expense tax recovery in 2019, the aggregate unitholder services cost absorbed and management and advisory fees waived by the Company was approximately $10.1 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 business.

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 Executive Management Committee for approval prior to seeking Board approval. AGF's Executive Management Committee consists of the Executive Chairman, Chief Executive Officer and Chief Investment Officer, President and Chief Administration Officer, Senior Vice-President and CFO, and Chief Operating Officer. Once approved by the Executive Management 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

An 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, 2019, the Company was in full compliance with the regulatory requirements.

Normal Course Issuer Bid

On February 4, 2019, AGF announced that the 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. 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 (EBT) 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. Shares purchased for the EBT are also purchased under the Company's NCIB and recorded as a reduction to capital stock. Under its NCIB, 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 6, 2019 and February 5, 2020, up to 5,980,078 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 6, 2018 and February 5, 2019, up to 6,124,051 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 and year ended November 30, 2019, AGF repurchased 596,890 and 596,890 (2018 – 611,000 and 996,400) Class B Non-Voting shares for cancellation for a total consideration of $3.5 million and $3.5 million (2018 – $3.4 million and $6.0 million) at an average price of $6.09 and $6.09 per share (2018 – $5.64 and $6.05).

During the three months and year ended November 30, 2019, AGF did not purchase Class B Non-Voting shares for the EBT. During the three months and year ended November 30, 2018, AGF purchased nil and 696,196 Class B Non-Voting shares for the EBT for a total consideration of nil and $4.7 million at an average price of nil and $6.70 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	2019[1]	2018	2017	2016	2015
Per share	$ 0.32	$ 0.32	$ 0.32	$ 0.32	$ 0.51

[1] Represents the total dividends paid in April 2019, July 2019, October 2019 and to be paid in January 2020.

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, 2019 was $0.08 per share.

On December 18, 2019, 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, 2019.

Outstanding Share Data

Set out below is our outstanding share data as at November 30, 2019 and 2018. For additional detail, see Notes 16 and 23 of the Consolidated Financial Statements.

November 30	2019	2018
Shares		
Class A Voting common shares	57,600	57,600
Class B Non-Voting shares	78,223,104	78,260,674
Stock Options		
Outstanding options	7,416,929	7,854,300
Exercisable options	4,657,693	4,359,690

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. Non-IFRS measures may not be comparable with similar measures presented by other companies.

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 and advisory fees directly related to AUM from our retail, institutional and private client lines of businesses,
- Fund administration fees, which effective October 1, 2018, are based on a fixed transfer agency administrative fee; prior to that date, fund administration fees were based on the number of client accounts and transactions incurred,
- DSC earned from investors when mutual fund securities sold on a DSC basis are redeemed,
- 35.0% equity interest in S&WHL, and
- General partnership interest and long-term investments in the private alternative asset management business.

EBITDA Before Commissions and Adjusted EBITDA Before Commissions

We define EBITDA before commissions as earnings before interest, taxes, depreciation, amortization and deferred selling commissions and adjusted EBITDA before commissions as EBITDA before commissions net of one-time provisions and adjustments. EBITDA before commissions is an alternative measure of performance utilized by management, investors and investment analysts to evaluate and analyze the Company's results. The measure has been introduced following the adoption of IFRS 15. EBITDA before commissions excludes all deferred selling commissions and is comparable with prior periods. This non-IFRS measure may not be directly comparable to similar measures used by other companies.

The following table outlines how our EBITDA before commissions measures are determined:

(in millions of Canadian dollars)	Three months ended November 30, 2019	Three months ended August 31, 2019	Three months ended November 30, 2018	Years ended November 30, 2019	Years ended November 30, 2018
Net income from continuing operations	$ 22.2	$ 14.4	$ 14.7	$ 47.9	$ 73.0
Adjustments:					
Deferred selling commissions	8.9	9.5	–	41.8	–
Amortization, derecognition and depreciation	1.0	1.1	9.8	4.2	39.6
Interest expense[1]	1.3	1.5	1.7	6.7	4.4
Income tax expense (benefit)[2,3]	5.3	2.5	2.5	9.4	(10.5)
EBITDA before commissions	$ 38.7	$ 29.0	$ 28.7	$ 110.0	$ 106.5
Other one-time adjustments:					
One-time fund expense tax recovery	$ (4.1)	$ –	$ –	$ (4.1)	$ –
One-time restructuring costs	–	–	–	14.4	5.2
One-time S&WHL tax levy reversal	–	–	(1.5)	–	(1.5)
Adjusted EBITDA before commissions	$ 34.6	$ 29.0	$ 27.2	$ 120.3	$ 110.2

[1] Year ended November 30, 2018 includes a $2.2 million interest recovery related to the transfer pricing case.
[2] Year ended November 30, 2019 includes a $3.1 million tax benefit related to the restructuring provision.
[3] Year ended November 30, 2018 includes $21.9 million provision release related to the transfer pricing case.

Free Cash Flow

Free cash flow represents cash available for distribution to our shareholders, share buybacks, investment in our alternative asset management business 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.

(in millions of Canadian dollars)	Three months ended November 30, 2019	Three months ended August 31, 2019	Three months ended November 30, 2018	Years ended November 30, 2019	Years ended November 30, 2018
Net income for the period	$ 22.2	$ 14.4	$ 15.1	$ 47.9	$ 73.4
Adjusted for non-cash items and non-cash working capital	4.1	7.4	8.7	19.6	(15.7)
Net cash provided by operating activities	$ 26.3	$ 21.8	$ 23.8	$ 67.5	$ 57.7
Adjusted for:					
Net changes in non-cash working capital balances related to operations	2.5	(5.9)	(4.3)	(9.8)	6.0
Taxes received related to transfer pricing audit and other tax contingencies	–	(2.4)	(0.1)	(2.4)	(17.9)
Interest paid	(1.8)	(1.7)	(1.9)	(7.1)	(6.2)
Prior years' cash taxes paid (refunded) and anticipated cash taxes to be refunded (paid) related to current year	(5.7)	(2.1)	(1.4)	(3.7)	1.8
Restructuring provision, net of anticipated cash tax to be refunded	–	–	–	11.3	–
Fund expense recovery, net of anticipated cash tax to be paid	(3.0)	–	–	(3.0)	–
Free cash flow	$ 18.3	$ 9.7	$ 16.1	$ 52.8	$ 41.4

EBITDA Before Commissions Margin

EBITDA before commissions margin provides useful information to management and investors as an indicator of our overall operating performance. We believe EBITDA before commissions margin is a valuable measure because it assesses the extent we are able to earn profit from each dollar of income. We define EBITDA before commissions margin as the ratio of EBITDA before commissions from continuing operations to income. Please see the EBITDA before commissions and Adjusted EBITDA before commissions section of this MD&A for a reconciliation between EBITDA before commissions and net income.

(in millions of Canadian dollars)	Three months ended November 30, 2019	Three months ended August 31, 2019	Three months ended November 30, 2018	Years ended November 30, 2019	Years ended November 30, 2018
EBITDA before commissions	$ 38.7	$ 29.0	$ 28.7	$ 110.0	$ 106.5
Divided by income	114.5	107.4	108.5	436.7	450.2
EBITDA before commissions margin	33.8%	27.0%	26.5%	25.2%	23.7%

Adjusted EBITDA Before Commissions Margin

We define adjusted EBITDA before commissions margin as the ratio of adjusted EBITDA before commissions from continuing operations to income. Please see the EBITDA before commissions and Adjusted EBITDA before commissions section of this MD&A for a reconciliation between adjusted EBITDA before commissions and net income.

	Three months ended			Years ended	
(in millions of Canadian dollars)	November 30, 2019	August 31, 2019	November 30, 2018	November 30, 2019	November 30, 2018
Adjusted EBITDA before commissions	**$ 34.6**	$ 29.0	$ 27.2	**$ 120.3**	$ 110.2
Divided by adjusted income	**110.4**	107.4	107.0	**432.6**	448.7
Adjusted EBITDA before commissions margin	**31.3%**	27.0%	25.4%	**27.8%**	24.6%

Net Debt to Adjusted EBITDA Before Commissions Ratio

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

	Three months ended			Years ended	
(in millions of Canadian dollars)	November 30, 2019	August 31, 2019	November 30, 2018	November 30, 2019	November 30, 2018
Net debt	**$ 155.6**	$ 130.8	$ 141.8	**$ 155.6**	$ 141.8
Divided by adjusted EBITDA before commissions (12-month trailing)	**120.1**	112.7	110.1	**120.1**	110.1
Net debt to adjusted EBITDA before commissions ratio	**129.6%**	116.1%	128.8%	**129.6%**	128.8%

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, private client relationships and alternative asset management business. 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)

Mutual fund gross sales and redemptions are monitored separately and the sum of these two amounts comprises mutual fund net sales (redemptions). Mutual fund net sales (redemptions), together with investment performance and fund expenses, determine the level of average daily mutual fund AUM, which is the basis on which management fees are charged. The average daily mutual fund AUM is equal to the aggregate average daily net asset value of the AGF mutual 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

The following standards and interpretations have been issued, but are not yet effective for the November 30, 2019 reporting periods and have not been early adopted by the Company.

IFRS 16 Leases:

IFRS 16 Leases (IFRS 16) was issued by the IASB in January 2016 and will replace prior guidance, including IAS 17 Leases and related interpretations. The new standard requires a lessee to recognize a right-of-use asset and a lease liability for all qualified lease contracts, effectively eliminating the concept of an operating lease from a lessee perspective. A lessee recognizes depreciation expense on the right-of-use asset and interest expense on the lease liability. IFRS 16 is effective for financial years commencing on or after January 1, 2019 and can be adopted using a full retrospective approach or a modified retrospective approach with several practical expedients available for election.

The Company will adopt the new standard on December 1, 2019 under the modified retrospective approach. Under this approach, the Company will recognize the cumulative effect of initial adoption in retained earnings and comparative figures will not be restated.

The Company will recognize a lease liability at the present value of the remaining lease payments discounted using the Company's incremental borrowing rate as at December 1, 2019. Right-of-use assets for property leases will be measured at their carrying value on transition as if IFRS 16 had been applied since the inception of the lease but discounted using the Company's incremental borrowing rate as at December 1, 2019. All other right-of-use assets will be measured at the amount of the lease liability on adoption.

The Company plans to elect the following practical expedients:

- Apply a single discount rate to a portfolio of assets that share the same characteristics.
- Use hindsight in areas for which the standard would otherwise require the lessee to reconstruct historical judgements and estimates.
- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application.
- Not recognize leases with a term of 12 months or less and with no purchase option.
- Not recognize leases of low value.

The Company will recognize right-of-use assets on transition of $15.8 million, and corresponding lease liabilities of $19.9 million, resulting in an increase in deferred income tax asset of $1.0 million and a net decrease to opening retained earnings of $3.1 million.

(in thousands of Canadian dollars)	Retained earnings
Balance at November 30, 2019, prior to application of IFRS 16	$ 398,559
Recognition of lease liabilities, net of recognition of right-of-use assets	(4,112)
Increase in deferred income tax asset	989
Total adjustments	(3,123)
Balance at December 1, 2019, subsequent to application of IFRS 16	$ 395,436

As a result of the application of IFRS 16, EBITDA before commission will increase, as the operating lease payments that were included in EBITDA will now be replaced by amortization of the right-of-use assets and interest on the lease liabilities.

Cash provided by operating activities will increase and financing activities cash flows will decrease, as lease payments move from an operating activity to a financing activity as repayment of the principal portion of the lease liabilities. Total cash flows remain unchanged.

The following table shows the estimated impact on the consolidated statement of net income for the year ended November 30, 2019, if IFRS 16 had been applied. The Company does not expect a material impact on net income as a result of adopting IFRS 16.

Year ended (in millions of Canadian dollars, except per share data)	November 30, 2019 IAS 17	Adjustments	November 30, 2019 IFRS 16
Total income	$ 436.7	$ –	$ 436.7
Expenses			
Selling, general and administration	189.2	(4.6)	184.6
Restructuring provision	14.4	–	14.4
Trailing commissions	120.7	–	120.7
Investment advisory fees	2.4	–	2.4
EBITDA before commissions from continuing operations	110.0	4.6	114.6
Deferred selling commissions	41.8	–	41.8
Amortization, derecognition and depreciation	4.2	3.3	7.5
Interest expense	6.7	0.7	7.4
Income before income taxes	57.3	**0.6**	**57.9**
Income tax expense	9.4	0.1	9.5
Net income for the year	$ 47.9	$ **0.5**	$ **48.4**
Add one-time adjustments	8.3	–	8.3
Adjusted net income for the year	56.2	**0.5**	**56.7**
Adjusted net income attributable to:			
Equity owners of the Company	$ 56.2	$ 0.5	$ 56.7
	$ 56.2	$ 0.5	$ 56.7
Adjusted earnings per share attributable to equity owners of the company:			
Basic earnings per share	$ 0.71	–	0.71
Diluted earnings per share	$ 0.71	$ –	$ 0.71

IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments:

The IASB issued IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments in June 2017. IFRIC 23 clarifies application of recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments, including whether an entity considers uncertain tax treatments separately; the assumptions an entity makes about the examination of tax treatments by taxation authorities; how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and how an entity considers changes in facts and circumstances. The interpretation is applicable for financial years commencing on or after January 1, 2019. The Company has determined there is no material impact on its consolidated financial statements.

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 costs 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's 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 10 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 23 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 31 of the Consolidated Financial Statements for further details.

(d) 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 29 of the Consolidated Financial Statements for further details.

In addition, 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.

Market Capitalization

AGF's market capitalization is $490.5 million as compared to its recorded net assets of $924.8 million as at November 30, 2019. During the year ended November 30, 2019, the company completed its annual impairment test on its goodwill and indefinite life intangibles. Based on the result of the assessment, the recoverable amount of each of AGF's cash-generating units (CGU) exceeded its carrying value as at November 30, 2019. 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, and an applicable control premium.

Risk Factors and Management of Risk

Risk is the responsibility of the Executive Management Committee. The Executive Management Committee is made up of the Executive Chairman; the Chief Executive Officer (CEO) and Chief Investment Officer (CIO); the Chief Financial Officer (CFO); the Chief Operating Officer; and the President and Chief Administration Officer. The Executive Chairman 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 the Executive Management Committee and the Board of Directors. Plans for addressing the key risks are developed by management and agreed to and monitored by the Executive Management Committee and the Internal Audit Department. Quarterly, the Internal Audit Department provides a status report on ERM to the Board of Directors.

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 Funds. 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. Using average balances for the year, the effect of a 5% change in the Canadian dollar in relation to underlying U.S. and international AUM held in the Funds would have resulted in a corresponding change of approximately $1.1 billion in AUM for the year ended November 30, 2019. In general, for every $1.0 billion reduction of AUM, management fee revenues would decline by approximately $11.4 million.

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, 2019, a 5% change in the value of the Canadian dollar versus the U.K. pound would have resulted in a change in other comprehensive income of $7.0 million.

With the recent volatility in the U.K. pound sterling to the Canadian dollar exchange rate, as well as the material size of the S&WHL sale mentioned in the 'Smith & Williamson Sale' section, management determined the best option to minimize the risk of foreign exchange loss on the transaction would be to purchase a put option. This gives the Company the right, but not the obligation, to sell £167.1 million at a strike price of 1.6130. The option had a premium of $5.8 million and expires on March 31, 2020.

Interest Rate Risk

The Company has exposure to the risk related to changes in interest rates on floating-rate debt and cash balances. 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 2019 would have resulted in a corresponding change of approximately $2.1 million in interest expense for the year ended November 30, 2019.

At November 30, 2019, approximately 18% of AGF's retail assets under management were held in fixed-income securities, which are exposed to interest rate risk. An increase in interest rates causes market prices of fixed-income securities to fall, while a decrease in interest rates causes market prices to rise. A 1% change in interest rates would have resulted in a corresponding change of approximately $0.7 million in revenue for the year ended November 30, 2019.

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 investments in investment funds managed by the Company, equity securities and long-term investments. As at November 30, 2019, the effect of a 10% decline or increase in the value of investments would have resulted in a $15.3 million pre-tax unrealized gain or loss in net income and a $0.1 impact on pre-tax unrealized gain or loss to other comprehensive income.

Political and Market Risk in Assets Under Management

AGF performance and assets under management are impacted by financial markets and political conditions, including any political change in the United States, Europe and abroad. Changes in these areas may result in significant volatility and decline in the global economy or specific international, regional and domestic financial markets, which are beyond the control of AGF. 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 $15.4 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	2019	2018
Domestic equity funds	17.9%	18.1%
U.S. and international equity funds	45.1%	45.1%
Domestic balanced funds	2.7%	3.0%
U.S. and international balanced funds	7.1%	6.1%
Domestic fixed-income funds	7.7%	6.6%
U.S. and international fixed-income funds	19.0%	20.5%
Domestic money market	0.5%	0.6%
	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 in the private alternative asset management business, 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, Sales and Redemption 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. Since this is a relative as well as an absolute measure, there is a risk that AGF may not perform as well as the market or its peers, or in line with our clients' expectations. A specific investment strategy 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. As well, significant redemptions could adversely affect investment fund returns by impacting market values and increasing transaction costs or taxable distributions. Continued significant redemptions could negatively impact the prospects and operating results of AGF.

Distribution Risk

Our retail AUM is obtained through third-party distribution channels including financial advisors and 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. Reduced access or the loss of key strategic partners could materially affect sales and revenue.

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.

Reputation Risk

Reputation risk is the risk of negative publicity regarding our business conduct or practices which, whether true or not, could significantly damage AGF's reputation, resulting in lost revenue, increased costs or destruction of shareholder value. Reputational risk could result from, among other things, operational errors, poor performance, unfavourable regulatory sanctions, litigation, cyber-attacks, or employee misconduct. While AGF mitigates this risk through a corporate-wide Code of Conduct policy, governance practices, risk-management programs, business continuity planning, a cybersecurity program and corporate policies, there can be no assurance that unauthorized or unsuccessful activities resulting in damage to AGF's reputation will not occur.

Industry Competition Risk

The level of competition in the industry is high, driven by factors including product variety, innovation, 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.

In addition, there are uncertainties involved in the introduction of new products and services, including technical requirements, operational controls and procedures, compliance with regulatory requirements, and shifting market preferences. The development and introduction of new products and services may require ongoing support and investment. A failure to manage the risks involved in the implementation of new products and services may lead to operational lapses, increased capital requirements, and competitive alternatives, which could adversely affect AGF's standing, market share or investment performance relative to its competitors and negatively impact the business, financial condition or operating results of AGF.

Regulatory and Legal Risk

AGF conducts its business in Canada, the United States 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.

On October 3, 2019, the Canadian Securities Administrators (the CSA) published final rule amendments (the Amendments) aimed at enhancing the client-registrant relationship, as set out in National Instrument 31-103 (*Registration Requirements, Exemptions and Ongoing Registrant Obligations*) – dubbed the "Client Focused Reforms". Among other things, the Amendments require registrants to promote the best interests of clients when addressing material conflicts of interest and to put clients' interests first when making suitability determinations. When implemented, the Amendments will also enhance registrants' obligations with respect to know-your-client (KYC), know-your-product (KYP) and disclosure obligations, and will require registrants to clarify for clients what they should expect from their registrants. The Amendments came into force on December 31, 2019, with a phased transition over a two-year period. The Executive Management Committee meets on a regular basis to assess potential impacts to, and opportunities for, AGF as a result of the Amendments.

On December 19, 2019, the CSA released CSA Staff Notice 81-332 *Next Steps on Proposals to Prohibit Certain Investment Fund Embedded Commissions*. All members of the CSA (other than Ontario) will publish final amendments in early 2020 to ban the payment of upfront sales commissions by fund organizations to dealers, and in so doing, discontinue sales charge options that involve such payments, such as all forms of the deferred sales charge option, including low-load options (the DSC Option). The Ontario Securities Commission will not be adopting final amendments to ban the DSC option. Further, all members of the CSA will publish final amendments later in 2020 to ban trailing commission payments by fund organizations to dealers who do not make a suitability determination, such as order-execution-only (OEO) dealers. The CSA anticipates that there will be a transition period of at least two years; more information will be included in the final amendments, when published.

As a long-standing participant in the Canadian financial services industry, the Company and its subsidiaries will continue to be an advocate for sound regulatory changes that are grounded in the needs of all investors. The Company strongly believes in upholding the value of advice, preserving investor choice, and limiting the negative effects of unintended consequences. While the impact of these regulatory initiatives still remains uncertain until they are effective, the Company and its subsidiaries will continue to monitor the implementation of these initiatives throughout the industry, and will actively participate in engagement with the regulators as necessary.

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 Risk

Strategic risk is the potential for negative impacts as a result of AGF's ability to execute its strategic plan or correctly identify strategic priorities. The key strategic risk is the risk that management fails to anticipate, and respond to, changes in the business environment, including product demand, regulatory changes and competition. AGF's performance is directly affected by the financial market and business conditions, including applicable laws. These are beyond the control of AGF; however, AGF's risk management process includes the ongoing review and assessment of industry and economic trends and changes. Strategies are then designed to effectively respond to any anticipated changes, including identifying acquisition opportunities, developing new business lines, introducing new products, and implementing cost control strategies.

In addition, 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, cyber and network 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

The Company 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, the Company (and each of its affiliates, subsidiaries and the Funds) are exposed to information technology events, through cybersecurity breaches, which could potentially have an adverse impact on their business. In general, a cybersecurity breach can result from either a deliberate attack or an unintentional event, and may arise from external or internal sources.

Cybersecurity breaches include, but are not limited to, unauthorized access to the Company's digital information systems (e.g., through 'hacking' or other malicious software code) for the purpose of misappropriating assets or sensitive information (e.g., personal securityholder information), corrupting data, equipment or systems, or causing operational disruption. Cybersecurity breaches could cause the Company or the Funds to be in violation of applicable privacy and other laws, and incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures or reimbursement, and/or financial loss. In addition, substantial costs may be incurred to prevent any cyber incidents in the future.

Cyber incidents affecting the Funds and/or their service providers (including, but not limited to, an AGF fund's portfolio manager, sub-advisor(s), transfer agent, and custodian) have the ability to interfere with the Funds' ability to calculate their net asset value, and impede trading, the ability of securityholders to transact business with the Funds, and the ability of the Funds to process transactions including redemptions. Similar adverse consequences could result from cyber incidents affecting the issuers of securities in which the Funds invest and counterparties with which the Funds engage in transactions.

While the Funds and the Company have established business continuity plans and risk management systems designed to prevent or reduce the impact of cybersecurity attacks, there are inherent limitations in such plans and systems due to the ever-changing nature of technology and cybersecurity attack tactics, and the possibility that certain risks have not been identified. Furthermore, although the Company has vendor oversight policies and procedures, it cannot control the cybersecurity plans and systems put in place by its service providers or any other third party whose operations may affect the Company, the Funds or their securityholders. As a result, the Company, the Funds and their securityholders could be negatively affected.

Environmental, Social and Governance Risk

Environmental, social and governance (ESG) risk is the risk that an ESG issue associated with a client, transaction, product, supplier, investment, joint venture, or activity may create a risk of loss of financial, operational, legal and/or reputational value to AGF. AGF Investments Inc. and InstarAGF Asset Management Inc. are each signatories to the United Nations Principles for Responsible Investment (PRI). Under the PRI, investors formally commit to incorporate ESG issues into their investment processes. AGF Investments Inc. and InstarAGF Asset Management Inc. regularly review their investment processes and underlying investments as they pertain to ESG issues.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, human interaction or external risks. AGF is exposed to a broad range of operational risk, including information technology and system failures, processing and execution errors, third-party service failures, business disruption, theft and fraud. Operational risks can result in significant financial loss, reputational damage or regulatory action.

AGF's business leaders are responsible for the management of the day-to-day operational risks. Operational risks related to people and processes are mitigated through internal policies and controls. Oversight of risks and the ongoing evaluation of effectiveness of controls are provided by AGF's Compliance and Internal Audit Departments. The Company has business continuity plans and vendor oversight policies in place to support the sustainment, management and recovery of critical operations and processes in the event of a business disruption.

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, 2019, 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, 2019, 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.

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, 2019, the Company's 2019 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.

Management's Responsibility for Financial Reporting

Toronto, January 21, 2020

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 International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

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.

Kevin McCreadie, CFA, MBA
Chief Executive Officer and Chief Investment Officer

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

Independent Auditor's Report

To the Shareholders of AGF Management Limited:

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of AGF Management Limited and its subsidiaries (together, the Company) as at November 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What We Have Audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at November 30, 2019 and 2018;
- the consolidated statements of income for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flow for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

Responsibilities of Management and Those Charged With Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Derek Hatoum.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
January 21, 2020

Consolidated Statement of Financial Position

(in thousands of Canadian dollars)

November 30	Note	2019	2018
Assets			
Current Assets			
Cash and cash equivalents		**$ 51,660**	$ 46,791
Investments	3, 4	**21,245**	28,912
Accounts receivable, prepaid expenses and other assets	5, 28	**45,502**	52,910
Derivative instrument	7	**4,787**	–
Income tax receivable	25, 31	**–**	415
		123,194	129,028
Investment in associate and joint ventures	5, 6	**2,626**	117,295
Long-term investments	5	**136,664**	105,377
Management contracts	10	**689,759**	689,759
Customer contracts, net of accumulated amortization and derecognition	10	**195**	675
Goodwill	10	**250,830**	250,830
Other intangibles, net of accumulated amortization and derecognition	10	**766**	863
Deferred selling commissions, net of accumulated amortization and derecognition	3, 10	**–**	96,085
Property, equipment and computer software, net of accumulated depreciation	11	**8,889**	11,012
Deferred income tax assets	14	**5,122**	1,646
Income tax receivable	25, 31	**13,919**	13,919
Other assets		**1,523**	1,192
		1,233,487	1,417,681
Assets classified as held for sale	5, 6	**146,812**	–
Total assets		**$ 1,380,299**	$ 1,417,681

Consolidated Statement of Financial Position

(in thousands of Canadian dollars)

November 30	Note	2019	2018
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	12, 23	**$ 80,651**	$ 73,317
Provision for Elements Advantage	15	**652**	948
Income tax liability	25, 31	**6,154**	–
		87,457	74,265
Long-term debt	13	**207,283**	188,605
Deferred income tax liabilities	14	**151,038**	173,371
Provision for Elements Advantage	15	**798**	721
Other long-term liabilities	23	**8,947**	8,296
Total liabilities		**455,523**	445,258
Equity			
Equity attributable to owners of the Company			
Capital stock	16	**474,178**	474,319
Contributed surplus	23	**40,781**	41,277
Retained earnings	3, 8, 9	**398,559**	447,060
Accumulated other comprehensive income	17	**11,258**	9,767
Total equity		**924,776**	972,423
Total liabilities and equity		**$ 1,380,299**	$ 1,417,681

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

Approved by the Board:

Kevin McCreadie, CFA, MBA
Director

Douglas L. Derry, FCPA, FCA
Director

Consolidated Statement of Income

(in thousands of Canadian dollars) Years ended November 30	Note	2019	2018
Income			
Management, advisory and administration fees	3, 18	$ 386,109	$ 411,822
Deferred sales charges		7,157	6,535
Share of profit of associate and joint ventures	5	24,935	25,092
Fair value adjustments and other income	5, 19	18,486	6,754
		436,687	450,203
Expenses			
Selling, general and administrative	3, 20	189,270	208,109
Restructuring provision	22	14,361	5,225
Trailing commissions		120,708	126,990
Investment advisory fees		2,353	3,442
Deferred selling commissions	3	41,761	–
Amortization and derecognition of deferred selling commissions	3, 10	–	34,921
Amortization and derecognition of customer contracts	10	480	845
Amortization and derecognition of other intangibles	10	97	222
Depreciation of property, equipment and computer software	11	3,663	3,616
Interest expense	24	6,777	4,332
		379,470	387,702
Income before income taxes		57,217	62,501
Income tax expense (benefit)			
Current	25	9,562	(13,513)
Deferred	3, 25	(203)	3,021
		9,359	(10,492)
Income from continuing operations, net of tax		47,858	72,993
Income from discontinued operations, net of tax	8	–	360
Net income for the year		$ 47,858	$ 73,353
Net income (loss) attributable to:			
Equity owners of the Company		$ 47,858	$ 74,284
Non-controlling interest	9	–	(931)
		$ 47,858	$ 73,353
Earnings per share for the year attributable to equity owners of the Company			
Basic earnings per share			
Continuing operations	26	$ 0.61	$ 0.94
Discontinued operations	26	–	–
		$ 0.61	$ 0.94
Diluted earnings per share			
Continuing operations	26	$ 0.60	$ 0.92
Discontinued operations	26	–	–
		$ 0.60	$ 0.92

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

Consolidated Statement of Comprehensive Income

(in thousands of Canadian dollars) Years ended November 30	Note	2019	2018
Net income for the year		$ 47,858	$ 73,353
Other comprehensive income (loss), net of tax			
Cumulative translation adjustment			
Other comprehensive income arising from assets classified as held for sale		8,350	–
Foreign currency translation adjustments related to net investments in foreign operations		(5,860)	(2,804)
		2,490	(2,804)
Net unrealized gains on investments			
Unrealized gains		63	495
		63	495
Net unrealized loss on derivative instrument			
Unrealized loss	7	(1,062)	–
		(1,062)	–
Total other comprehensive income (loss), net of tax		$ 1,491	$ (2,309)
Comprehensive income		$ 49,349	$ 71,044
Comprehensive income (loss) attributable to:			
Equity owners of the Company		$ 49,349	$ 71,975
Non-controlling interest		–	(931)
Net comprehensive income		$ 49,349	$ 71,044

Items presented in other comprehensive income (loss) will be reclassified to the consolidated statement of income (loss) in subsequent periods, with the exception of equity instruments classified as fair value through other comprehensive income.
(The accompanying notes are an integral part of these Consolidated Financial Statements.)

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, 2017	$ 478,883	$ 40,453	$ 405,345	$ 12,076	**$ 936,757**	$ (2,538)	**$ 934,219**
Net income (loss) for the year	–	–	74,284	–	**74,284**	(931)	**73,353**
Other comprehensive loss (net of tax)	–	–	–	(2,309)	**(2,309)**	–	**(2,309)**
Comprehensive income (loss) for the year	–	–	74,284	(2,309)	**71,975**	(931)	**71,044**
AGF Class B Non-Voting shares issued through dividend reinvestment plan	306	–	–	–	**306**	–	**306**
Stock options	1,948	1,104	–	–	**3,052**	–	**3,052**
AGF Class B Non-Voting shares repurchased for cancellation	(6,045)	–	19	–	**(6,026)**	–	**(6,026)**
Dividends on AGF Class A Voting common shares and AGF Class B Non-Voting shares, including tax of $0.3 million	–	–	(25,691)	–	**(25,691)**	–	**(25,691)**
Equity-settled Restricted Share Units and Partner Points, net of tax	–	(280)	–	–	**(280)**	–	**(280)**
Treasury stock purchased	(4,663)	–	–	–	**(4,663)**	–	**(4,663)**
Treasury stock released	3,890	–	–	–	**3,890**	–	**3,890**
Increase in ownership of subsidiary (Note 9)	–	–	(6,897)	–	**(6,897)**	3,469	**(3,428)**
Balance, November 30, 2018	**$ 474,319**	**$ 41,277**	**$ 447,060**	**$ 9,767**	**$ 972,423**	**$ –**	**$ 972,423**
Balance, November 30, 2018	$ 474,319	$ 41,277	$ 447,060	$ 9,767	**$ 972,423**	$ –	**$ 972,423**
Change in accounting policy (Note 3)							
IFRS 9	–	–	(321)	–	**(321)**	–	**(321)**
IFRS 15	–	–	(70,606)	–	**(70,606)**	–	**(70,606)**
Balance, December 1, 2018	474,319	41,277	376,133	9,767	**901,496**	–	**901,496**
Net income for the year	–	–	47,858	–	**47,858**	–	**47,858**
Other comprehensive income (net of tax)	–	–	–	1,491	**1,491**	–	**1,491**
Comprehensive income for the year	–	–	47,858	1,491	**49,349**	–	**49,349**
AGF Class B Non-Voting shares issued through dividend reinvestment plan	329	–	–	–	**329**	–	**329**
Stock options	757	582	–	–	**1,339**	–	**1,339**
AGF Class B Non-Voting shares repurchased for cancellation	(3,620)	–	111	–	**(3,509)**	–	**(3,509)**
Dividends on AGF Class A Voting common shares and AGF Class B Non-Voting shares, including tax of $0.3 million	–	–	(25,543)	–	**(25,543)**	–	**(25,543)**
Equity-settled Restricted Share Units and Partner Points, net of tax	–	(1,078)	–	–	**(1,078)**	–	**(1,078)**
Treasury stock released	2,393	–	–	–	**2,393**	–	**2,393**
Balance, November 30, 2019	**$ 474,178**	**$ 40,781**	**$ 398,559**	**$ 11,258**	**$ 924,776**	**$ –**	**$ 924,776**

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

Consolidated Statement of Cash Flow

(in thousands of Canadian dollars) **Years ended November 30**	Note	2019	2018
Operating Activities			
Net income for the year		**$ 47,858**	$ 73,353
Adjustments for			
Loss from discontinued operations	8	**–**	(360)
Amortization, derecognition and depreciation	3	**4,240**	39,604
Interest expense		**6,777**	4,332
Income tax expense (benefit)	25	**9,359**	(10,492)
Income taxes refunded (paid)		**(2,233)**	7,701
Stock-based compensation	23	**6,041**	4,839
Share of profit of associate and joint ventures	5	**(18,037)**	(25,092)
Distributions from associate	5	**2,798**	9,926
Deferred selling commissions paid	3, 10	**–**	(40,043)
Fair value adjustment on long-term investments	5	**2,166**	(626)
Net realized and unrealized gain (loss) on short-term investments		**(1,238)**	374
Other		**(79)**	190
		57,652	63,706
Net change in non-cash working capital balances related to operations			
Accounts receivable and other current assets		**7,151**	(5,625)
Other assets		**(330)**	(1,192)
Accounts payable and accrued liabilities		**3,576**	4,770
Other liabilities		**(574)**	(3,994)
		9,823	(6,041)
Net cash provided by operating activities		**67,475**	57,665
Financing Activities			
Repurchase of Class B Non-Voting shares for cancellation	16	**(3,509)**	(6,026)
Issue of Class B Non-Voting shares	16	**757**	1,948
Purchase of treasury stock	16	**–**	(4,663)
Dividends paid	27	**(24,874)**	(25,084)
Issuance of long-term debt	13	**18,500**	50,000
Interest paid		**(7,096)**	(6,172)
Net cash provided by (used in) financing activities		**(16,222)**	10,003
Investing Activities			
Increase in ownership interest in other investment	9	**–**	(3,325)
Purchase of long-term investments	5	**(60,114)**	(33,784)
Purchase of investment in associate	5	**(14,766)**	–
Return of capital from long-term investments	5	**26,661**	4,395
Purchase of property, equipment and computer software, net of disposals	11	**(1,540)**	(3,487)
Purchase of derivative instrument	7	**(5,849)**	–
Purchase of short-term investments	4	**(12,347)**	(18,933)
Proceeds from sale of short-term investments	4	**21,571**	8,415
Net cash used in investing activities		**(46,384)**	(46,719)
Increase in cash and cash equivalents		**4,869**	20,949
Balance of cash and cash equivalents, beginning of the year		**46,791**	25,842
Balance of cash and cash equivalents, end of the year		**$ 51,660**	$ 46,791

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

Notes to Consolidated Financial Statements

For the years ended November 30, 2019 and 2018

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, factor-based exchange-traded funds (ETF), institutions and corporations, as well as high-net-worth clients. The Company conducts the management and distribution of mutual funds and ETFs in Canada under the brand names AGF, Elements, and AGFiQ, (collectively, AGF Investments). The Company's wholly owned subsidiary AGF CustomerFirst Inc. (AGFC) provides fund administration services to the AGF mutual funds. The Company's private alternative business includes joint ventures with InstarAGF Asset Management Inc. (InstarAGF) and Stream Asset Financial Management LP (SAFM LP).

These consolidated financial statements were authorized for issue by the Board of Directors on January 21, 2020.

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 restated 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 Company has adopted the following new and revised standards, effective December 1, 2018. These changes were adopted in accordance with the application transitional provisions of each new or revised standard.

IFRS 9 Financial Instruments:

The Company has adopted IFRS 9 Financial Instruments (IFRS 9), which 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 an expected credit loss impairment model, which applies to all financial instruments and requires more timely recognition of expected credit losses.

Under IFRS 9, financial assets are classified as either fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) or amortized cost, and financial liabilities are categorized as either FVTPL or amortized cost. For financial liabilities designated as fair value through profit or loss, IFRS 9 requires the presentation of the effects of changes in the liability's credit risk in other comprehensive income instead of net income.

The application of IFRS 9 resulted in the following classification changes as of December 1, 2018:

- Certain equity instruments of $0.5 million previously classified as available for sale were designated as FVTOCI.
- Term deposits of $4.2 million previously classified as available for sale were reclassified to FVTPL.

The classification of all other assets and liabilities is consistent with previous classification under IAS 39. The changes in classification did not have an impact on the Company's consolidated financial statements. The application of the expected credit loss model did not have a material impact on the Company's consolidated financial statements.

The Company has elected not to restate its comparative financial information for the effect of applying IFRS 9, as permitted by the transitional provisions within IFRS 9. Under this approach, on December 1, 2018, the Company recognized transitional adjustments resulting in a reduction to retained earnings of $0.3 million related to S&WHL's adoption of IFRS 9, which resulted in an increased provision for expected credit losses. Prior year comparative information has been presented in accordance with the Company's previous accounting policy.

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.

The following is the new accounting policy under IFRS 9:

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 into the following categories depending on the entity's business model for management of the financial assets and the contractual terms of the cash flows.

i. **Fair Value through Profit or Loss**

   Financial instruments classified at FVTPL are recognized initially at fair value and are subsequently carried at fair value in the consolidated statements of financial position. Gains or losses 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. Equity instruments are classified as FVTPL unless the Company irrevocably elects at initial recognition to designate it as FVTOCI. Debt instruments are classified as FVTPL if the assets do not meet criteria for FVTOCI or amortized cost. Financial instruments classified as FVTPL include investments in AGF mutual funds, terms deposits and other certain investments.

ii. Fair Value through Other Comprehensive Income

Financial instruments classified at FVTOCI are initially recognized at fair value and are subsequently carried at fair value in the consolidated statements of financial position. Gains or losses in fair value are presented in the consolidated statement of comprehensive income under other comprehensive income. Transaction costs on FVTOCI financial instruments are added to the initial carrying value of the asset or liability.

For equity investments designated as FVTOCI, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of income following derecognition of the investment. Dividends are recognized in the consolidated statement of income as part of fair value adjustments and other income on the date they become legally receivable. Equity investments designated as FVTOCI include certain equity securities held for long-term investments.

Debt instruments are classified as FVTOCI if the assets are held for the collection of contractual cash flows and for selling the financial assets, where those cash flows represent solely payments of principal and interest. For debt investments classified as FVTOCI, the cumulative gain or loss previously recognized in OCI is reclassified to the consolidated statement of income upon derecognition and is included in fair value adjustments and other income. Interest income from these financial assets, calculated using the effective interest method, is recognized in the consolidated statement of income. The Company does not currently have any debt investments classified as FVTOCI.

iii. Amortized Cost

Financial instruments classified at amortized costs are initially recognized at the amount expected to be received, less, when material, a discount to reduce the asset balance to fair value. Subsequently, these assets are measured using the effective interest method less a provision for impairment. Financial assets are classified at amortized cost if the assets are held for the collection of contractual cash flows. Financial assets classified at amortized costs are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and include accounts receivable and other financial assets.

Financial liabilities at amortized cost include accounts payable and accrued liabilities, long-term debt, and other long-term liabilities. Accounts payable and accrued liabilities, long-term debt, 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.

IFRS 15 Revenue from Contracts with Customers:

The Company has adopted IFRS 15 Revenue from Contracts with Customers, which replaces prior guidance, including IAS 18 Revenue, which covers accounting for revenue arising from contracts with customers. 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.

IFRS 15 outlines various criteria for eligibility of capitalizing contract costs. Costs associated with obtaining a contract should be capitalized, while costs associated with the fulfillment of a contract should be expensed. The determination of whether the customer is the investment fund or the individual investor impacts whether costs are capitalized or expensed.

The Company has determined the investment fund is its customer when the Company receives the fee from the fund rather than the individual investor directly. As a result, deferred sales commissions (DSC commissions) paid to dealers or brokers on mutual fund securities do not qualify as an incremental cost of acquiring its fund contracts and should be expensed under IFRS 15. Previously, commissions paid on sales of deferred sales charge mutual funds were capitalized and amortized over the redemption period.

IFRS 15 specifies that consideration paid to customers is accounted for as part of the transaction price unless the payment is in exchange for a distinct good or service. The Company has determined certain fee waivers and expenses reimbursed to the funds or paid on the funds' behalf are within the scope of IFRS 15 and should be accounted for as part of the transaction price. As of December 1, 2018, these payments are now recognized and classified as a reduction in management, advisory and administration fees. Previously, these payments were recorded in selling, general and administration expenses.

The Company has elected not to restate its comparative financial information for the effect of applying IFRS 15, as permitted by the transitional provisions within IFRS 15. Under this approach, on December 1, 2018, the Company recognized transitional adjustments resulting in a reduction in retained earnings of $70.6 million related to the derecognition of previously recognized deferred sales commissions and the related deferred tax liability. Prior year comparative information has been presented in accordance with the Company's previous accounting policy.

The Company has assessed and determined that there are no other significant impacts resulting from the application of IFRS 15.

The following are the new accounting policies under IFRS 15:

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 multiplied by an agreed rate with the customer. Fees are recognized on an accrual basis as the service is performed. These fees are shown net of management fee rebates, fee waivers and expenses reimbursed to the funds or paid on the funds' behalf.

Effective October 1, 2018, administration fees are based on a fixed transfer agency administration fee and are based on the net asset value of the funds under management. Administration fees are recognized on an accrual basis as the service is performed. Prior to October 1, 2018, administration fees were directly related to the number of client accounts and transactions incurred.

Commissions

Fees paid to institutional consultants related to the referral and placement of clients where the fee is paid at the commencement of client onboarding are not dependent on future revenue streams, and where the Company receives a fee directly from the client are capitalized and amortized over their estimated useful lives, not exceeding a period of three years. All other commissions, including selling commissions paid to dealers or brokers on mutual fund securities sold on a deferred sales charge (DSC) basis, are recognized as an expense on an accrual basis.

Impact of Adopting IFRS 9 and 15:

The application of IFRS 9 and 15 as at December 1, 2018 resulted in the following changes to retained earnings:

(in thousands of Canadian dollars)		Retained earnings
Balance at November 30, 2018, prior to application of IFRS 9 and 15	$	447,060
Derecognition of deferred sales commissions, net of accumulated depreciation and derecognition		(96,085)
Decrease in deferred income tax liability		25,479
Decrease in investment in S&WHL		(321)
Total transitional adjustments		(70,927)
Balance at December 1, 2018, subsequent to application of IFRS 9 and 15	$	376,133

The following table shows the impact of IFRS 15 on the consolidated statement of net income for the year ended November 30, 2018. There is no impact on the consolidated financial statement of net income in relation to IFRS 9. These new accounting standards have no impact on the economics of our business. The implementation of IFRS 15 resulted in a change in timing of the recognition of commission expenses but had no effect on the cash flows of the Company.

Years ended (in thousands of Canadian dollars, except per share data)		Nov. 30, 2019 IFRS 15		IAS 18		Nov. 30, 2018 Adjustments		IFRS 15
Total income[1]	$	436,687	$	450,203	$	(12,210)	$	437,993
Expenses								
Selling, general and administration[1]		189,270		208,109		(12,210)		195,899
Restructuring provision		14,361		5,225		–		5,225
Trailing commissions		120,708		126,990		–		126,990
Investment advisory fees		2,353		3,442		–		3,442
Deferred selling commissions		41,761		–		40,043		40,043
Amortization, derecognition and depreciation		4,240		39,604		(34,921)		4,683
Interest expense		6,777		4,332		–		4,332
Total expenses		379,470		387,702		(7,088)		380,614
Income before income taxes		57,217		62,501		(5,122)		57,379
Income tax expense (benefit)		9,359		(10,492)		(1,357)		(11,849)
Income from continuing operations, net of tax		47,858		72,993		(3,765)		69,228
Income from discontinued operations, net of tax		–		360		–		360
Net income for the year	$	47,858	$	73,353	$	(3,765)	$	69,588
Net income (loss) attributable to:								
Equity owners of the Company	$	47,858	$	74,284	$	(3,765)	$	70,519
Non-controlling interest		–		(931)		–		(931)
	$	47,858	$	73,353	$	(3,765)	$	69,588
Earnings per share attributable to equity owners of the company:								
Basic earnings per share								
Continuing operations	$	0.61	$	0.94	$	(0.05)	$	0.89
Discontinued operations		–		–		–		–
	$	0.61	$	0.94	$	(0.05)	$	0.89
Diluted earnings per share								
Continuing operations	$	0.60	$	0.92	$	(0.05)	$	0.87
Discontinued operations		–		–		–		–
	$	0.60	$	0.92	$	(0.05)	$	0.87

[1] Adjustment relates to fees waivers and fund reimbursements.

The application of IFRS 9 and 15 has not resulted in any changes to the consolidated statement of comprehensive income or cash flow.

IFRS 2 Share-based Payment:

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 Company has determined there is no material impact on its consolidated financial statements.

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 3.13 and Note 23 for additional information.

The principal subsidiaries and consolidated structured entities of AGF as at November 30, 2019 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%

continued on next page

	Principal activity	Country of incorporation	Interest held
AGF Investments Inc.	Investment management	Canada	100%
AGF Securities (Canada) Limited	Securities dealer	Canada	100%
Cypress Capital Management Limited (Cypress)	Investment management	Canada	100%
Doherty & Associates Limited (Doherty)	Investment management	Canada	100%
Employee Benefit Plan Trust	Trust	Canada	100%
AGF Investments LLC	Investment management	United States	100%
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.

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 after initially being recognized at cost. 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.

Additionally, the Company has determined that interests it holds in the mutual 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 United States. At November 30, 2019, the carrying amount of the Company's interests in investment funds that it manages was $16.4 million (2018 – $23.9 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 $1.3 million in income for the year ended November 30, 2019 (2018 – $0.3 million in charges). Refer to Note 4 for additional information about the Company's investments in funds that it manages.

The associate and joint ventures of AGF as at November 30, 2019 are as follows:

	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	35.0%
InstarAGF Asset Management Inc. (InstarAGF)	Joint venture	Asset manager – alternative/infrastructure	Canada	50.1%
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 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.

On September 19, 2019, the Company confirmed a merger between S&WHL and Tilney Group (Tilney). Effective September 19, 2019, the long-term investment in S&WHL was classified as 'held for sale' and equity accounting ceased. Refer to Note 6 for additional information regarding the merger.

(c) Long-term Investments

Long-term investments are accounted for at fair value through profit or loss, which is consistent with the Company's accounting for investments in the mutual funds it manages. Refer to Note 5 for additional information about the Company's interests in long-term investments.

The associate and joint ventures of AGF as at November 30, 2019 are as follows:

	Investment type	Nature of activities	Country of incorporation	Interest held
InstarAGF Essential Infrastructure Fund LP I (EIF)	Long-term investment	Limited partnership – investment entity	Canada	13.5%
InstarAGF Essential Infrastructure Fund LP II (EIF II)	Long-term investment	Limited partnership – investment entity	Canada	5.3%
Stream Asset Financial LP (Stream)	Long-term investment	Limited partnership – investment entity	Canada	25.1%
SAF Jackson LP (SAF Jackson)	Long-term investment	Limited partnership – investment entity	Canada	15.5%

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.

(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.

(c) Group of Companies

The financial statements of entities that have a functional currency different from that of AGF Management Limited (foreign entities) 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.

3.5 Assets Under Management (AUM)

The Company, through its investments in subsidiaries, 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 $38.8 billion as at November 30, 2019 (2018 – $37.7 billion).

3.6 Cash and Cash Equivalents

Cash represents highly liquid temporary deposits, while cash equivalents consist 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 Derivative Instruments

Derivative instruments are used to manage the Company's exposure to foreign currency 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 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 IFRS 9, to qualify for hedge accounting three requirements must be met. These requirements are economic relationship, effect of credit risk, and hedge ratio. At the inception of the hedging relationship, there must be a formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.

If hedge accounting is applied, the effective portion of the change in fair value of the hedging instrument will be recognized in other comprehensive income (OCI). Any ineffective portion of fair value is recognized immediately in the consolidated statement of income. When a hedging instrument matures or no longer meets the criteria for hedge accounting, the amount that has been recorded in the OCI will be reclassified to the consolidated statement of income. When a forecast transaction is no longer expected to occur, the amount that has been recorded in OCI is immediately transferred to the consolidated statement of income.

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.

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 two to seven years
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 contractual 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 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, 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, joint ventures, and associates, except, in the case of subsidiaries, joint ventures, 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 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. All RSUs shall 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 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.

The Company has an Employee Benefit Trust (EBT), which acquires Class B Non-Voting shares of the Company in the open market, net of tax, to be delivered to employees upon vesting of their RSUs. Pursuant to the plan, the employees of AGF's Canadian subsidiaries will not have an option to receive cash settlement for their RSUs. 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 receive cash settlements 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 at the vesting date 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 and 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, at the option of AGF, the Company will redeem all of the participants' DSUs in cash or shares equal to the value of one Class B Non-Voting share at the termination date for each DSU.

The Company has an incentive program for the investment team that provides compensation based on the performance of the designated AUM managed by the employee. The total compensation pool for this plan is determined by the total team's AUM multiplied by the applicable basis points. Upon grant, the employees will select RSUs or investment in any of AGF's mutual fund products. The compensation expense and the related liability are expensed over the vesting period based on the marked to market value of the AUM. Each plan fully vests on the third anniversary of the grant date. Upon vesting, the award is settled in cash.

(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) Other Plans

The Company has a Unit Appreciation Rights (UAR) plan for certain employees of Doherty. The Company has a Long-term Incentive plan for certain employees of Cypress. The purpose of these plans 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 plans provide 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's earnings before interest, taxes, depreciation and amortization (EBITDA) and Cypress's net revenue. Obligations related to the plans are recorded under accounts payable and accrued liabilities on the consolidated statement of financial position.

3.14 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 income tax.

3.15 Dividends

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

3.16 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.

3.17 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 costs to sell (FVLCTS) and its value in use (VIU). 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 10 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 23 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 31 for further details.

(d) 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 29 for further details.

In addition, 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.

3.18 Accounting Standards Issued but Not Yet Applied

The following standards and interpretations have been issued but are not yet effective for the November 30, 2019 reporting periods and have not been early adopted by the Company.

IFRS 16 Leases:

IIFRS 16 Leases (IFRS 16) was issued by the IASB in January 2016 and will replace prior guidance, including IAS 17 Leases and related interpretations. The new standard requires a lessee to recognize a right-of-use asset and a lease liability for all qualified lease contracts, effectively eliminating the concept of an operating lease from a lessee perspective. A lessee recognizes depreciation expense on the right-of-use asset and interest expense on the lease liability. IFRS 16 is effective for financial years commencing on or after January 1, 2019 and can be adopted using a full retrospective approach or a modified retrospective approach with several practical expedients available for election.

The Company will adopt the new standard on December 1, 2019 under the modified retrospective approach. Under this approach, the Company will recognize the cumulative effect of initial adoption in retained earnings and comparative figures will not be restated.

The Company will recognize a lease liability at the present value of the remaining lease payments discounted using the Company's incremental borrowing rate as at December 1, 2019. Right-of-use assets for property leases will be measured at their carrying value on transition as if IFRS 16 had been applied since the inception of the lease but discounted using the Company's incremental borrowing rate as at December 1, 2019. All other right-of-use assets will be measured at the amount of the lease liability on adoption.

The Company plans to elect the following practical expedients:

- Apply a single discount rate to a portfolio of assets that share the same characteristics.
- Use hindsight in areas for which the standard would otherwise require the lessee to reconstruct historical judgements and estimates.
- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application.
- Not recognize leases with a term of 12 months or less and with no purchase option.
- Not recognize leases of low value

The Company will recognize right-of-use assets on transition of $15.8 million, and corresponding lease liabilities of $19.9 million, resulting in an increase in deferred income tax asset of $1.0 million and a net decrease to opening retained earnings of $3.1 million.

(in thousands of Canadian dollars)	Retained earnings
Balance at November 30, 2019, prior to application of IFRS 16	$ 398,559
Recognition of lease liabilities, net of recognition of right-of-use assets	(4,112)
Increase in deferred income tax asset	989
Total adjustments	(3,123)
Balance at December 1, 2019, subsequent to application of IFRS 16	$ 395,436

Cash provided by operating activities will increase and financing activities cash flows will decrease, as lease payments move from an operating activity to a financing activity as repayment of the principal portion of the lease liabilities. Total cash flows remain unchanged.

The following table shows the estimated impact on the consolidated statement of net income for the year ended November 30, 2019, if IFRS 16 had been applied. The Company does not expect a material impact on net income as a result of adopting IFRS 16.

Year ended (in thousands of Canadian dollars, except per share data)	Nov. 30, 2019 IAS 17	November 30, 2019 Adjustments	 IFRS 16
Total income	$ 436,687	$ –	$ 436,687
Expenses			
Selling, general and administration	189,270	(4,665)	184,605
Restructuring provision	14,361	–	14,361
Trailing commissions	120,708	–	120,708
Investment advisory fees	2,353	–	2,353
Deferred selling commissions	41,761	–	41,761
Amortization, derecognition and depreciation	4,240	3,347	7,587
Interest expense	6,777	670	7,447
Total expenses	379,470	(648)	378,822
Income before income taxes	57,217	**648**	**57,865**
Income tax expense	9,359	135	9,494
Net income for the year	$ 47,858	$ **513**	$ **48,371**
Earnings per share attributable to equity owners of the company:			
Basic earnings per share	$ 0.61	$ –	$ 0.61
Diluted earnings per share	$ 0.60	$ –	$ 0.60

IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments:

The IASB issued IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments in June 2017. IFRIC 23 clarifies application of recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments, including whether an entity considers uncertain tax treatments separately; the assumptions an entity makes about the examination of tax treatments by taxation authorities; how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and how an entity considers changes in facts and circumstances. The interpretation is applicable for financial years commencing on or after January 1, 2019. The Company has determined there is no material impact on its consolidated financial statements.

Note 4: Investments

The following table presents a breakdown of investments:

(in thousands of Canadian dollars) **November 30**	2019	2018
Fair value through profit or loss		
AGF mutual funds and other	$ 16,356	$ 23,912
Term deposits	4,045	N/A
	20,401	23,912
Fair value through other comprehensive income		
Equity securities	536	N/A
Amortized cost (previously loans and receivables)		
Canadian government debt – Federal	308	308
Available for sale		
Equity securities and term deposits	N/A	4,692
	$ 21,245	$ 28,912

During the years ended November 30, 2019 and 2018, no impairment charges were recognized.

The continuity of investments for the years ended November 30, 2019 and 2018 is as follows:

(in thousands of Canadian dollars) **Years ended November 30**	2019	2018
Balance, beginning of the year	$ 28,912	$ 18,551
Additions	12,347	18,933
Disposals	(21,571)	(8,415)
Net realized and unrealized gains (losses) on investments classified as FVTPL	1,253	(288)
Reinvested dividends and interest	245	74
Net unrealized and realized gains on investments at fair value through other comprehensive income	59	N/A
Net unrealized and realized gains on investments classified as available for sale	N/A	57
Balance, end of the year	$ 21,245	$ 28,912

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

(a) Investment in Associate

The Company holds a 35.0% investment in S&WHL accounted for using the equity method through to September 18, 2019. Effective September 19, 2019, the long-term investment in S&WHL was classified as 'held for sale' and equity accounting ceased. Refer to Note 6 for further clarification. During the year ended November 30, 2019, the Company purchased an additional 1,175,105 shares of S&WHL for cash consideration of $14.8 million (£9.0 million).

The continuity for the investment in S&WHL for the years ended November 30, 2019 and 2018 is as follows:

(in thousands of Canadian dollars) **Years ended November 30**	**2019**	**2018**
Balance, beginning of the year	$ **114,970**	$ 102,651
IFRS 9 transitional adjustment	**(321)**	–
Balance, beginning of the year, adjusted for IFRS 9	$ **114,649**	102,651
Share of profit[1]	**17,737**	24,758
Foreign exchange differences	**2,449**	(2,959)
Dividends received	**(2,799)**	(9,926)
Share of other comprehensive income	**10**	446
Additional shares purchased	**14,766**	–
Balance, end of the year	$ **146,812**	$ 114,970

[1] Year ended November 30, 2018 includes $1.5 million of one-time tax levy provision reversal.

For the year ended November 30, 2019, the Company recorded $24.6 million of share of profit of associate, which included $17.7 million of equity earnings and $6.9 million of dividends received after the long-term investment was classified as 'held for sale'. Upon classification as 'held for sale', dividends received are recorded as income and do not reduce the carrying value of the investment.

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

(in thousands of Canadian dollars) **October 31[1]**	**2019**	**2018**
Statement of financial position		
Current assets	$ **2,739,249**	$ 2,538,962
Non-current assets	**301,831**	228,519
Current liabilities	**2,446,754**	2,284,327
Non-current liabilities	**34,424**	1,860

[1] November 30 information not available.

(in thousands of Canadian dollars) **Years ended November 30**	**2019**	**2018**
Statement of comprehensive income		
Revenue	$ **497,344**	$ 471,126
Expenses	**432,649**	401,788
Net earnings after tax	**64,694**	69,338

(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, 2019 and 2018 is as follows:

(in thousands of Canadian dollars) **Years ended November 30**	**2019**	**2018**
Balance, beginning of the year	$ **2,325**	$ 1,991
Share of profit	**301**	334
Balance, end of the year	$ **2,626**	$ 2,325

The Company, through its interest in joint ventures, may be entitled to performance-based fees or carried interest distributions. These amounts are recognized by the Company and its joint ventures when the related performance thresholds are met and when the risk of reversal is low.

The Company holds a 37.0% interest in SAFM LP. For the year ended November 30, 2019, the Company recognized earnings of $0.3 million (2018 – $0.3 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, 2019, the Company accumulated unrecognized losses of $0.1 million (2018 – $1.1 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, 2019, the Company had recorded a receivable of $4.5 million (2018 – $4.6 million), included in accounts receivable, prepaid expenses and other assets on the consolidated statement of financial position.

As at November 30, 2019, the Company had recorded a $0.6 million promissory note receivable from Instar (2018 – $0.7 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

Fair value adjustments and income distributions related to the Company's long-term investments in private alternatives are included in fair value adjustments and other income in the consolidated statement of income.

The continuity for the Company's long-term investment, accounted for at fair value through profit or loss (FVTPL), for the years ended November 30, 2019 and 2018 is as follows:

(in thousands of Canadian dollars) **Years ended November 30**	**2019**	**2018**
Balance, beginning of the year	$ **105,377**	$ 75,362
Purchase of long-term investments	**60,114**	33,784
Return of capital	**(26,661)**	(4,395)
Fair value adjustment[1]	**(2,166)**	626
Balance, end of the year	$ **136,664**	$ 105,377

[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.

As at November 30, 2019, the Company has funded $138.5 million (November 30, 2018 – $105.0 million) in funds and investments associated with the private alternative business and has $70.3 million (November 30, 2018 – $34.5 million) remaining committed capital to be invested. 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.

During the year ended November 30, 2019, the Company recognized $15.2 million (2018 – $5.7 million) in fair value adjustments and distributions related to its long-term investments.

As at November 30, 2019, the carrying value of the Company's long-term investments in the private alternative asset management business was $136.7 million (2018 – $105.1 million).

Note 6: Assets Classified as Held for Sale

On September 19, 2019, the Company confirmed a merger between S&WHL and Tilney. The investment in S&WHL was accounted for using the equity method through to September 18, 2019. Effective September 19, 2019, the long-term investment in S&WHL was classified as 'held for sale' and equity accounting ceased. Assets classified as 'held for sale' are measured at the lower of their carrying amount and fair value less costs to sell. Dividends received when S&WHL is classified as held for sale are recorded as income and foreign exchange revaluation on the carrying value of S&WHL is recorded through other comprehensive income. As at November 30, 2019, the carrying value of the investment in S&WHL was $146.8 million (2018 – $115.0 million).

Based on the terms of the arrangement, the Company estimates that the transaction will result in total cash and equity proceeds of approximately £193.2 million (approximately C$331.8 million[1]), excluding one-time expenses and subject to closing adjustments. Prior to closing, AGF is expected to receive a special cash distribution estimated to be £19.8 million (approximately C$34.0 million[1]). At closing, the Company will receive cash proceeds of £147.4 million (approximately C$253.1 million[1]) and retain approximately 2.3% interest in the newly combined entity. The transaction is subject to regulatory approvals. On January 20, 2020, the Company announced that the Financial Conduct Authority (FCA) informed Tilney Group that the proposed transaction structure for the merger of Smith & Williamson and Tilney Group has not met with its approval. Discussions with the FCA are ongoing to determine the required steps forward. It is anticipated that the completion of the transaction, which remains subject to regulatory approval, may be delayed.

Note 7: Derivative Instrument

To reduce the Company's foreign exchange risk on the transaction value of the sale of S&WHL from the time of announcement until closing, the Company purchased a put option, which gives the Company the right, but not the obligation to sell £167.1 million at a strike price of 1.6130. The put option protects AGF's cash consideration if the British pound declines below 1.6130 and expires March 31, 2020.

The foreign currency put option is designated as a cash flow hedging instrument. The Company paid a premium of $5.8 million for the put option which is recorded in current assets and will be netted against the gain on S&WHL upon closing. In the event the sale of S&WHL does not occur, the premium will be recognized in the statement of income. Changes in the fair value of the option is recognized in other comprehensive income and any ineffective portion of fair value is recognized in the statement of income. Any accumulated gains or losses recorded in other comprehensive income will be reclassified to the statement of income in the same period during which the consideration is received or at expiration of the put option. During the year ended November 30, 2019, the fair value adjustment on the put option was an unrealized loss of $1.1 million, which has been recognized in other comprehensive income.

[1] Canadian dollar figure assumes an exchange rate of 1.7172 as at November 30, 2019.

Note 8: 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 expired on October 31, 2017 and during the year ended November 30, 2018, the Company reversed a provision resulting in net income of $0.4 million for discontinued operations. As at November 30, 2018, the final amount of the provision was nil as there are no further obligations related to this put option.

Note 9: Acquisition of AGF Investments LLC (formerly FFCM, LLC)

During the year ended November 30, 2018, the Company increased its ownership interest in AGF Investments LLC from 51% to 100% for a cash purchase price of $3.3 million. The payment was recorded as a reduction to non-controlling interest and retained earnings as this transactions was between equity owners.

Note 10: Intangible Assets

(in thousands of Canadian dollars)	Management contracts	Customer contracts	Goodwill	Other intangibles	Deferred selling commissions	Total
At December 1, 2017						
Cost, net of derecognition and impairment	$ 689,759	$ 32,035	$ 250,830	$ 21,730	$ 230,280	$ 1,224,634
Less: fully amortized assets	–	(10,509)	–	–	(34,587)	(45,096)
	689,759	21,526	250,830	21,730	195,693	1,179,538
Accumulated amortization	–	(30,515)	–	(20,645)	(139,317)	(190,477)
Less: fully amortized assets	–	10,509	–	–	34,587	45,096
	–	(20,006)	–	(20,645)	(104,730)	(145,381)
Net book amount	$ 689,759	$ 1,520	$ 250,830	$ 1,085	$ 90,963	$ 1,034,157
Year ended November 30, 2018						
Opening net book amount	$ 689,759	$ 1,520	$ 250,830	$ 1,085	$ 90,963	$ 1,034,157
Additions	–	–	–	–	40,043	40,043
Derecognition	–	(116)	–	(166)	(8,698)	(8,980)
Amortization	–	(729)	–	(56)	(26,223)	(27,008)
Closing net book amount	$ 689,759	$ 675	$ 250,830	$ 863	$ 96,085	$ 1,038,212
At November 30, 2018						
Cost, net of derecognition and impairment	$ 689,759	$ 21,410	$ 250,830	$ 21,564	$ 227,038	$ 1,210,601
Less: fully amortized assets	–	(1,516)	–	(17,018)	(31,597)	(50,131)
	689,759	19,894	250,830	4,546	195,441	1,160,470
Accumulated amortization	–	(20,735)	–	(20,701)	(130,953)	(172,389)
Less: fully amortized assets	–	1,516	–	17,018	31,597	50,131
	–	(19,219)	–	(3,683)	(99,356)	(122,258)
Net book amount	$ 689,759	$ 675	$ 250,830	$ 863	$ 96,085	$ 1,038,212
Year ended November 30, 2019						
Opening net book amount	**$ 689,759**	**$ 675**	**$ 250,830**	**$ 863**	**$ 96,085**	**$ 1,038,212**
Additions	**–**	**–**	**–**	**–**	**–**	**–**
IFRS 15 transitional adjustment (Note 3)	**–**	**–**	**–**	**–**	**(96,085)**	**(96,085)**
Derecognition	**–**	**–**	**–**	**–**	**–**	**–**
Amortization	**–**	**(480)**	**–**	**(97)**	**–**	**(577)**
Closing net book amount	**$ 689,759**	**$ 195**	**$ 250,830**	**$ 766**	**$ –**	**$ 941,550**

continued on next page

(in thousands of Canadian dollars)	Management contracts	Customer contracts	Goodwill	Other intangibles	Deferred selling commissions	Total
At November 30, 2019						
Cost, net of derecognition and impairment	$ 689,759	$ 19,894	$ 250,830	$ 4,546	$ –	$ 965,029
Less: fully amortized assets	–	(17,254)	–	–	–	(17,254)
	689,759	2,640	250,830	4,546	–	947,775
Accumulated amortization	–	(19,699)	–	(3,780)	–	(23,479)
Less: fully amortized assets	–	17,254	–	–	–	17,254
	–	(2,445)	–	(3,780)	–	(6,225)
Net book amount	$ 689,759	$ 195	$ 250,830	$ 766	$ –	$ 941,550

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). 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, 2018					
Opening net book amount	$ 157,313	$ 76,762	$ 12,548	$ 4,207	$ 250,830
Closing net book amount	$ 157,313	$ 76,762	$ 12,548	$ 4,207	$ 250,830
Year ended November 30, 2019					
Opening net book amount	$ 157,313	$ 76,762	$ 12,548	$ 4,207	$ 250,830
Closing net book amount	$ 157,313	$ 76,762	$ 12,548	$ 4,207	$ 250,830

During the year ended November 30, 2019, in accordance with its accounting policies, the Company completed its impairment test on its goodwill and indefinite life intangibles. The total carrying value, net of deferred tax liability, for all CGUs as at November 30, 2019 was $788,832 (2018 – $863,809), of which $694,397 was in the Retail CGU (2018 – $768,748).

To determine whether an impairment loss should be recognized, the carrying value of the assets and liabilities of each 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). As at November 30, 2019 and 2018, the Company has performed a discounted cash flow analysis for each CGU to assess the FVLCTS.

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, market growth, and revenue rate.

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 were estimated based on the Company's experience with prior acquisitions and giving consideration to the attributes of a likely purchaser of each CGU. A strategic purchaser would be able to realize synergies related to sales distribution and marketing activities, certain back office and support functions and other general and administrative costs. The estimated synergies were 67% of total costs in the Retail CGU and 66% of total costs in the Institutional CGU. These synergies were further discounted by the synergies' inclusion rate of 50%, resulting in synergies of approximately 33% included in the FVLCTS valuation. No synergies were assumed for the Cypress CGU and Doherty CGU, given the nature of private client businesses.

Based on the results of the impairment test, the Company concluded that no goodwill or intangible assets were impaired as at November 30, 2019. The recoverable amounts determined in accordance with FVLCTS are categorized within level 3 in the fair value hierarchy. The recoverable amount is further supported by AUM multiples from recent transactions for similar assets within the same industry.

The following is a summary of the valuation results for the Company's most significant CGU as at November 30, 2019:

(in thousands of Canadian dollars)	Investment Management – Retail
Recoverable amount applied – overall	$ 995,742
Carrying amount	694,397
Excess	$ 301,345
AUM	$ 17,584,810
AUM multiple	5.70%
FVLCTS approach	
Discount rate	9.95%
Terminal growth rate	3.50%
Synergies inclusion rate	50.00%

The following is a summary of a sensitivity analysis performed based on alternative assumptions as at November 30, 2019.

(in thousands of Canadian dollars)	Investment Management – Retail
FVLCTS approach	
Discount rate	9.45%
Terminal growth rate	4.00%
Synergies inclusion rate	70.0%
Recoverable amount – high	$1,074,249 – $1,129,293
Discount rate	10.45%
Terminal growth rate	3.00%
Synergies inclusion rate	30.00%
Recoverable amount – low	$862,092 – $928,323

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

Note 11: Property, Equipment and Computer Software

(in thousands of Canadian dollars)	Furniture and equipment	Leasehold improvements	Computer hardware	Computer software	Total
At December 1, 2017					
Cost	$ 9,091	$ 6,715	$ 10,518	$ 4,075	$ 30,399
Less: fully depreciated assets	(101)	(24)	(4,593)	(557)	(5,275)
	8,990	6,691	5,925	3,518	25,124
Accumulated depreciation	(6,977)	(1,973)	(7,896)	(2,412)	(19,258)
Less: fully depreciated assets	101	24	4,593	557	5,275
	(6,876)	(1,949)	(3,303)	(1,855)	(13,983)
Net book amount	$ 2,114	$ 4,742	$ 2,622	$ 1,663	$ 11,141
Year ended November 30, 2018					
Opening net book amount	$ 2,114	$ 4,742	$ 2,622	$ 1,663	$ 11,141
Additions	40	1,488	888	1,071	3,487
Depreciation	(405)	(1,017)	(1,134)	(1,060)	(3,616)
Closing net book amount	$ 1,749	$ 5,213	$ 2,376	$ 1,674	$ 11,012
At November 30, 2018					
Cost	$ 9,030	$ 8,179	$ 6,813	$ 4,589	$ 28,611
Less: fully depreciated assets	(1)	(71)	(1,478)	(1,430)	(2,980)
	9,029	8,108	5,335	3,159	25,631
Accumulated depreciation	(7,281)	(2,966)	(4,437)	(2,915)	(17,599)
Less: fully depreciated assets	1	71	1,478	1,430	2,980
	(7,280)	(2,895)	(2,959)	(1,485)	(14,619)
Net book amount	$ 1,749	$ 5,213	$ 2,376	$ 1,674	$ 11,012
Year ended November 30, 2019					
Opening net book amount	**$ 1,749**	**$ 5,213**	**$ 2,376**	**$ 1,674**	**$ 11,012**
Additions	**14**	**100**	**372**	**1,054**	**1,540**
Depreciation	**(338)**	**(1,140)**	**(1,122)**	**(1,063)**	**(3,663)**
Closing net book amount	**$ 1,425**	**$ 4,173**	**$ 1,626**	**$ 1,665**	**$ 8,889**
At November 30, 2019					
Cost	**$ 9,043**	**$ 8,208**	**$ 5,707**	**$ 4,213**	**$ 27,171**
Less: fully depreciated assets	**(10)**	**–**	**(821)**	**(845)**	**(1,676)**
	9,033	**8,208**	**4,886**	**3,368**	**25,495**
Accumulated depreciation	**(7,618)**	**(4,035)**	**(4,081)**	**(2,548)**	**(18,282)**
Less: fully depreciated assets	**10**	**–**	**821**	**845**	**1,676**
	(7,608)	**(4,035)**	**(3,260)**	**(1,703)**	**(16,606)**
Net book amount	**$ 1,425**	**$ 4,173**	**$ 1,626**	**$ 1,665**	**$ 8,889**

Note 12: Accounts Payable and Accrued Liabilities

(in thousands of Canadian dollars) **Years ended November 30**	**2019**	**2018**
Compensation related payable	**$ 42,609**	$ 34,872
HST payable	**10,131**	10,928
Other	**27,911**	27,517
Accounts payable and accrued liabilities	**$ 80,651**	$ 73,317

Note 13: Long-term Debt

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 (2018 – $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, 2019, the Company borrowed $18.5 million (2018 – borrowed $50.0 million). As at November 30, 2019, AGF had drawn $208.5 million (2018 – $190.0 million) against the Facility in the form of a one-month banker's acceptance (BA) at an effective average interest rate of 3.7% (2018 – 3.7%) per annum and had a $5.1 million (2018 – $5.1 million) letter of credit outstanding. Of the $208.5 million (2018 – $190.0 million), $1.2 million (2018 – $1.4 million) has been deducted related to the transaction and stamping fees incurred on the Facility. As at November 30, 2019, $116.4 million was available to be drawn from the revolving credit facility and swingline facility commitment.

Note 14: 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**	**2019**	**2018**
Deferred income tax assets		
Deferred income tax asset to be recovered after more than 12 months	**$ 1,008**	$ 981
Deferred income tax asset to be recovered within 12 months	**4,114**	665
	$ 5,122	$ 1,646
Deferred income tax liabilities		
Deferred income tax liability to be settled after more than 12 months	**$ 150,999**	$ 175,898
Deferred income tax liability to be settled within 12 months	**39**	(2,527)
	151,038	173,371
Net deferred income tax liabilities	**$ 145,916**	$ 171,725

The movement in deferred income tax assets and liabilities during the years ended November 30, 2019 and 2018, 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, 2019	Balance, beginning of year	IFRS 15 transitional adjustment (Note 3)	Balance, beginning of year after adjustment	Recognized in income	Recognized in contributed surplus	Recognized in OCI	Balance, end of year
Deferred income tax assets							
Expenses deductible in future periods	$ 4,830	$ –	$ 4,830	$ 2,117	$ 135	$ –	$ 7,082
Loss carryforwards	1,823	–	1,823	(126)	–	–	1,697
Deferred charges	667	–	667	(302)	–	–	365
Other credits and carryforwards	47	–	47	(13)	–	–	34
	$ 7,367	$ –	$ 7,367	$ 1,676	$ 135	$ –	$ 9,178
Deferred income tax liabilities							
Management contracts and other intangibles	$ 151,400	$ –	$ 151,400	$ (374)	$ –	$ –	$ 151,026
Deferred sales commissions	24,144	(25,479)	(1,335)	171	–	–	(1,164)
Investments	3,156	–	3,156	1,609	–	8	4,773
Property and equipment	380	–	380	299	–	–	679
Other	12	–	12	(232)	–	–	(220)
	$ 179,092	$ (25,479)	$ 153,613	$ 1,473	$ –	$ 8	$ 155,094
Net deferred income tax liabilities	$ 171,725	$ (25,479)	$ 146,246	$ (203)	$ (135)	$ 8	$ 145,916

(in thousands of Canadian dollars) Year ended November 30, 2018	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	$ 5,443	$ (372)	$ (157)	$ –	$ (84)	$ 4,830
Loss carryforwards	1,596	227	–	–	–	1,823
Deferred charges	969	(302)	–	–	–	667
Other credits and carryforwards	69	(22)	–	–	–	47
	$ 8,077	$ (469)	$ (157)	$ –	$ (84)	$ 7,367
Deferred income tax liabilities						
Management contracts and other intangibles	$ 151,352	$ 48	$ –	$ –	$ –	$ 151,400
Deferred sales commissions	22,550	1,594	–	–	–	24,144
Investments	2,415	733	–	8	–	3,156
Property and equipment	188	192	–	–	–	380
Other	27	(15)	–	–	–	12
	$ 176,532	$ 2,552	$ –	$ 8	$ –	$ 179,092
Net deferred income tax liabilities	$ 168,455	$ 3,021	$ 157	$ 8	$ 84	$ 171,725

(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, 2019, deferred income tax assets have not been recognized for $23.3 million of non-capital losses and $1.8 million of deductible expenses.

Non-capital loss carryforwards by year of expiry as at November 30, 2019 are summarized below:

(in thousands of Canadian dollars)	
2029	$ 31
2030	77
2031	8
2032	100
2033	87
Thereafter	13,672
No expiry	9,337

(c) As at November 30, 2019, the aggregate amount of temporary differences associated with investments in subsidiaries for which deferred income tax liabilities have not been recognized is $8.0 million (2018 – $10.0 million).

Note 15: Provision for Elements Advantage

(in thousands of Canadian dollars) Years ended November 30	2019	2018
Balance, beginning of the year	$ 1,669	$ 2,238
Additional provision charged to the income statement	865	833
Paid during the year	(1,084)	(1,402)
Balance, end of the year	1,450	1,669
Less: non-current portion	798	721
Current portion	$ 652	$ 948

Note 16: 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 (in thousands of Canadian dollars, except share amounts)	2019 Shares	2019 Stated value	2018 Shares	2018 Stated value
Class A Voting common shares	57,600	$ –	57,600	$ –
Class B Non-Voting shares				
Balance, beginning of the year	78,260,674	$ 474,319	79,017,813	$ 478,883
Issued through dividend reinvestment plan	60,692	329	44,993	306
Stock options exercised	143,031	757	346,616	1,948
Repurchased for cancellation	(596,890)	(3,620)	(996,400)	(6,045)
Treasury stock purchased for employee benefit trust	–	–	(696,196)	(4,663)
Treasury stock released for employee benefit trust[1]	355,597	2,393	543,848	3,890
Balance, end of the year	78,223,104	$ 474,178	78,260,674	$ 474,319

[1] In December 2019, an additional 255,261 share units were released (2018 – 337,818).

(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 5,980,078 shares for the period from February 6, 2019 to February 5, 2020 and up to 6,124,051 shares for the period from February 6, 2018 to February 5, 2019. During the year ended November 30, 2019, AGF purchased 596,890 (2018 – 996,400) Class B Non-Voting shares under the normal course issuer bid at a cost of $3.5 million (2018 – $6.0 million). The excess paid over the recorded capital stock value of the shares repurchased for cancellation was $0.1 million. There was no excess paid recorded in the same period prior year.

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

During the year ended November 30, 2019, no shares were purchased for the employee benefit trust. During 2018, 696,196 Class B Non-Voting shares were purchased at a cost of $4.7 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, 2019, 355,597 (2018 – 543,848) Class B Non-Voting shares purchased as treasury stock were released. As at November 30, 2019, 379,606 (2018 – 735,203) Class B Non-Voting shares were held as treasury stock.

Note 17: Accumulated Other Comprehensive Income

(in thousands of Canadian dollars)	Foreign currency translation	Fair value through OCI	Derivative instrument	Total
Opening composition of accumulated other comprehensive income at December 1, 2017				
Other comprehensive income	$ 8,557	3,556	$ –	$ 12,113
Income tax expense	–	(37)	–	(37)
Balance, December 1, 2017	8,557	3,519	–	12,076
Transactions during the year ended November 30, 2018				
Other comprehensive income (loss)	(2,804)	503	–	(2,301)
Income tax expense	–	(8)	–	(8)
Balance, November 30, 2018	5,753	4,014	–	9,767
Transactions during the year ended November 30, 2019				
Other comprehensive income	**2,490**	**71**	**(1,062)**	**1,499**
Income tax expense	**–**	**(8)**	**–**	**(8)**
Balance, November 30, 2019	**$ 8,243**	**4,077**	**$ (1,062)**	**$ 11,258**

Note 18: Management, Advisory and Administration Fees

(in thousands of Canadian dollars) Years ended November 30	2019	2018
Management, advisory and administration fees	**$ 391,241**	$ 411,822
Fund expenses and waivers (Note 3)	**(9,265)**	–
Fund expense tax recovery	**4,133**	–
	$ 386,109	$ 411,822

Note 19: Fair Value Adjustments and Other Income

(in thousands of Canadian dollars) Years ended November 30	2019	2018
Fair value adjustment related to investment in AGF mutual funds and reclassification of realized gain in OCI to earnings (Note 4)	**$ 1,253**	$ (288)
Fair value adjustment and distributions related to long-term investments (Note 5(c))	**15,185**	5,691
Interest income[1]	**1,210**	2,009
Other	**838**	(658)
	$ 18,486	$ 6,754

[1] Year ended November 30, 2018 includes $1.5 million of interest income related to a tax reassessment received related to the transfer pricing case.

Note 20: Expenses by Nature

(in thousands of Canadian dollars) Years ended November 30	2019	2018
Selling, general and administrative		
Employee benefit expense	**$ 123,758**	$ 124,807
Sales and marketing	**12,719**	15,463
Information technology and facilities	**32,696**	36,460
Professional fees	**15,264**	15,251
Fund absorption and other fund costs (Note 3)	**1,546**	13,528
Other	**3,287**	2,600
	$ 189,270	$ 208,109

Note 21: Employee Benefit Expense

(in thousands of Canadian dollars) Years ended November 30	2019	2018
Salaries and benefits	**$ 116,514**	$ 118,770
Stock option plans	**642**	1,151
Share purchase plan	**1,203**	1,198
RSU plans	**3,376**	3,509
DSU plan	**1,866**	(343)
Partners Incentive Plan	**157**	522
	$ 123,758	$ 124,807

Note 22: Restructuring Provision

During the year ended November 30, 2019, the Company implemented a plan to achieve certain organizational and operational efficiencies, resulting in a restructuring charge of $14.4 million (2018 – $5.2 million).

Note 23: Stock-based Compensation and Other Stock-based Payments

(a) Stock Option Plans

Under the Company's stock option plans, an additional maximum of 465,900 Class B Non-Voting shares could have been granted as at November 30, 2019 (2018 – 171,560).

The change in stock options during the years ended November 30, 2019 and 2018 is summarized as follows:

	2019			2018		
Years ended November 30	**Options**		**Weighted average exercise price**	**Options**		**Weighted average exercise price**
Class B Non-Voting share options						
Balance, beginning of the year	**7,854,300**	**$**	**7.52**	7,719,199	$	8.38
Options granted	**800,496**		**6.20**	1,405,373		6.08
Options forfeited	**(30,315)**		**7.37**	(495,246)		9.75
Options expired	**(1,064,521)**		**11.18**	(428,410)		17.84
Options exercised	**(143,031)**		**4.74**	(346,616)		5.00
Balance, end of the year	**7,416,929**	**$**	**6.91**	7,854,300	$	7.52

The outstanding stock options as at November 30, 2019 have expiry dates ranging from 2020 to 2026. The following table summarizes additional information about stock options outstanding as at November 30, 2019 and 2018:

November 30, 2019 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 $8.00	**5,981,247**	**4.2 years**	**$**	**6.02**	**3,222,011**	**$**	**6.11**
$8.01 to $15.00	**1,435,682**	**1.4 years**		**10.59**	**1,435,682**		**10.59**
	7,416,929	**3.7 years**	**$**	**6.91**	**4,657,693**	**$**	**7.49**

November 30, 2018 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	5,356,718	4.7 years	$	5.96	1,980,376	$	6.14
$8.01 to $15.00	2,137,399	1.9 years		10.03	2,019,131		10.13
$15.01 to $25.00	360,183	0.2 years		15.87	360,183		15.87
	7,854,300	3.8 years	$	7.52	4,359,690	$	8.79

During the year ended November 30, 2019, 800,496 (2018 – 1,405,373) stock options were granted and compensation expense and contributed surplus of $0.6 million (2018 – $1.1 million) was recorded. The fair value of options granted during the year ended November 30, 2019 has been estimated at $0.96 per option (2018 – $0.63 to $1.19) 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, 2019 and 2018:

Years ended November 30	**2019**	**2018**
Risk-free interest rate	**1.5%**	2.1% – 2.3%
Expected dividend yield	**5.2%**	4.7% – 6.5%
Five-year historical-based expected share price volatility	**30.3%**	28.3% – 28.5%
Forfeiture rate	**4.7%**	4.7%
Option term	**5.1 years**	5.1 years

(b) Other Stock-based Compensation

Other stock-based compensation includes RSUs, DSUs and PIP. Compensation expense related to cash-settled stock-based compensation for the year ended November 30, 2019 was $2.1 million (2018 – $0.3 million recovery) and the liability recorded as at November 30, 2019 related to cash-settled stock-based compensation was $4.6 million (2018 – $2.8 million). Compensation expense related to equity-settled RSUs and PIP for the year ended November 30, 2019 was $3.3 million (2018 – $4.0 million) and contributed surplus related to equity-settled RSUs and PIP, net of tax, as at November 30, 2019 was $5.5 million (2018 – $6.6 million).

The change in share units of RSUs and DSUs during the years ended November 30, 2019 and 2018 is as follows:

Years ended November 30	**2019 Number of share units**	**2018 Number of share units**
Outstanding, beginning of the year, non-vested	**3,259,768**	2,060,771
Issued		
Initial grant	**803,099**	1,817,263
In lieu of dividends	**149,521**	94,210
Settled in cash	**(470,947)**	(54,739)
Settled in equity	**(355,597)**	(543,848)
Forfeited and cancelled	**(168,884)**	(113,889)
Outstanding, end of the year, non-vested	**3,216,960**	3,259,768

Note 24: Interest Expense

(in thousands of Canadian dollars) **Years ended November 30**		**2019**		**2018**
Interest on long-term debt and standby fees[1]	**$**	**6,777**	$	4,332
	$	**6,777**	$	4,332

[1] Year ended November 30, 2018 includes $2.2 million of interest recovery related to the transfer pricing case.

Note 25: 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**		**2019**		2018
Current income tax				
Current income tax on profits for the year	**$**	**9,466**	$	8,355
Adjustments in respect of prior years		**69**		240
Accrual (reversal of provision) with respect to the transfer pricing tax audit		**–**		(21,900)
Other		**27**		(208)
Total current income tax expense (benefit)	**$**	**9,562**	$	(13,513)
Deferred income tax				
Origination and reversal of temporary differences	**$**	**(2,171)**	$	1,529
Adjustments in respect of prior years		**87**		(130)
Change in deferred tax assets not recognized & other		**1,881**		1,622
Total deferred income tax expense (benefit)		**(203)**		3,021
Income tax expense (benefit)	**$**	**9,359**	$	(10,492)

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

(in thousands of Canadian dollars) **Years ended November 30**	**2019**	2018
Canadian corporate tax rate	**26.5%**	26.5%
Rate differential on earnings of subsidiaries	**0.5**	0.5
Tax-exempt income	**(11.6)**	(10.7)
Gains subject to different tax rates	**(4.0)**	(1.4)
Accrual with respect to the transfer pricing tax audit and tax effect of the related reversal of interest expense	**–**	(36.0)
Non-deductible expenses	**1.7**	1.3
Change in deferred tax assets not recognized	**3.3**	3.1
Other	**–**	(0.1)
Effective income tax rate	**16.4%**	(16.8%)

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

(in thousands of Canadian dollars) **Years ended November 30**		**2019**		2018
Fair value gains on available for sale investments	**$**	**8**	$	8
	$	**8**	$	8

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

(in thousands of Canadian dollars) **Years ended November 30**		**2019**		2018
Equity-settled share-based compensation	**$**	**(135)**	$	157
		(135)		157

Note 26: Earnings per Share

(in thousands of Canadian dollars, except per share data) **Years ended November 30**		**2019**		2018
Numerator				
Net income for the year from continuing operations attributable to equity owners of the Company	**$**	**47,858**	$	73,924
Net income for the year from discontinued operations attributable to equity owners of the Company		**–**		360
Net income for the year attributable to equity owners of the Company		**47,858**		74,284
Denominator				
Weighted average number of shares – basic		**78,739,081**		79,292,775
Dilutive effect of employee stock-based compensation awards		**933,880**		1,345,173
Weighted average number of shares – diluted		**79,672,961**		80,637,948
Basic earnings per share				
Continuing operations	**$**	**0.61**	$	0.94
Discontinued operations		**–**		–
	$	**0.61**	$	0.94
Diluted earnings per share				
Continuing operations	**$**	**0.60**	$	0.92
Discontinued operations		**–**		–
	$	**0.60**	$	0.92

Note 27: Dividends

During the year ended November 30, 2019, the Company paid dividends of $0.32 (2018 – $0.32) per share. Total dividends paid, including dividends reinvested, in the year ended November 30, 2019 were $25.2 million (2018 – $25.4 million). On December 18, 2019, 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, 2019, amounting to a total dividend of approximately $6.3 million. These consolidated financial statements do not reflect this dividend payable.

Note 28: Related Party Transactions

(a) Key Management Compensation

The Company is controlled by Blake C. Goldring, Executive Chairman, 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**		**2019**		2018
Salaries and other short-term employee benefits	**$**	**7,668**	$	6,437
Share-based payments		**3,484**		1,217
	$	**11,152**	$	7,654

(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, 2019 and 2018 were from the Funds. As at November 30, 2019, the Company had $14.3 million (2018 – $23.4 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, 2019 on behalf of the Funds were approximately $6.0 million, which includes $4.1 million of one-time fund expense tax recovery (2018 – $13.2 million).

The Company also invests in seed capital in the Funds and the private alternative business. For additional information on these investments refer to Notes 4 and 5(c), respectively.

Note 29: 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 AGF funds. 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. Using average balances for the year, the effect of a 5% change in the Canadian dollar in relation to underlying U.S. and international AUM held in the AGF funds would have resulted in a corresponding change of approximately $1.1 billion in AUM for the year ended November 30, 2019. In general, for every $1.0 billion reduction in AUM, management fee revenue would decline by approximately $11.4 million (2018 – $11.9 million).

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, 2019, a 5% change in the value of the Canadian dollar versus the U.K. pound would have resulted in a change in other comprehensive income of $7.0 million (2018 – $5.4 million).

With the recent volatility in the U.K. pound sterling to the Canadian dollar exchange rate, as well as the material size of the S&WHL sale that was mentioned in Note 6, management determined the best option to minimize the risk of foreign exchange loss on the transaction would be to purchase a put option. This gives the Company the right, but not the obligation, to sell £167.1 million at a strike price of 1.6130. The option had a premium of $5.8 million and expires on March 31, 2020.

(ii) Interest Rate Risk

The Company has exposure to the risk related to changes in interest rates on floating-rate debt and cash balances. 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 2019 would have resulted in a corresponding change of approximately $2.1 million (2018 – $1.9 million) in interest expense for the year ended November 30, 2019.

At November 30, 2019, approximately 18% of AGF's retail assets under management were held in fixed-income securities, which are exposed to interest rate risk. An increase in interest rates causes market prices of fixed-income securities to fall, while a decrease in interest rates causes market prices to rise. A 1% change in interest rates would have resulted in a corresponding change of approximately $0.7 million in revenue for the year ended November 30, 2019.

(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 investments in mutual funds managed by the Company of $16.4 million (2018 – $23.9 million), equity securities of $0.5 million (2018 – $0.5 million) and long-term investments of $136.7 million (2018 – $105.4 million) as at November 30, 2019. As at November 30, 2019, the effect of a 10% decline or increase in the value of investments would result in a $15.3 million (2018 – $12.9 million) pre-tax unrealized gain or loss in net income and $0.1 million (2018 – nil) 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 in the alternative asset management business, 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 13. 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, 2019 and 2018 to the contractual maturity date.

(in thousands of Canadian dollars)	1 year or less	1 to 5 years
Year ended November 30, 2019		
Accounts payable and accrued liabilities	$ 80,651	$ –
Provision for Elements Advantage	652	798
Long-term debt	–	208,500
Other liabilities	–	8,947
Total	$ 81,303	$ 218,245
Year ended November 30, 2018		
Accounts payable and accrued liabilities	$ 73,317	$ –
Provision for Elements Advantage	948	721
Long-term debt	–	190,000
Other liabilities	–	8,296
Total	$ 74,265	$ 199,017

(b) Capital Management

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

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 13 and 16 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 Executive Management Committee is responsible for the management of capital. The AGF Board of Directors is responsible for overseeing the Company's capital policy and management.

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 that are measured at fair value at November 30, 2019:

(in thousands of Canadian dollars) **November 30, 2019**	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Cash and cash equivalents	$ 51,660	$ –	$ –	$ 51,660
AGF mutual funds and other	16,356	–	–	16,356
Term deposits	4,045	–	–	4,045
Long-term investments	–	–	136,664	136,664
Financial assets at fair value through comprehensive income				
Derivative instrument	–	4,787	–	4,787
Equity securities	536	–	–	536
Amortized cost				
Canadian government debt – Federal	–	308	–	308
Total financial assets	$ 72,597	$ 5,095	$ 136,664	$ 214,356

The following table presents the group's assets and liabilities that were measured at fair value at November 30, 2018:

(in thousands of Canadian dollars) **November 30, 2018**	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Cash and cash equivalents	$ 46,791	$ –	$ –	$ 46,791
AGF mutual funds and other	23,912	–	–	23,912
Long-term investments	–	–	105,377	105,377
Available for sale				
Equity securities and term deposits	4,692	–	–	4,692
Loans and receivables				
Canadian government debt – Federal	–	308	–	308
Total financial assets	$ 75,395	$ 308	$ 105,377	$ 181,080

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. 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 business. 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 long-term investments and special purpose vehicle as at November 30, 2019 has been estimated using the net asset value (NAV) as calculated by the asset manager of the fund. 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 $13.7 million. Refer to Note 5(c) for additional information.

The following table presents changes in level 3 instruments for the year ended November 30, 2019 and 2018:

(in thousands of Canadian dollars)		Long-term investments
Balance at December 1, 2018	**$**	**105,377**
Purchase of investment		**60,114**
Return of capital		**(26,661)**
Fair value adjustment recognized in profit or loss		**(2,166)**
Balance at November 30, 2019	**$**	**136,664**

(in thousands of Canadian dollars)		Long-term investments
Balance at December 1, 2017	$	75,362
Purchase of investment		33,784
Return of capital		(4,395)
Fair value adjustment recognized in profit or loss		626
Balance at November 30, 2018	$	105,377

There were no transfers into or out of level 1 and level 2 during the year ended November 30, 2019.

Note 30: 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, 2019 and 2018, 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, 2019**		**Amounts offset**		**Amounts not offset**	**Net**
	Gross asset	**Gross liability offset**	**Net amount presented**		
Financial assets					
Cash and cash equivalents (Notes 30(a),(b))	**$ 641,405**	**$ (589,745)**	**$ 51,660**	**$ (51,660)**	**$ –**
Total financial assets	**$ 641,405**	**$ (589,745)**	**$ 51,660**	**$ (51,660)**	**$ –**
	Gross liability	**Gross asset offset**	**Net amount presented**		
Financial liabilities					
Long-term debt (Note 30(b))	**$ 207,283**	**$ –**	**$ 207,283**	**$ (51,660)**	**$ 155,623**
Total financial liabilities	**$ 207,283**	**$ –**	**$ 207,283**	**$ (51,660)**	**$ 155,623**

(in thousands of Canadian dollars) **November 30, 2018**		**Amounts offset**		**Amounts not offset**	**Net**
	Gross asset	**Gross liability offset**	**Net amount presented**		
Financial assets					
Cash and cash equivalents (Notes 30(a),(b))	$ 587,547	$ (540,756)	$ 46,791	$ (46,791)	$ –
Total financial assets	$ 587,547	$ (540,756)	$ 46,791	$ (46,791)	$ –
	Gross liability	**Gross asset offset**	**Net amount presented**		
Financial liabilities					
Long-term debt (Note 30(b))	$ 188,605	$ –	$ 188,605	$ (46,791)	$ 141,814
Total financial liabilities	$ 188,605	$ –	$ 188,605	$ (46,791)	$ 141,814

(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.

Note 31: Contingencies

There are certain general tax claims against the Company, none of which 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 an ongoing dispute with the 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 – Acquisition of Tax-related Benefits

In July 2015, the Company received a notice of reassessment (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 $9.0 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 $13.9 million (including interest and penalties). The amount 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.

(b) CRA Audit – Transfer Pricing

As previously disclosed in the 2017 and 2018 Annual Consolidated Financial Statements, the Company reached a settlement with the CRA and the applicable tax authority in the relevant foreign jurisdiction on the allocation of income for tax purposes between one of the Company's Canadian legal entities and a foreign subsidiary relating to the 2005 to 2016 taxation years.

In 2018, the issue was resolved when the Company received tax reassessments reflecting the settlements, including the waiver of the transfer pricing penalties and resolved the uncertainties in implementing the settlements with the CRA. As a result, the Company received a net refund of $18.2 million and released $24.1 million from its transfer pricing provision (including $21.9 million in tax expense and $2.2 million in reversal of interest expense) and recorded $1.5 million in interest income during the year ended November 30, 2018.

The transfer pricing issue is resolved. During the year ended November 30, 2019, the Company received $2.6 million of refund (including $0.3 million of interest) from the CRA. The Company expects to receive a further refund of approximately $1.2 million from the CRA, which is netted in the current tax receivable on the consolidated statement of financial position.

Note 32: 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**	
2020	$ 28,292
2021	19,252
2022	17,303
2023	9,338
2024	8,989
Thereafter	95,137

In addition, as at November 30, 2019, the Company has funded $138.5 million (November 30, 2018 – $105.0 million) in funds and investments associated with the private alternative business and has $70.3 million (November 30, 2018 – $34.5 million) remaining committed capital to be invested.

(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.

Note 33: Subsequent Events

On January 20, 2020, the Company announced that the FCA informed Tilney Group that the proposed transaction structure for the merger of Smith & Williamson and Tilney Group has not met with its approval. Discussions with the FCA are ongoing to determine the required steps forward. It is anticipated that the completion of the transaction, which remains subject to regulatory approval, may be delayed.

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.

AGF Corporate Directory

AGF Management Limited
P.O. Box 50
Toronto-Dominion Bank Tower
66 Wellington Street West
31st Floor
Toronto ON M5K 1E9
Website: AGF.com
Email: tiger@AGF.com
Tel: 416 367-1900

China Representative Office
Unit 16, 11/F, Tower A
Beijing Hanwei Plaza
(Inside the CCBC Office)
No. 7, Guanghua Road
Beijing, PR China, 10004

Shareholder Information

Auditors
PricewaterhouseCoopers LLP

Registrar and Transfer Agents
Computershare Trust
Company of Canada
1 800 564-6253

Stock Exchange Listing
AGF.B

AGF Asset Management Asia Ltd.
80 Raffles Place
#37-02
UOB Plaza 1
Singapore 048624

AGF International Advisors Company Limited
34 Molesworth Street
Dublin, 2, Ireland

AGF Investments Inc.
P.O. Box 50
Toronto-Dominion Bank Tower
66 Wellington Street West
Toronto ON M5K 1E9

Client Services
55 Standish Court, Suite 1050
Mississauga, ON L5R 0G3

AGF Investments America Inc.
53 State Street, 13th Floor, Suite 1308
Boston MA 02109

Cypress Capital Management Ltd.
P.O. Box 11136
Suite 1700
1055 West Georgia Street
Vancouver BC V6E 3P3

Doherty & Associates Ltd.
56 Sparks Street, Suite 700
Ottawa ON K1P 5A9

AGF Investments LLC
53 State Street, Suite 1308
Boston, MA 02109

Highstreet Asset Management Inc.
244 Pall Mall Street, Suite 350
London ON N6A 5P6

InstarAGF Asset Management Inc.
Toronto-Dominion Bank Tower
66 Wellington Street West
34th Floor
Toronto ON M5K 1E9

Invested in Discipline

AGF Management Limited
P.O. Box 50
Toronto-Dominion Centre
Toronto, ON M5K 1E9

Website: www.AGF.com
Email: tiger@AGF.com
Tel: 416 367-1900

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