



AGF Management Limited

Earnings Conference Call
Fourth Quarter 2018

January 23rd, 2019

Caution Regarding Forward-Looking Statements

The forward looking information is provided as of January 23rd, 2019. Certain information presented in these remarks and in this presentation that is not historical factual information may constitute forward-looking information within the meaning of securities laws. Actual results could differ materially from a conclusion, forecast or projection contained in such forward-looking information. Forward-looking information may relate to our future outlook and anticipated events or results and may include statements about AGF Management Limited ("AGF") or the investment funds it manages (the "Funds"), including business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as 'expects,' 'anticipates,' 'intends,' 'plans,' 'believes,' or negative versions thereof and similar expressions or future or conditional verbs such as 'may,' 'will,' 'should,' 'would,' or 'could.' In addition, any statement that may be made concerning future financial performance (including revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future action on our part, is also a forward-looking statement.

Forward-looking statements are based on certain material 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, 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 interest and foreign exchange rates, taxation, changes in government regulations, unexpected judicial or regulatory proceedings, and our ability to complete strategic transactions and integrate acquisitions. We caution that the foregoing list is not exhaustive. The reader is cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements. Other than specifically required by applicable laws, we are under no obligation (and expressly disclaim any such obligation) to update or alter the forward-looking statements, whether as a result of new information, future events or otherwise. For a more complete discussion of the risk factors that may impact actual results, please refer to AGF's most recent financial statements and MD&A and, for the Funds, to each Fund's most recent prospectus and MRFP, as applicable, all available on www.sedar.com.

Conference Call Participants

Presenting

Kevin McCreadie, CFA, MBA

Chief Executive Officer & Chief Investment Officer



Adrian Basaraba, CPA, CA, CFA

Senior Vice-President & Chief Financial Officer



Available for questions

Judy G. Goldring, LL.B, ICD.D (2007)

President & Chief Administration Officer



Today's Discussion

- Highlights of the 4th Quarter and Fiscal 2018
- Business Updates
 - Retail
 - Investment Management
 - Institutional
 - Alternatives
- Financial Results
- Capital & Liquidity
- Focus & Priorities

Fiscal 2018 Highlights

Continued progress toward stated objectives

Organic growth
across all lines of
business

Mutual fund
net sales of
\$136 million¹

Institutional
net sales of
\$478 million

 **AGFiQ**[™]
AUM growth of
\$2 billion

Additional
\$75 million
commitment
to alternatives
platform

Adjusted diluted
EPS of \$0.64
21% higher than
prior year

(1) As reported to IFIC.

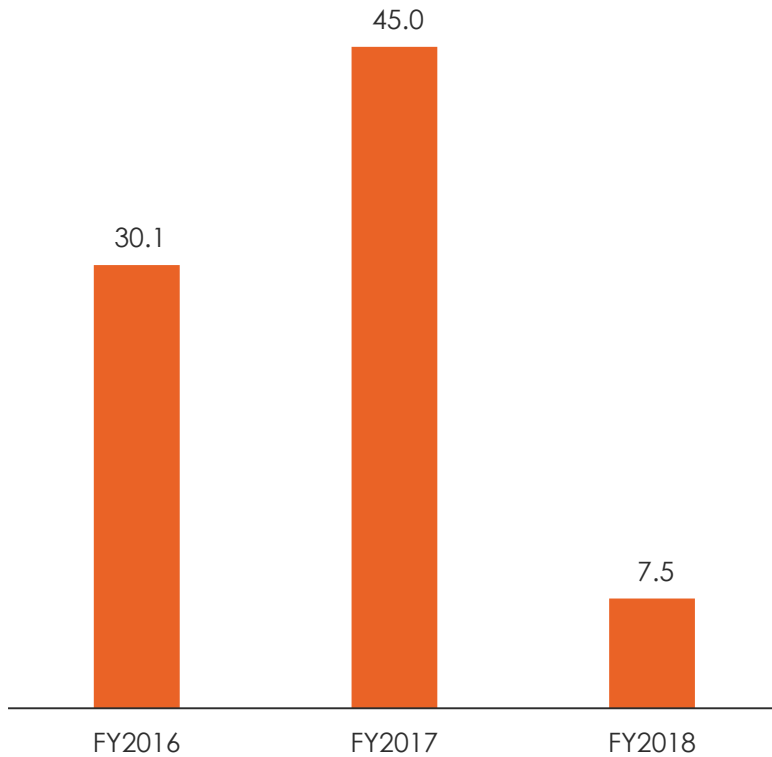
Line of Business Performance

Organic growth partly offset by market declines

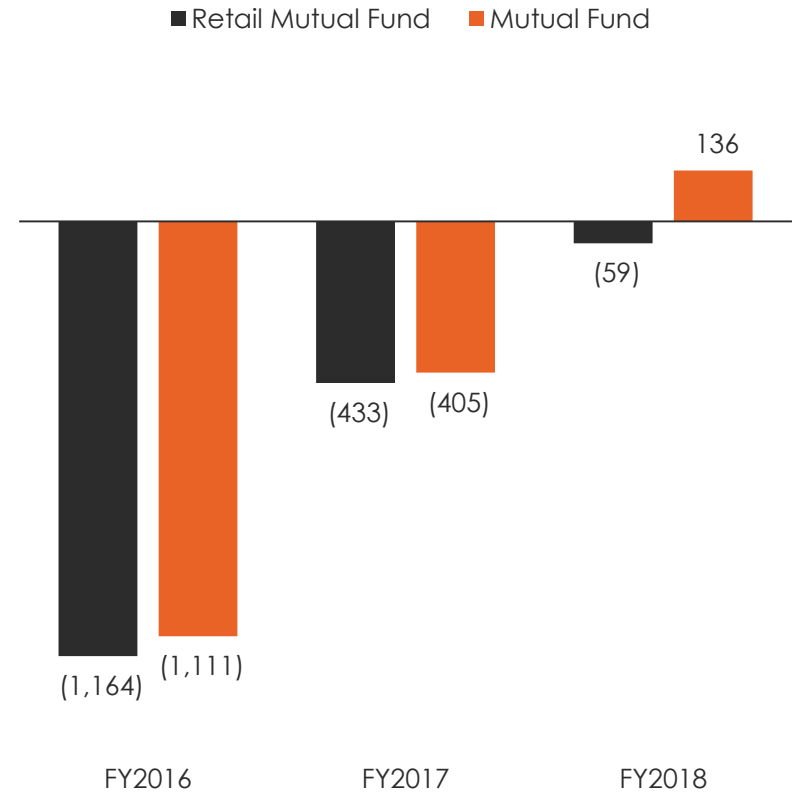
(\$ millions)	Q4 2017	Q4 2018	Change
Mutual funds	19,111	18,713	↓ 2 %
Institutional, Sub Advisory & ETF	11,782	12,475	↑ 6 %
Private Client	5,517	5,513	0 %
Alternatives	902	1,011	↑ 12 %
Total	37,312	37,712	↑ 1 %

Retail Business Review

IFIC Industry Net Sales (\$B)¹



AGF Net Sales (\$B)²



(1) Industry long-term funds net sales per IFIC; based on AGF fiscal year.

(2) AGF retail mutual fund net sales adjusted to exclude non-recurring institutional transactions in excess of \$5 million.

Investment Management

43%

of AUM above
median over
one year¹

**All seven
Canadian ETFs**
with one year
track records
ranked above
median¹

One U.S. ETF
recognized by
ETF.com as
**one of the top
performing ETFs
of 2018**

(1) As at December 31, 2018.

Financial Results – Summary

	(\$ millions, except per share amounts)	Sequential Quarter			Year Over Year		
		Q4-18 ¹	Q3-18 ²	Fav / Unfav	2018 ³	2017 ⁴	Fav / Unfav
Continuing Operations	Revenue	108.5	116.5	(6.9%)	450.2	455.5	(1.2%)
	Revenue (Adjusted)	107.0	116.5	(8.2%)	448.7	445.5	0.7%
	SG&A	48.8	51.0	4.3%	213.3	211.0	(1.1%)
	SG&A (Adjusted)	48.8	51.0	4.3%	208.1	211.0	1.4%
	EBITDA	28.7	32.2	(10.9%)	106.5	116.4	(8.5%)
	EBITDA Margin	26.5%	27.6%	(4.0%)	23.7%	25.6%	(7.4%)
	EBITDA (Adjusted)	27.2	32.2	(15.5%)	110.2	106.4	3.6%
	EBITDA Margin (Adjusted)	25.4%	27.6%	(8.0%)	24.6%	23.9%	2.9%
	Free Cash Flow	16.1	12.8	25.8%	41.4	58.7	(29.5%)
	Free Cash Flow (Adjusted)	16.1	12.8	25.8%	45.3	50.1	(9.6%)
	Net Income – Equity Owners	14.7	20.7	(29.0%)	73.9	52.1	41.8%
	Net Income – Equity Owners (Adjusted)	13.2	16.2	(18.5%)	52.1	43.4	20.0%
	Diluted EPS	0.19	0.26	(26.9%)	0.92	0.64	43.8%
	Diluted EPS (Adjusted)	0.17	0.20	(15.0%)	0.64	0.53	20.8%

(1) Q4-18 adjusted for one-time S&WHL tax levy reversal of \$1.5m [EPS impact \$0.02].

(2) Q3-18 adjusted for one-time net expense recovery of \$4.5m related to the transfer pricing provision [EPS impact \$0.06].

(3) 2018 adjusted for one-time S&WHL tax levy reversal of \$1.5m [EPS impact \$0.02], one-time restructuring and administrative cost of \$3.8m (net of tax) [EPS impact \$0.05], one-time interest expense recovery related to transfer pricing case of \$2.2m [EPS impact \$0.03] and one-time net recovery of \$21.9m related to transfer pricing provision [EPS impact \$0.28].

(4) 2017 adjusted for one-time litigation settlement of \$10m (\$8.7m after tax) [EPS impact \$0.11].

Financial Results – BPS Detail

(bps of average AUM)	Q4-18	TTM
Average AUM (\$B)¹	37.0	36.7
Average Mutual Fund	19.0	19.1
Average Institutional, Sub-Advisory, ETFs & Private Client	18.0	17.6
Revenue (bps) ²	108	114
Less:		
Trailer Fees (bps)	33	35
SG&A (bps) ³	54	58
EBITDA (bps) ^{2,3}	22	22

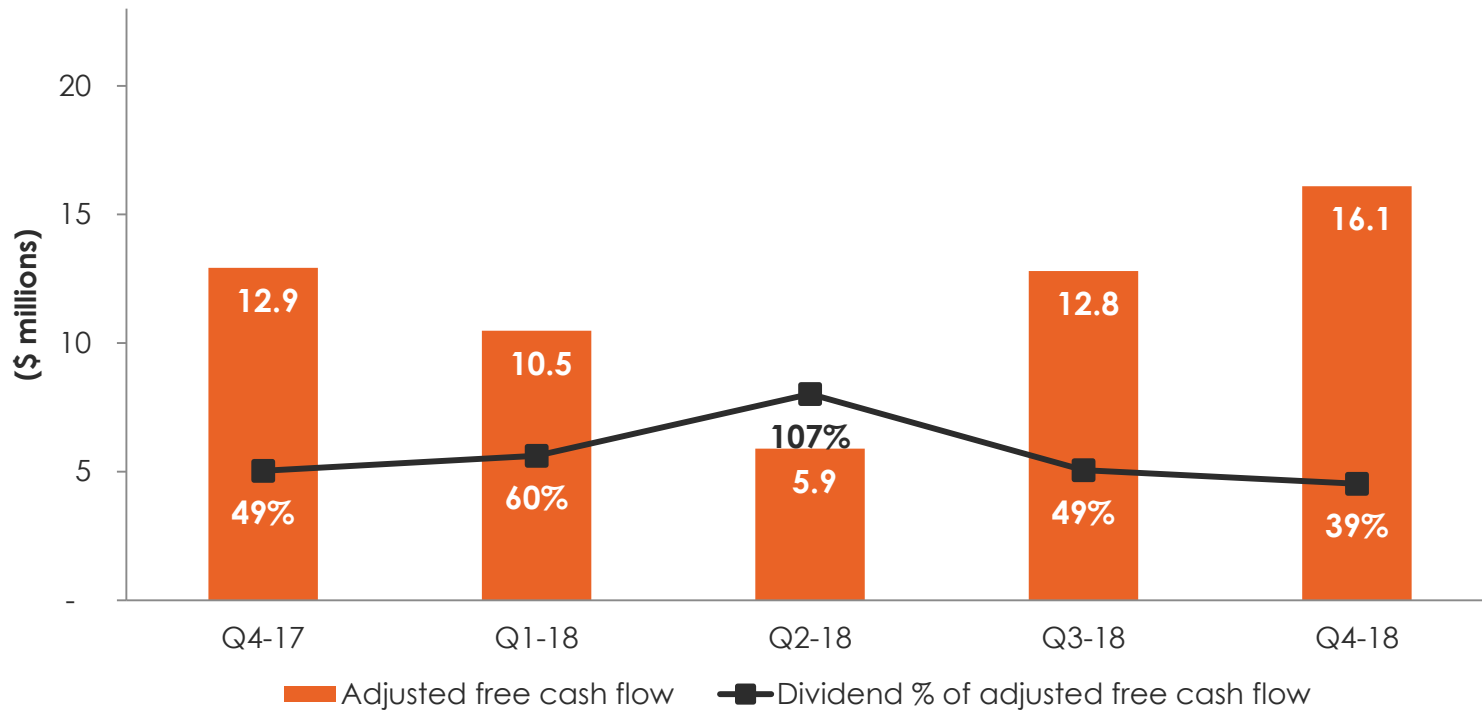
(1) Average AUM excludes Alternatives platform.

(2) Represents management, advisory, administration fees and deferred sales charge revenue only.

(3) Includes investment advisory fees. SG&A and EBITDA adjusted to exclude one-time items as noted on the financial statements.

Capital & Liquidity

Dividend payout ratio, excluding one-time items, of 55% on a trailing twelve months basis



(1) Q4-2017 adjusted for one-time litigation settlement of \$8.7m (net of tax) and Q2-2018 adjusted for one-time restructuring and administrative costs of \$3.8m (net of tax).

IFRS 15 Impact

Accounting Treatment	Current	Revised (IFRS 15)
 Certain fee waivers and reimbursements made to the funds	Recorded in SG&A	Netted against revenue
 DSC payments	Capitalized and amortized over the redemption period	Expensed

Fiscal 2018 Income Statement (\$M)	2018 As Reported	IFRS 15 Adjustments	2018 IFRS 15
Total Income	450.2	(12.2)	438.0
SG&A	213.3	(12.2)	201.1
Trailing Commissions & Investment Advisory Fees	130.4	-	130.4
Deferred Selling Commissions (DSC) Paid	-	40.0	40.0
EBITDA	106.5	(40.0)	66.5
Amortization and Derecognition of DSC	34.9	(34.9)	-
All Other Items	9.1	-	9.1
Income Before Income Taxes	62.5	(5.1)	57.4
Income Tax Expense (Benefit)	(10.5)	(1.4)	(11.8)
Income from Continuing Operations, Net of Tax	73.0	(3.8)	69.2
Basic EPS	0.94	(0.05)	0.89
Diluted EPS	0.92	(0.05)	0.87

2019 Focus & Priorities

Above median
**investment
performance**

Maintain
**trajectory of
improvement**
in retail and
institutional

Leverage the
AGFiQ
platform

Position AGF
to reach
\$5 billion
in alternative
assets



Thank You!

To learn more about AGF's history visit:

www.agf.com/ca/en/about-agf/our-story