



# AGF Management Limited

**EARNINGS CONFERENCE CALL**  
 FIRST QUARTER 2017  
 MARCH 29<sup>TH</sup>, 2017



CELEBRATING **60** YEARS  
 OF  
 helping investors succeed

# Caution Regarding Forward-Looking Statements

The forward looking information is provided as of March 29<sup>th</sup>, 2017. 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](http://www.sedar.com).

# Conference Call Participants

**Blake C. Goldring, CFA**

Chairman & Chief Executive Officer

**Kevin McCreadie, CFA**

President & Chief Investment Officer

**Adrian Basaraba, CPA, CA, CFA**

Senior Vice-President & Chief Financial Officer

# Today's Discussion

- Highlights of the 1<sup>st</sup> Quarter of Fiscal 2017
- Business Updates
  - Retail Business
  - Investment Management
  - Institutional Business
  - Alternatives
- Financial Results
- Capital & Liquidity
- Focus & Priorities

# Q1 2017 Highlights

## Continued progress toward stated objectives

Mutual Fund net sales of  
**\$151 million**  
in the month of February

**AUM**  
**increased**  
across all lines  
of business

**Continued**  
**progress** with  
strategic  
partners

**AGFiQ ETFs**  
launched on  
January 30th

**\$606**  
**million**  
in total commitments to  
InstarAGF<sup>1</sup>

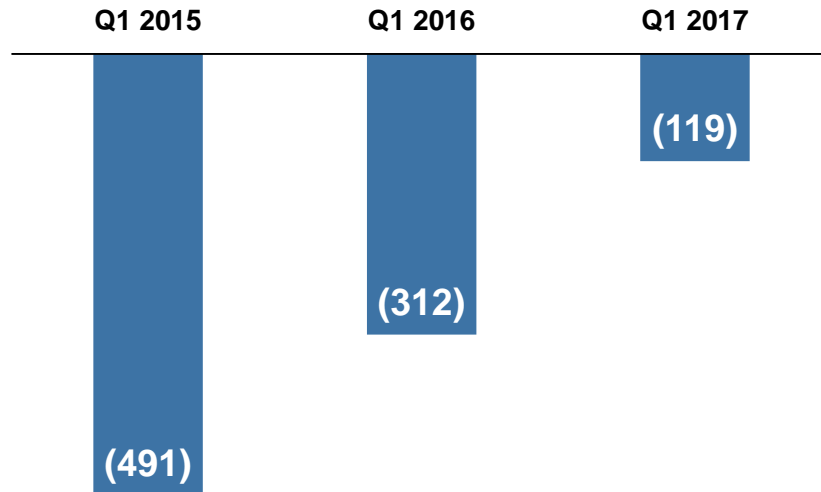
Private Client AUM of  
**\$5.1 billion**

1) \$57 million in commitments received after quarter end. Total commitments were \$549 million as of February 28, 2017.

# Retail Business Review

## Trajectory continues to improve

### Mutual Fund Net Sales



- Net sales of \$151 million reported in the month of February
- Consistent improvement in quarterly reported mutual fund net sales
- Leveraging AGFiQ capabilities

# Investment Teams & Performance

## Performance improvement on track to meet long term target

AUM above median:

**44%**

over 1 year,

**37%**

over 3 years

Portfolios positioned  
for client concerns  
around risk, volatility,  
and global  
diversification

2 year AUM above  
median

**62%**

bodes well for continued  
improvement in 3 year

# Institutional Business Review & Pipeline

		(\$ millions)
Q4 Pipeline	Gross Sales Commitments	35
	Redemption Notifications	(217)
	<b>Q4 Net Pipeline</b>	<b>(182)</b>

Q1 Activity	Gross Sales from Q4 Pipeline	35
	Redemptions from Q4 Pipeline	(217)
	Additional Q1 Net Redemptions	(64)
	<b>Total Q1 Net Redemptions</b>	<b>(246)</b>

Q1 Pipeline	Gross Sales	74
	Redemption Notifications	(21)
	<b>Q1 Net Pipeline</b>	<b>53</b>

- Pipeline reflects confidence from existing clients
- Final close of the Essential Infrastructure Fund expected in Q2 2017
  - \$606 million raised to date
- RFP and related activity is strengthening



# Summary of Financial Results

	(\$ millions, except per share amounts)	Sequential Quarter			Quarter Over Quarter		
		Q1 '17	Q4 '16	Fav / (Unfav)	Q1'17	Q1'16	Fav / (Unfav)
Continuing Operations	Revenue	107.2	104.8	2.3%	107.2	103.3	3.8%
	SG&A	50.4	43.2	(16.7%)	50.4	45.3	(11.3%)
	<b>EBITDA</b>	<b>25.7</b>	<b>30.7</b>	<b>(16.3%)</b>	<b>25.7</b>	<b>27.3</b>	<b>(5.9%)</b>
	<i>EBITDA Margin</i>	<i>24.0%</i>	<i>29.3%</i>	<i>(18.1%)</i>	<i>24.0%</i>	<i>26.4%</i>	<i>(9.1%)</i>
	<b>EBITDA (adjusted)</b>	<b>25.7</b>	<b>25.5</b>	<b>0.8%</b>	<b>25.7</b>	<b>27.3</b>	<b>(5.9%)</b>
	<i>EBITDA Margin (adjusted)</i>	<i>24.0%</i>	<i>24.3%</i>	<i>(1.2%)</i>	<i>24.0%</i>	<i>26.4%</i>	<i>(9.1%)</i>
	Free Cash Flow	10.4	21.2	(50.9%)	10.4	11.1	(6.3%)
	<b>Net Income</b>	<b>9.2</b>	<b>14.6</b>	<b>(37.0%)</b>	<b>9.2</b>	<b>10.2</b>	<b>(9.8%)</b>
	<b>Net Income (adjusted)</b>	<b>9.2</b>	<b>10.6</b>	<b>(13.2%)</b>	<b>9.2</b>	<b>10.2</b>	<b>(9.8%)</b>
	<b>Diluted EPS</b>	<b>0.11</b>	<b>0.18</b>	<b>(38.9%)</b>	<b>0.11</b>	<b>0.13</b>	<b>(15.4%)</b>
<b>Adjusted diluted EPS</b>	<b>0.11</b>	<b>0.13</b>	<b>(15.4%)</b>	<b>0.11</b>	<b>0.13</b>	<b>(15.4%)</b>	

## Financial Results – BPS Detail

### EBITDA yield reflects AUM mix shift

(bps of average AUM)	Q1-17	TTM
<b>Average AUM (\$B)<sup>1</sup></b>	<b>33.7</b>	<b>33.2</b>
Average Retail	17.9	17.6
Average Institutional and Private Client	15.8	15.6
Revenue (bps) <sup>2</sup>	122	124
Less:		
Trailer Fees (bps)	37	37
SG&A (bps) <sup>3</sup>	61	62
EBITDA (bps) <sup>3</sup>	24	25

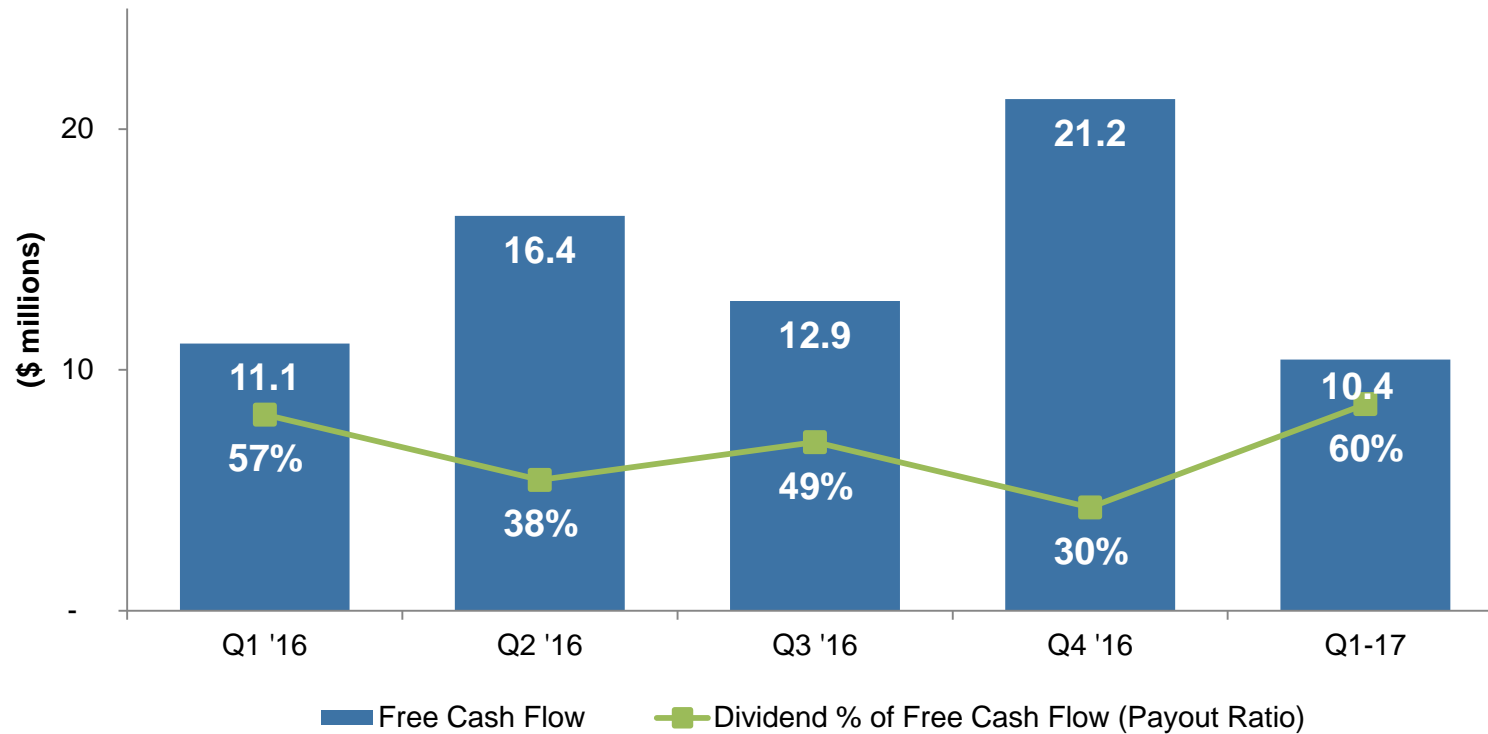
(1) Average AUM excludes Alternatives platform. Institutional and Private Client includes Sub Advisory and ETFs.

(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 of \$3.7M in TTM view.

# Free Cash Flow

Dividend payout ratio remains within an acceptable range

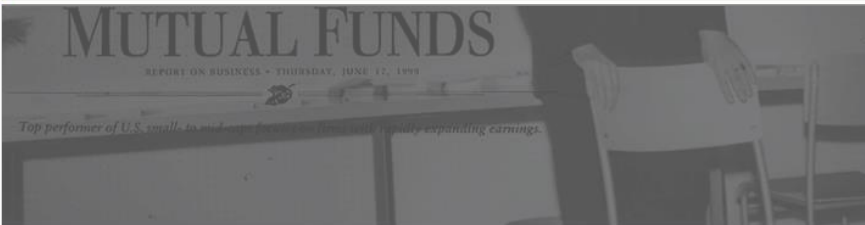


## 2017 Focus & Priorities

Continue to  
drive  
**improved  
investment  
performance**

**Execute** our  
**growth** plans

Leverage the  
**AGFiQ** platform



# Thank You!

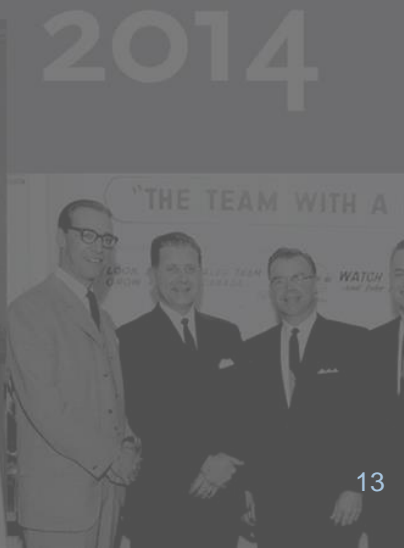
To learn more about AGF's History visit:  
[AGF.com/AGFStory](http://AGF.com/AGFStory)



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1997



FINANCIAL POST  
FRIDAY, MARCH 2, 2011  
AGF SURGE BUCKS TREND