



# AGF Management Limited

Earnings Conference Call  
First Quarter 2018

March 28<sup>th</sup>, 2018

# Caution Regarding Forward-Looking Statements

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The forward looking information is provided as of March 28<sup>th</sup>, 2018. 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

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## **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

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- Highlights of the 1<sup>st</sup> Quarter of Fiscal 2018
- Business Updates
  - Retail
  - Investment Management
  - Institutional
  - Alternatives
- Financial Results
- Capital & Liquidity
- Focus & Priorities

# Q1 2018 Highlights

## Continued progress toward stated objectives

Retail Mutual Fund  
**net sales**  
of \$20 million<sup>1</sup>

Positive  
**Institutional**  
committed pipeline

AUM **above** median:

**49%** over 1 year

**61%** over 3 years

Unveiled new  
**AGFiQ**  
marketing  
campaign

**Launched**  
two new  
AGFiQ ETFs

InstarAGF Essential  
Infrastructure Fund  
approximately half  
**invested**

(1) Excluding non-recurring institutional net sales (redemptions) in excess of \$5 million.

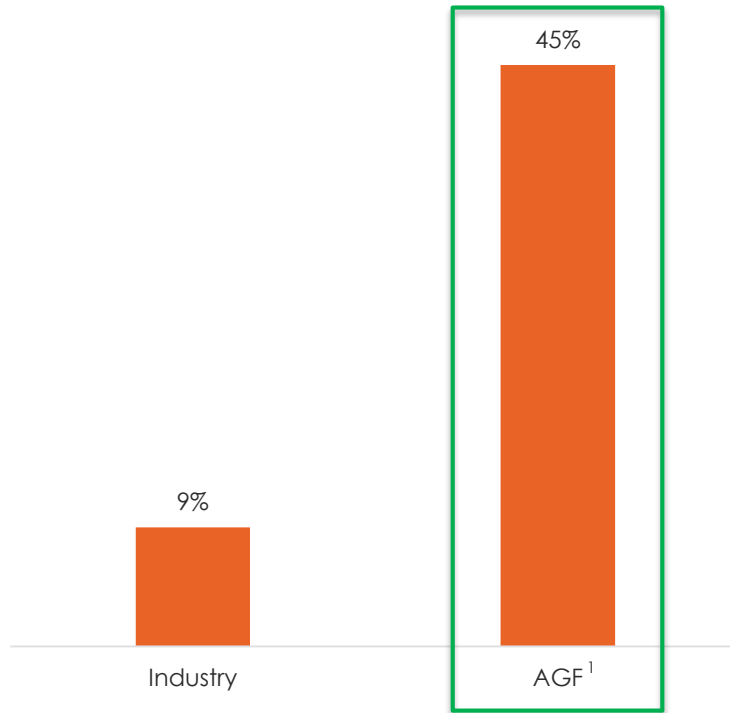
## Line of Business Performance

| (\$ millions)                       | Q1 2017       | Q1 2018       | Change      |
|-------------------------------------|---------------|---------------|-------------|
| Mutual funds                        | 18,299        | 19,056        | ↑ 4%        |
| Institutional, Sub Advisory and ETF | 10,960        | 11,545        | ↑ 5%        |
| Private Client                      | 5,143         | 5,471         | ↑ 6%        |
| Alternatives                        | 712           | 902           | ↑ 27%       |
| <b>Total</b>                        | <b>35,114</b> | <b>36,974</b> | <b>↑ 5%</b> |

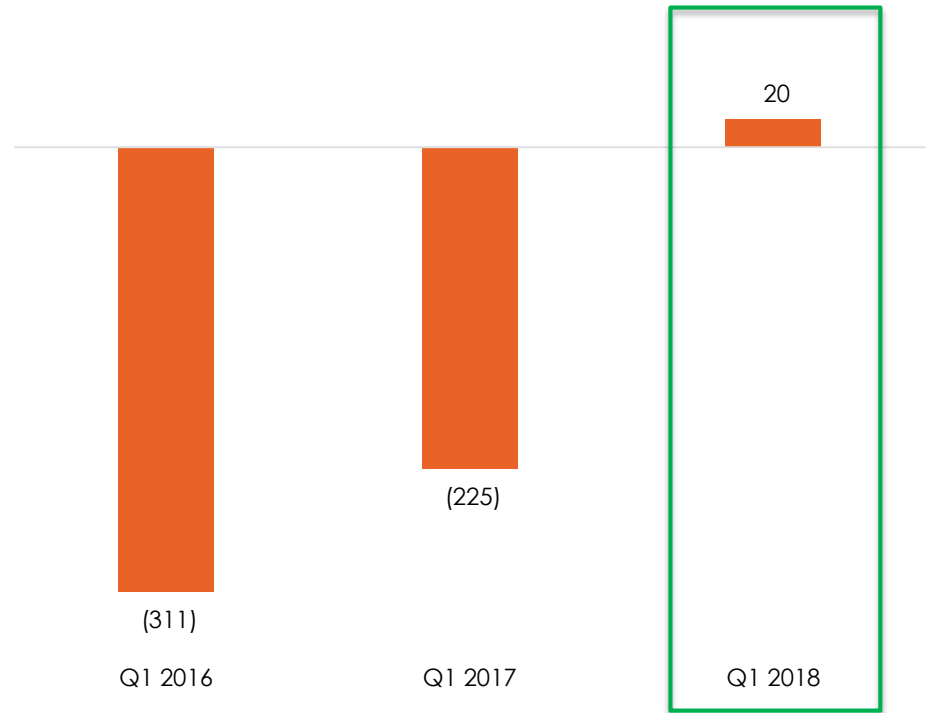
# Retail Business Review<sup>1</sup>

## Retail mutual fund net sales of \$20 million in Q1 2018<sup>1</sup>

### Gross Sales Improvement<sup>2</sup>



### AGF Mutual Fund Net Sales (\$M)<sup>1</sup>



(1) AGF gross and net sales adjusted to exclude non-recurring institutional net sales (redemptions) in excess of \$5 million.

(2) Gross sales improvement based on Q1 2018 vs. Q1 2017. Industry gross sales per IFIC.

# Investment Teams & Performance

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3 year investment performance target met for 2<sup>nd</sup> consecutive quarter

AUM above median:

**49%**

over 1 year

**61%**

over 3 years

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

**Global bias**  
remains intact



# Financial Results – Summary

|   | (\$ millions, except per share amounts)  | Sequential Quarter |              |                | Year Over Year |               |               |
|---|--|--------------------|--------------|----------------|----------------|---------------|---------------|
|   |  | Q1-18              | Q4-17        | Fav / Unfav    | Q1-18          | Q1-17         | Fav / Unfav   |
| Continuing Operations                     | Revenue                                  | 110.9              | 120.9        | (8.3%)         | 110.9          | 107.2         | 3.5%          |
|   | Revenue (Adjusted) <sup>1</sup>          | 110.9              | 110.9        | 0.0%           | 110.9          | 107.2         | 3.5%          |
|   | SG&A                                     | 53.1               | 56.1         | 5.3%           | 53.1           | 50.4          | (5.4%)        |
|   | <b>EBITDA</b>                            | <b>24.9</b>        | <b>33.1</b>  | <b>(24.8%)</b> | <b>24.9</b>    | <b>25.7</b>   | <b>(3.1%)</b> |
|   | EBITDA Margin                            | 22.5%              | 27.4%        | (17.9%)        | 22.5%          | 24.0%         | (6.2%)        |
|   | <b>EBITDA (Adjusted)<sup>1</sup></b>     | <b>24.9</b>        | <b>23.1</b>  | <b>7.8%</b>    | <b>24.9</b>    | <b>25.7</b>   | <b>(3.1%)</b> |
|   | EBITDA Margin (Adjusted) <sup>1</sup>    | 22.5%              | 20.8%        | 8.2%           | 22.5%          | 24.0%         | (6.2%)        |
|   | Free Cash Flow                           | 10.5               | 21.6         | (51.4%)        | 10.5           | 10.4          | 1.0%          |
|   | <b>Net Income</b>                        | <b>21.5</b>        | <b>17.3</b>  | <b>24.3%</b>   | <b>21.5</b>    | <b>9.2</b>    | <b>133.7%</b> |
|   | <b>Net Income (Adjusted)<sup>1</sup></b> | <b>11.5</b>        | <b>8.6</b>   | <b>33.7%</b>   | <b>11.5</b>    | <b>9.2</b>    | <b>25.0%</b>  |
| <b>Diluted EPS</b>                        | <b>0.27</b>                              | <b>0.21</b>        | <b>28.6%</b> | <b>0.27</b>    | <b>0.11</b>    | <b>145.5%</b> |               |
| <b>Diluted EPS (Adjusted)<sup>1</sup></b> | <b>0.14</b>                              | <b>0.11</b>        | <b>27.3%</b> | <b>0.14</b>    | <b>0.11</b>    | <b>27.3%</b>  |               |

- (1) Q4-2017 is adjusted for an one-time litigation settlement of \$10m (\$8.7m after tax) [EPS impact \$0.10].  
Q1-2018 is adjusted for an one-time tax expense recovery of \$10m related to the transfer pricing provision [EPS impact \$0.13].

## Financial Results – BPS Detail

| (bps of average AUM)                                       | Q1-18       | TTM         |
|--|-------------|-------------|
| <b>Average AUM (\$B)<sup>1</sup></b>                       | <b>36.1</b> | <b>35.2</b> |
| Average Mutual Fund  | 19.1        | 18.7        |
| Average Institutional, Sub-Advisory, ETFs & Private Client | 17.1        | 16.6        |
| Revenue (bps) <sup>2</sup>                                 | 118         | 119         |
| Less:  |             |             |
| Trailer Fees (bps)   | 36          | 36          |
| SG&A (bps) <sup>3</sup>                                    | 61          | 62          |
| EBITDA (bps) <sup>2,3</sup>                                | 22          | 22          |

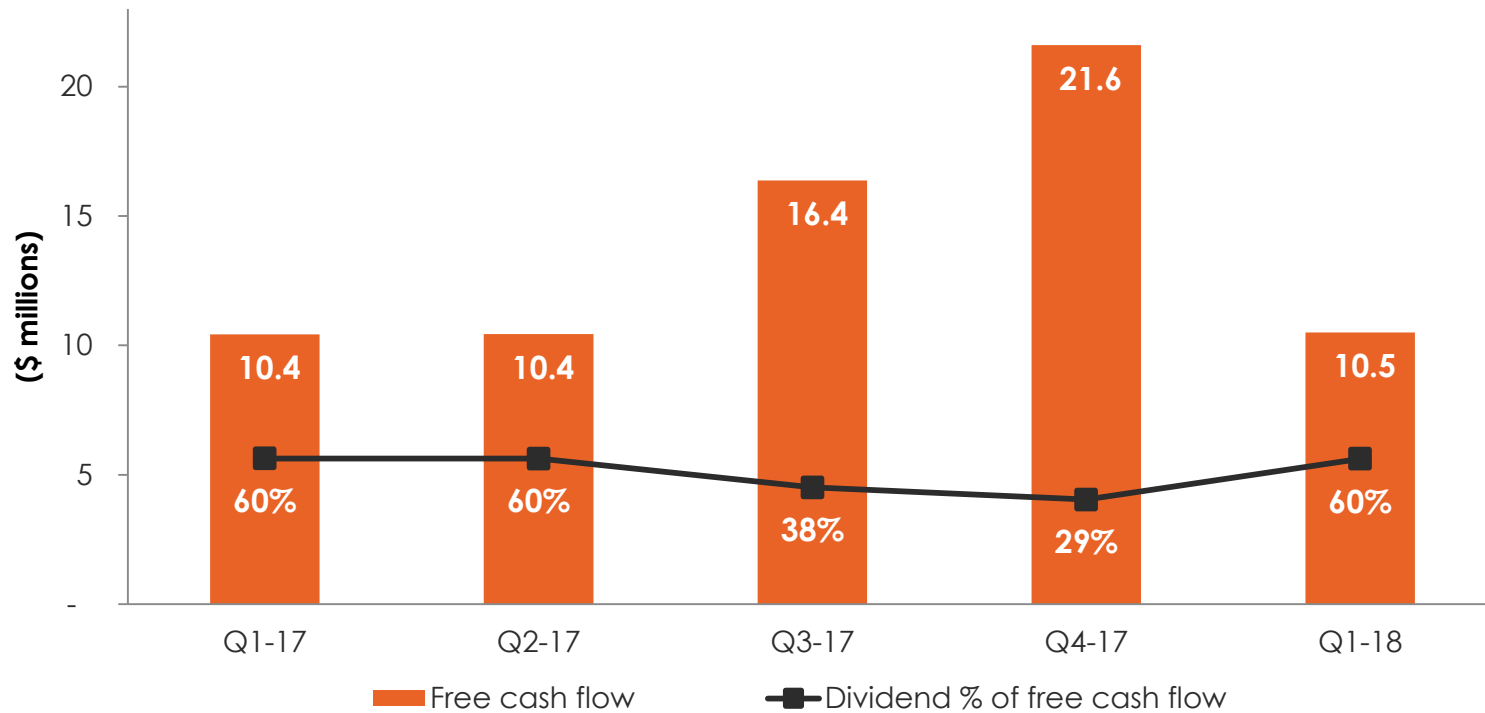
(1) Average AUM excludes Alternatives platform.

(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 in TTM view.

# Capital & Liquidity

Dividend payout ratio remains within an acceptable range



## 2018 Focus & Priorities

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Sustained  
**Investment  
performance**

Work towards  
**consistent  
net sales** in  
retail mutual  
funds

**Grow** sub-  
advisory and  
institutional

Leverage the  
**AGFiQ**  
platform



## Thank You!

To learn more about AGF's history visit:

[www.agf.com/ca/en/about-agf/our-story](http://www.agf.com/ca/en/about-agf/our-story)