



# AGF Management Limited

Earnings Conference Call  
Second Quarter 2024

# Caution Regarding Forward-Looking Statements

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The forward-looking information is provided as of June 26, 2024. 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 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, the possible effects of war or terrorist activities, outbreaks of disease or illness that affect local, national or international economies, natural disasters and disruptions to public infrastructure, such as transportation, communications, power or water supply or other 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 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.sedarplus.com](http://www.sedarplus.com).

# Conference Call Participants

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## Presenting

**Kevin McCreadie, CFA, MBA**

Chief Executive Officer & Chief Investment Officer



**Ken Tsang, CFA, CPA, MBA**

Chief Financial Officer



## Available for questions

**Judy G. Goldring, LL.B, LL.D, ICD.D**

President & Head of Global Distribution



**Ash Lawrence, MBA**

Head of AGF Capital Partners



# Today's Discussion

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- Highlights of the 2<sup>nd</sup> Quarter of Fiscal 2024
- Business Updates
- Financial Results
- Capital & Liquidity
- Investment Highlights

# Q2 2024 Highlights


AGF continued to make progress against strategic objectives



Assets<sup>1</sup> of

**\$47.8 billion**

16% higher year over  
year



**Strong**

Investment Performance



Adjusted Diluted

**EPS of \$0.35**



Closed


**\$45 million**

acquisition of Kensington



**\$329 million**

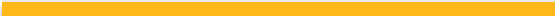
in short- and long-term  
investments



**Strong Financial**

**Position**

for capital allocations



(1) Includes AUM and fee-earning assets.

# Assets Under Management and Fee-earning Assets<sup>1,2</sup>

AUM driven by acquisition of KCPL and growth in mutual funds AUM



(\$ millions)	Q2 2024	Q2 2023	Change
<b>AGF Investments<sup>3</sup></b>			
Mutual funds	26,961	23,631	↑ 14%
ETFs and SMA	1,800	1,400	↑ 29%
Segregated accounts and sub-advisory	6,313	6,876	↓ (8%)
<b>AGF Private Wealth<sup>3</sup></b>	8,026	7,162	↑ 12%
<b>AGF Capital Partners<sup>4</sup></b>	4,744	2,135	↑ 122%
<b>Total AUM and fee-earning assets</b>	<b>47,844</b>	<b>41,204</b>	<b>↑ 16%</b>

(1) Fee-earning assets represents assets in which AGF has carried interest ownership and earns recurring fees but does not have ownership interest in the managers.

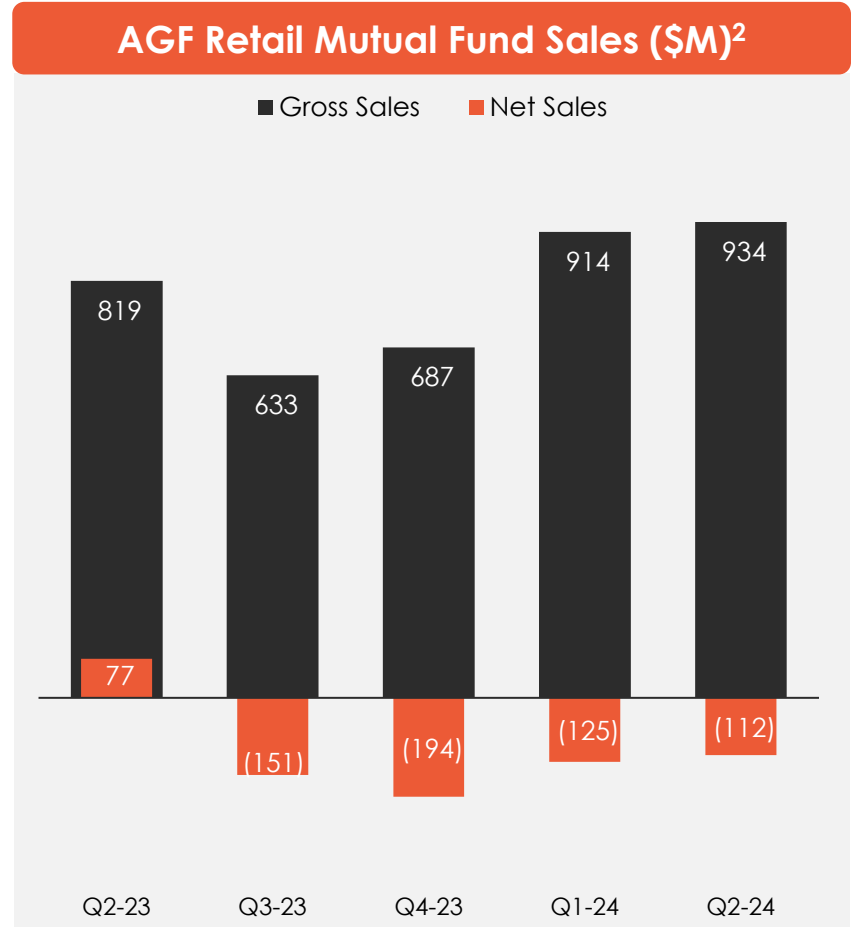
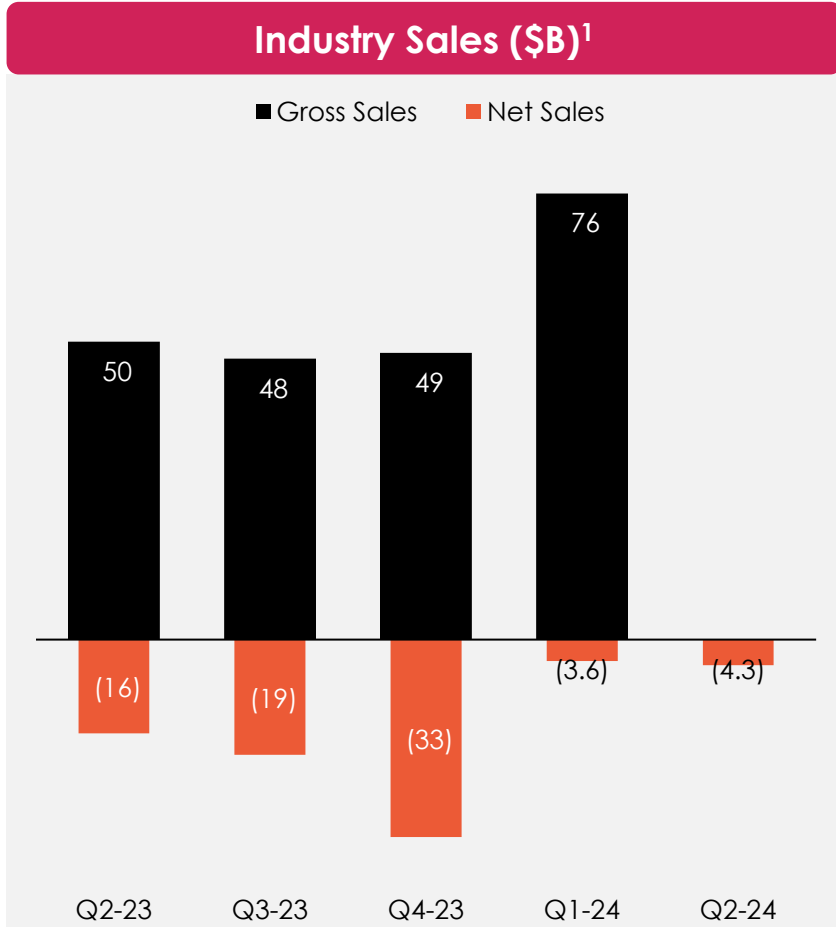
(2) Certain totals, subtotals and percentages may not reconcile due to rounding.

(3) See disclaimer on page 19.

(4) AGF Capital Partners includes AUM and fee-earning assets.

# Mutual Fund Business Review

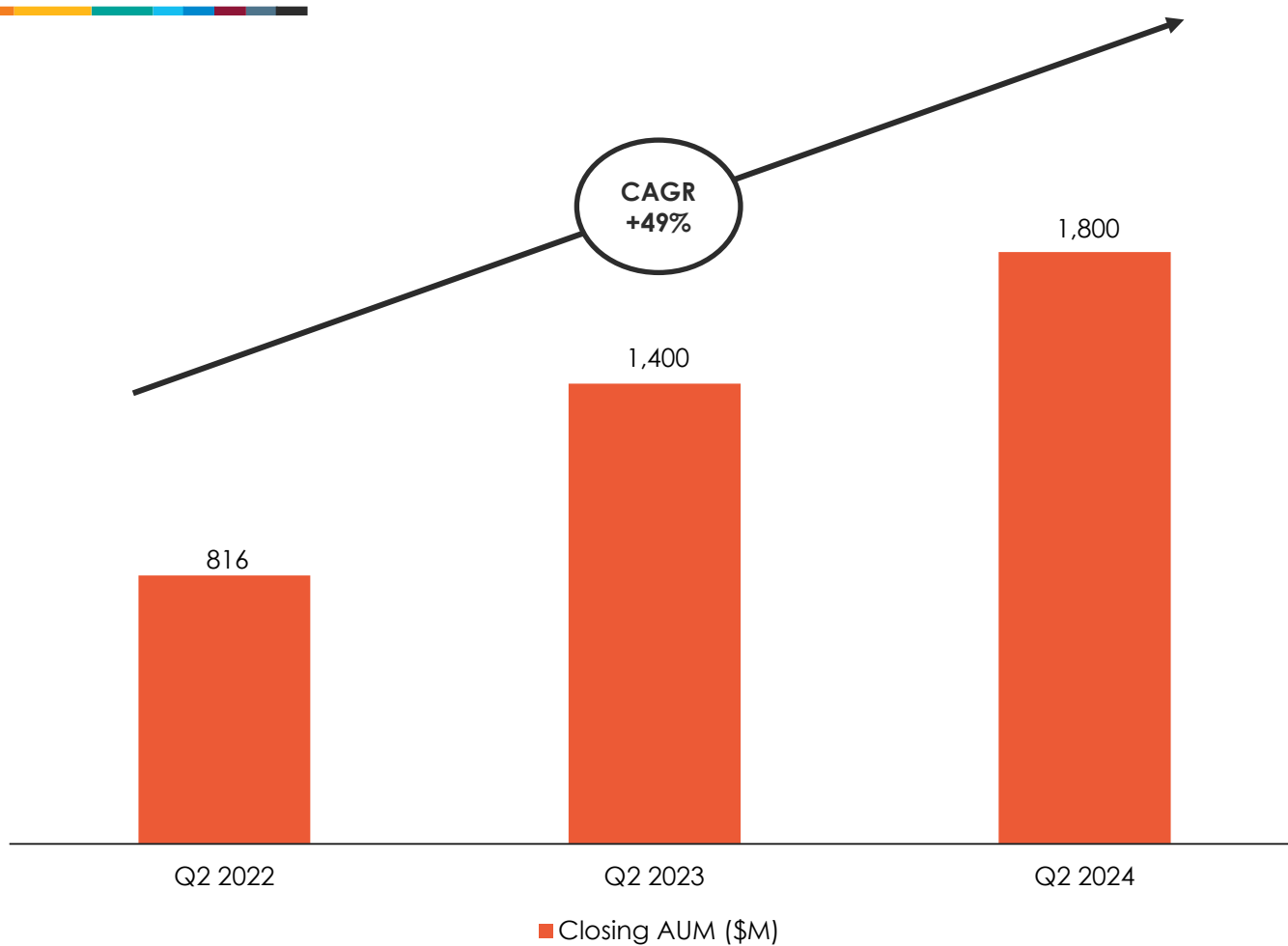
Net redemptions may have stabilized for AGF



(1) Long-term mutual funds gross and net sales in the Canadian mutual funds industry per Investor Economics and IFIC. Q2 industry long-term funds gross sales not yet available.  
 (2) Retail mutual fund net sales calculated as reported mutual fund net sales less non-recurring institutional net sales in excess of \$5 million invested in our mutual funds.

# ETFs and SMA AUM

Continued to show strong growth YoY





# Adjusted Financial Results<sup>1,2</sup>

Kensington will add \$1.7M to Q2 Adjusted EBITDA

Q2 2024 (\$ millions)	Traditional Wealth & Asset Mgmt.	AGF Capital Partners		Total
		AGF Capital Partners (excl. KCPL)	KCPL	
Total Net Revenue <sup>3</sup>	85.0	5.9	6.1	97.0
Adjusted SG&A <sup>4</sup>	55.6	0.0	4.4	60.0
Adjusted EBITDA	29.4	5.9	1.7	37.0

(1) Adjusted financial results excludes expenses relating to KCPL LLTIP, severance, corporate development, acquisition related expenses and fair value adjustments on contingent consideration payable and put option liability.

(2) Certain totals and subtotals may not reconcile due to rounding.

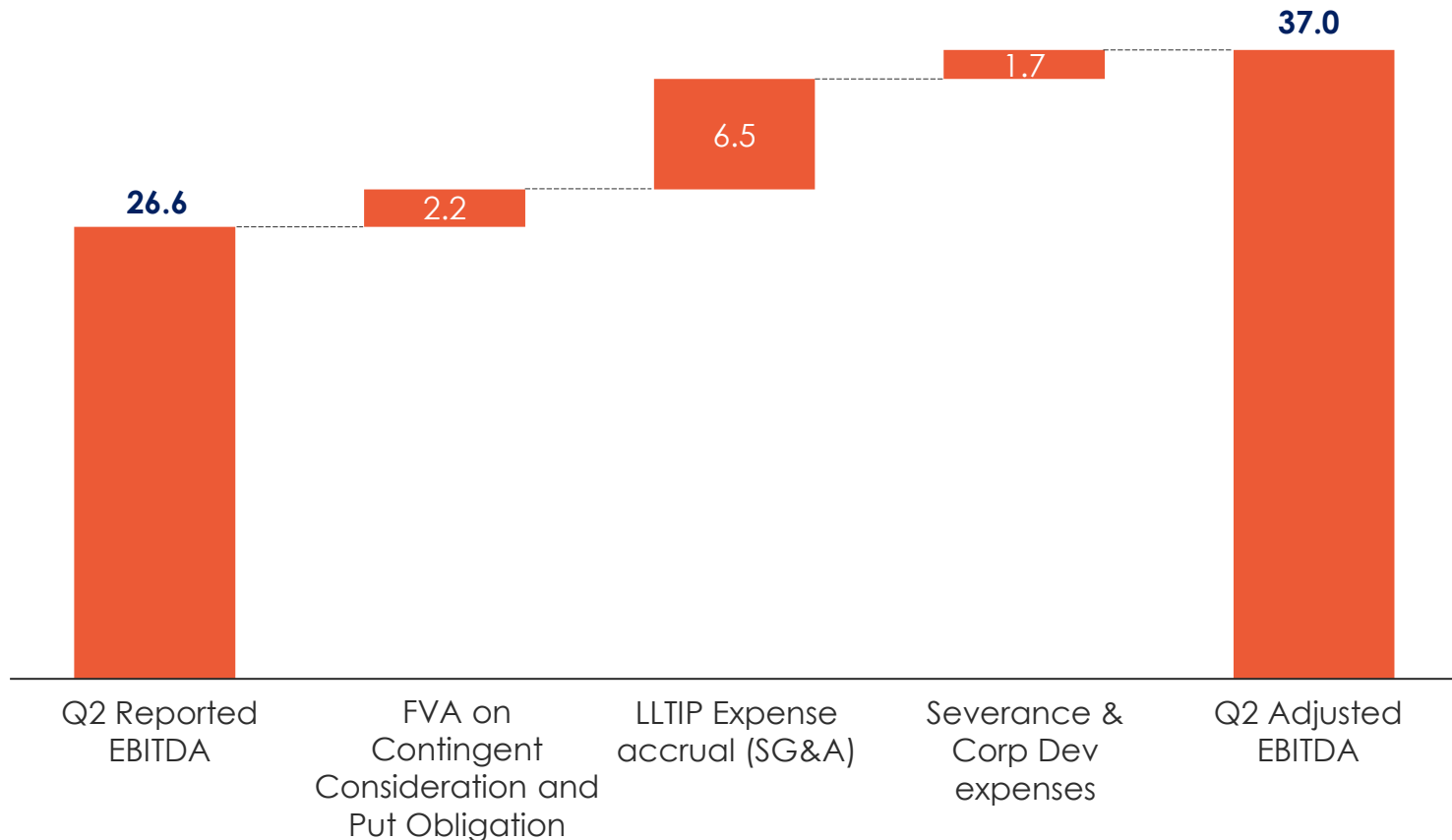
(3) Defined as net management, advisory and administration fees, deferred sales charges, revenue from AGF Capital Partners, and other revenue.

(4) AGF Capital Partners' SG&A does not include allocated AGF costs

# Q2 Adjusted EBITDA<sup>1</sup>

Adjusted EBITDA excludes non-cash acquisition related expenses

Q2 Adjusted EBITDA bridge (\$ millions)



(1) Adjusted EBITDA excludes expenses relating to KCPL LLTIP, severance, corporate development, acquisition related expenses and fair value adjustments on contingent consideration payable and put option liability.

# Adjusted Financial Results<sup>1,2</sup>

Unfavourable comparative results due to elevated fair value adjustments in prior periods

Consolidated Adjusted Results (\$ millions, except per share amounts)	Q2 2024	Sequential Quarter		Year over Year	
		Q1 2024	Variance	Q2 2023	Variance
Total Net Revenue <sup>3</sup>	97.0	103.0	(6%)	95.8	1%
Adjusted SG&A	60.0	53.5	(12%)	51.9	(16%)
Adjusted EBITDA	37.0	49.5	(25%)	43.9	(16%)
Adjusted EBITDA Margin	28.0%	36.2%		33.9%	
Adjusted Net Income – Equity Owners	23.6	33.7	(30%)	31.2	(24%)
Adjusted Diluted EPS – Equity Owners	0.35	0.51	(31%)	0.46	(24%)
Free Cash Flow	17.2	17.2	0%	19.8	(13%)

(1) Adjusted financial results excludes expenses relating to KCPL LLTIP, severance, corporate development, acquisition related expenses and fair value adjustments on contingent consideration payable and put option liability.

(2) Certain totals and subtotals may not reconcile due to rounding.

(3) Defined as net management, advisory and administration fees, deferred sales charges, revenue from AGF Capital Partners, and other revenue.

# Adjusted Financial Results<sup>1,2</sup> Split

Traditional Asset and WM favourable, AGF Capital Partners unfavourable due to FVA

## Traditional Asset and Wealth Management

(\$ millions, except per share amounts)	Q2 2024	Sequential Quarter		Year over Year	
		Q1 2024	Variance	Q2 2023	Variance
Net management, advisory and admin fees <sup>3</sup>	81.2	74.9	6.3	75.7	5.5
DSC and Other Revenue <sup>4</sup>	3.8	3.7	0.1	2.1	1.7
Total Net Revenue	85.0	78.6	6.4	77.8	7.2

## AGF Capital Partners

(\$ millions, except per share amounts)	Q2 2024	Sequential Quarter		Year over Year	
		Q1 2024	Variance	Q2 2023	Variance
Recurring Manager earnings <sup>5</sup>	7.3	0.8	6.5	0.8	6.5
Carried interest and performance fees	0.0	0.2	(0.2)	0.9	(0.9)
Revenue from long-term investments	4.7	23.4	(18.7)	16.3	(11.6)
Total Net Revenue	12.0	24.4	(12.4)	18.0	(6.0)

- (1) Adjusted financial results excludes expenses relating to KCPL LLTIP, severance, corporate development, acquisition related expenses and fair value adjustments on contingent consideration payable and put option liability.
- (2) Certain totals and subtotals may not reconcile due to rounding.
- (3) Defined as management, advisory and administration fees net of trailing commissions and investment advisory fees.
- (4) Includes DSC revenue, mark to market adjustments related to AGF mutual funds that are held as seed capital investments, the share of profit or loss from AGF's ownership in AGFWave, and other income.
- (5) Includes management fees, earnings from managers and income from fee earning arrangements.

# Financial Results – BPS Detail<sup>1,2</sup>

Higher net mgmt. fee driving higher EBITDA Bps

Average AUM and Bps Detail	Sequential Quarter		TTM
	Q2 2024	Q1 2024	Q3 2023 to Q2 2024
<b>(Average AUM, \$ billions)</b>			
Average AUM excl. AGF Capital Partners (\$B) <sup>3</sup>	43.3	41.2	40.9
Average Mutual Fund	26.6	25.2	25.0
Average Institutional, Sub-Advisory, ETFs & Private Wealth	16.7	16.0	15.9
<b>(bps of average AUM)</b>	<b>Q2 2024</b>	<b>Q1 2024</b>	<b>Q3 2023 to Q2 2024</b>
Net management, advisory and admin fees (bps) <sup>4</sup>	75	73	74
Less: Adjusted SG&A (bps)	51	52	51
EBITDA (bps)	24	21	22

(1) Certain totals and subtotals may not reconcile due to rounding.

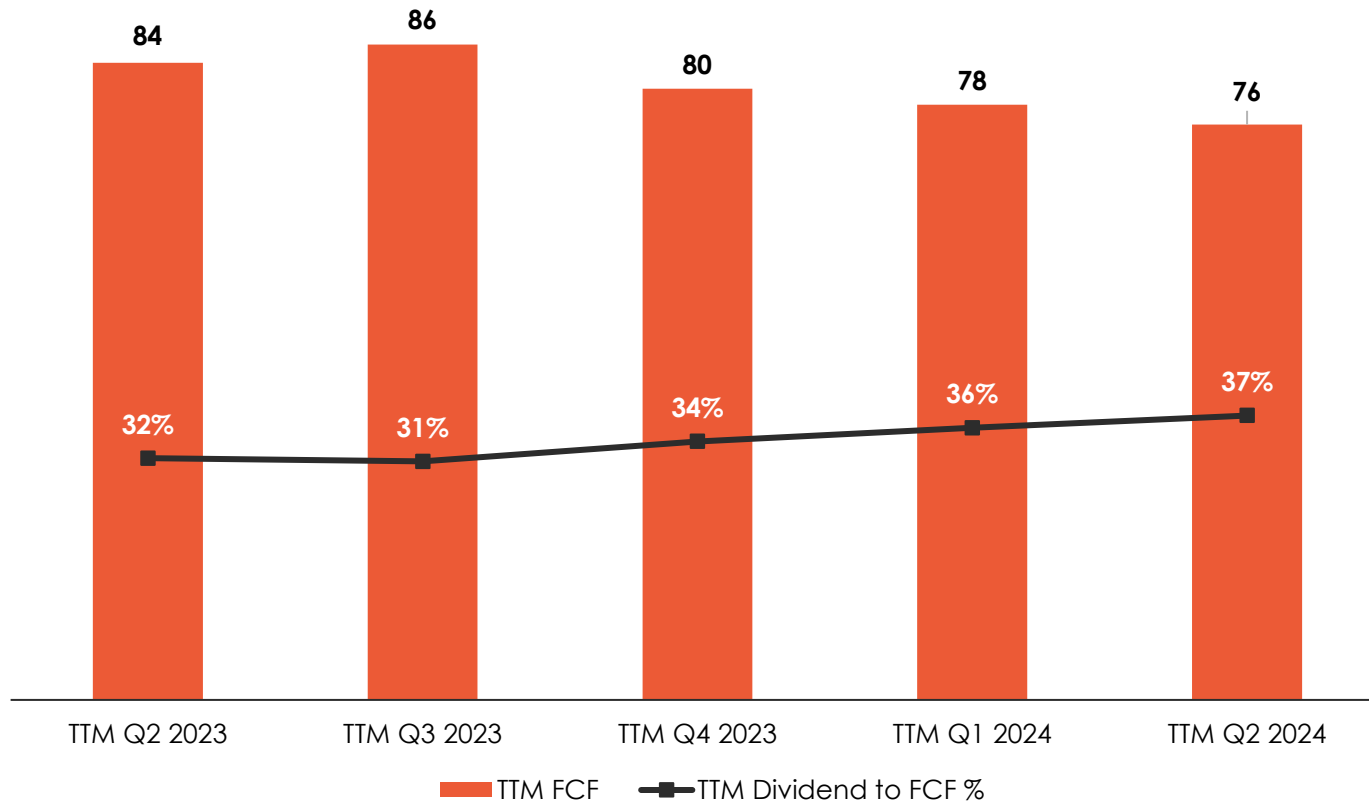
(2) This view excludes AUM and related results from the AGF Capital Partners business (incl. expenses relating to KCPL LLTIP), as well as DSC revenues, other income, severance, corporate development, acquisition related expenses.

(3) Total Average AUM excluding AGF Capital Partners calculated using average daily AUM for mutual fund and average monthly AUM for ETFs and SMA, Segregated accounts and sub-advisory and Private Wealth.

(4) Includes management, advisory and administration fees net of trailing commissions and investment advisory fees.

# Capital & Liquidity<sup>1</sup>

AGF has excess capital available to fund growth and return to shareholders

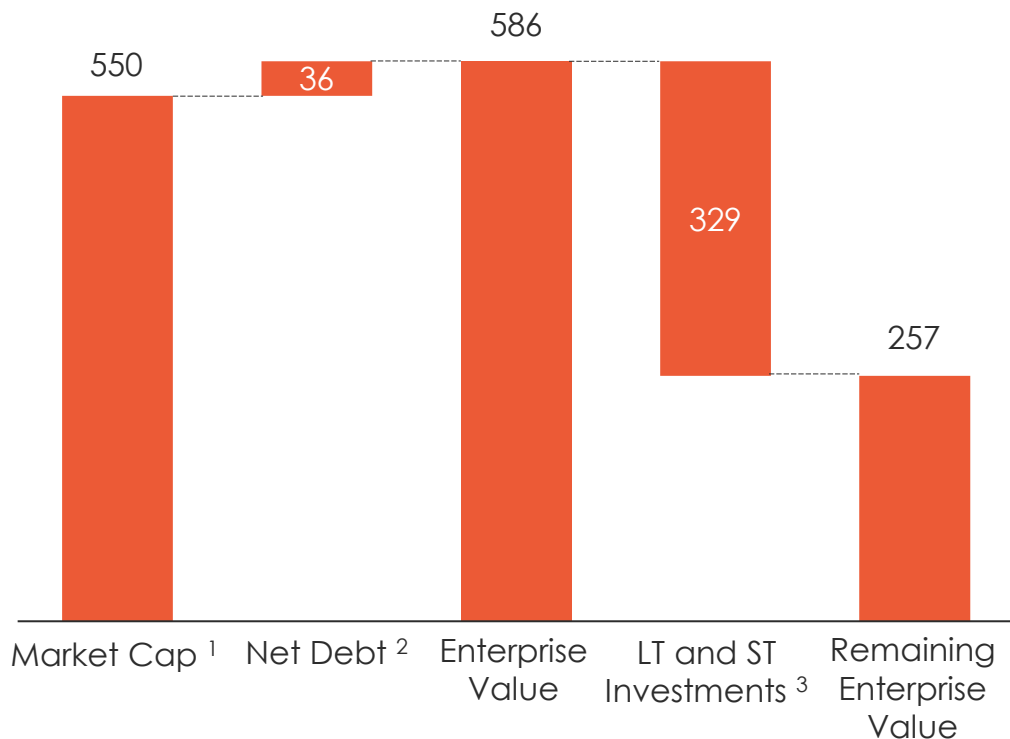


(1) Free cash flow represents cash available for distribution to our shareholders, share buybacks, investment in the AGF Capital Partners business and general corporate purposes. We define free cash flow as cash flow from operations before net changes in non-cash balances related to operations less interest paid and adjusted for certain tax items as outlined in the free cash flow section of the MD&A. Free cash flow does not include one-time items as noted on the MD&A.

# Enterprise value

Sum of the parts suggests upside to current valuation

## AGF Enterprise Value (\$m)



2023 EBITDA Excl. Income from LT Investments	Implied EV / EBITDA Multiple
\$106m <sup>4</sup>	2.4x


Compared to a 25% haircut to Traditional Asset Managers<sup>5</sup> and Alternative Managers<sup>6</sup> multiples - **6.7x<sup>7</sup>** and **16.6x<sup>7</sup>**

- 1) Market cap based on \$8.56 per share on June 20.
- 2) Net Debt as of Q2 2024 (Total LT debt of \$80m less cash of \$44m)
- 3) Long Term Investments of \$309m and short-term investments of \$20m, as of Q2 2024
- 4) 2023 adj. EBITDA of \$132.5m less \$26.6m from Long Term Investments
- 5) Peer group for the traditional asset management includes: CIX, IGM, FSZ, AMG, AB, BEN, BLK, FHI, JHG, IVZ, TROW, WT
- 6) Peer group for alternatives managers includes: APO, ARES, BAM, BX, CG, KKR, TPG
- 7) EV/EBITDA Multiple is calculated as average of peer group less 25% (to be conservative)

# 2024 Focus & Priorities




Deliver consistent and repeatable **investment performance**



Maintain sales momentum and **penetrate high growth distribution channels**



Build a **diversified private capital and alternatives business**



**Meet updated expense guidance** while continuing to invest in key growth areas





# Investment Thesis

## Strong Financial Position

### Stable cash flows to fund dividends and growth:

- TTM free cash flow and payout ratio of \$76m and 37%
- \$329m in long- and short-term investments and net debt of \$36m
- Supports strong dividend yield and share buybacks, while investing for growth

## Industry Leading Net Sales

### Outperforming the industry while diversifying channel growth:

- Track record of gaining market share over the last two years despite very challenging industry environment<sup>1</sup>
- AUM in SMA & ETFs grew by 49% CAGR<sup>2</sup> to \$1.8b

## Strong investment track record

### Disciplined investment process yielding strong results:

- A focus on long term performance and risk management
- ~60% of our strategies outperformed peers on 3- and 5-year performance

## Positioned for long term growth

### Positioned for long term growth of asset management industry:

- One of the few independent large scale asset managers in Canada with highly scalable business model
- Capitalizing on high growth Alternatives segment
- Executing against our four strategic priorities

(1) Since Q2 2022, the industry had approx. \$143b in net redemptions (LT mutual funds in the Canadian mutual funds industry per IFIC), vs. AGF had \$20m of net redemptions in retail mutual funds.

(2) CAGR calculated over a 2-year period from Q2 2022 to Q2 2024.



## 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)

To learn more visit **AGF.com**

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