



SEPTEMBER 2013

# AGF MANAGEMENT LIMITED

EARNINGS CONFERENCE CALL  
THIRD QUARTER – 2013  
SEPTEMBER 25, 2013



What are you doing after work?\*

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## CONFERENCE CALL PARTICIPANTS

- **Blake C. Goldring**, M.S.M., CFA, Chairman & Chief Executive Officer
- **Robert J. Bogart**, Executive Vice-President & Chief Financial Officer

# TODAY'S DISCUSSION

- Highlights of the 3<sup>rd</sup> Quarter
- Business Updates
  - Investment Management
  - Retail Business
  - Institutional Business
- Financial Results
- Capital & Liquidity
- Priorities Exiting Q3 2013

## Q3-2013 HIGHLIGHTS

Retail trajectory improving; Institutional pipeline is positive.

- AUM is at \$36.4B
- Retail gross and net redemption improvement continues
- Institutional has a strong gross sales pipeline
- EPS of \$0.11
- Board confirmed \$0.27 dividend

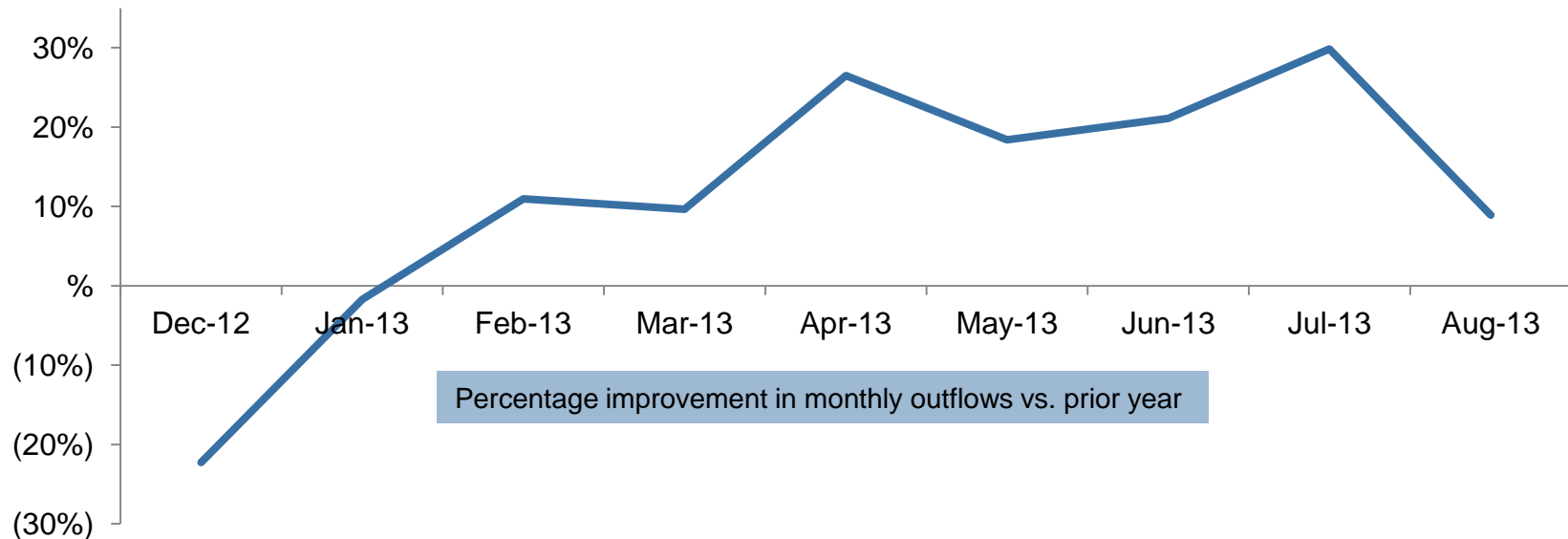
# INVESTMENT PRODUCTS & PERFORMANCE

Focus on internal process and fulfilling client needs with product innovation

- Product innovation:
  - AGF US AlphaSector Class
  - AGF Floating Rate Income Fund
  - AGF Focus Funds
- Investment process improvement is producing measurable results

## RETAIL NET REDEMPTIONS TREND<sup>(1)</sup>

Trajectory has improved, fund performance and product solutions are key to sustainability of improving trend.



- Gross sales improvement driven by innovative new products
- Net redemptions improved by \$145M compared to Q3-12
- Extending distribution reach
- Focus on strategic partnerships - awarded over \$100m in global mandate in Q3

(1) Excludes seed capital and material strategic partnership flows.

# INSTITUTIONAL BUSINESS REVIEW & PIPELINE

Gross sales pipeline of \$965 million

- Gross sales pipeline is robust - \$965 million in commitments
  - Includes \$430 million carryover from Q2 committed pipeline
  - UCITS seed commitments of \$535m; platform set for Q4 launch
- This is offset by \$860 million in redemption notices from clients
  - Legacy account
  - Rotation from EM
- Global mandate demand continues to be strong



# FINANCIAL RESULTS

Continuing Operations

(\$ millions, except per share amounts)	LTM Trending Results				Quarter over Quarter		
	Q4'12	Q1'13	Q2'13	Q3'13	Q3'13	Q3'12	Change
Revenue <sup>(1)</sup>	125.0	122.5	126.9	117.7	117.7	119.8	(1.8%)
EBITDA	50.0	45.3	46.1	38.6	38.6	36.3	6.3%
EBITDA Margin	40.0%	37.0%	36.3%	32.8%	32.8%	30.3%	8.3%
<b>EBITDA (adjusted)<sup>(2)</sup></b>	<b>49.2</b>	<b>45.3</b>	<b>46.1</b>	<b>38.6</b>	<b>38.6</b>	<b>42.2</b>	<b>(8.5%)</b>
<b>EBITDA Margin (adjusted)<sup>(2)</sup></b>	<b>39.4%</b>	<b>37.0%</b>	<b>36.3%</b>	<b>32.8%</b>	<b>32.8%</b>	<b>34.6%</b>	<b>(5.2%)</b>
Free Cash Flow	24.9	24.4	27.7	25.4	25.4	17.6	44.3%
Net Income	13.0	15.6	(10.4)	10.1	10.1	(19.3)	152.3%
<b>Net Income (adjusted)<sup>(3)</sup></b>	<b>15.0</b>	<b>15.6</b>	<b>14.6</b>	<b>10.1</b>	<b>10.1</b>	<b>10.7</b>	<b>(5.6%)</b>
EPS Diluted	0.14	0.17	(0.12)	0.11	0.11	(0.20)	(155.0%)
<b>EPS Diluted (adjusted)<sup>(3)</sup></b>	<b>0.16</b>	<b>0.17</b>	<b>0.16</b>	<b>0.11</b>	<b>0.11</b>	<b>0.11</b>	<b>0.0%</b>

(1) Revenue figures shown are not adjusted. Adjusted revenue: Q3-12 - \$121.9m.

(2) EBITDA adjusted for one time items: Q3-12 - \$5.9m, Q4-12 - (\$0.8m).

(3) Net Income / EPS adjusted for one time items: Q2-13 - \$25m, Q4-12 - \$2.0m , Q3-12 - \$30m.

## FINANCIAL RESULTS – BPS DETAIL

A shift to more retail AUM mix drove revenue rate higher; SG&A bps increase driven by stock compensation and lower AUM levels.

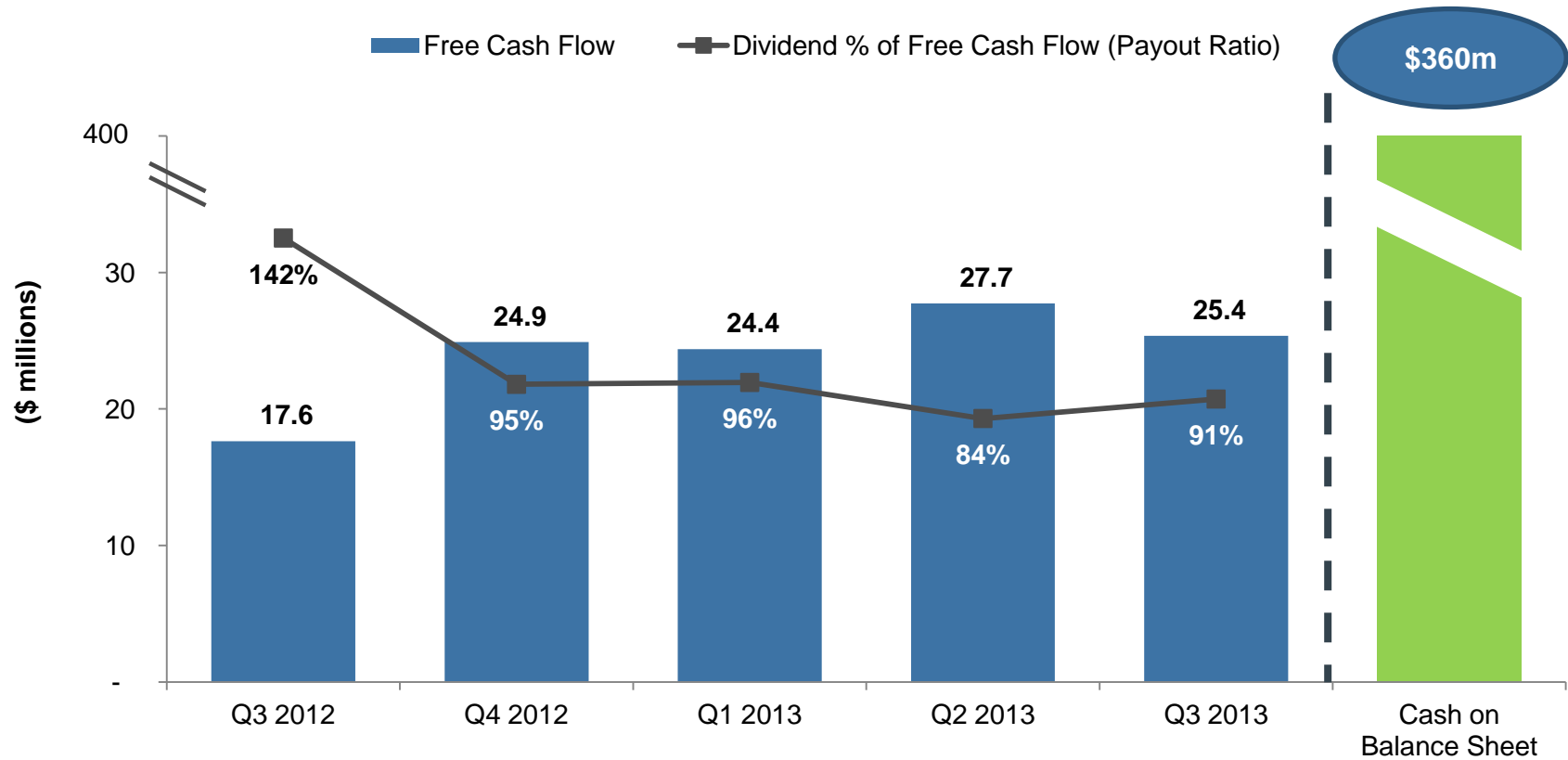
(bps of average AUM)	Q3-13	Q3-12	TTM
<b>Average AUM (\$ billions)</b>	<b>36.7</b>	<b>42.1</b>	<b>38.9</b>
Average Retail	19.0	20.7	19.8
Average Institutional and HNW	17.7	21.4	19.1
Revenue (bps) <sup>(1)</sup>	122	116	122
Less:			
Trailer Fees (bps)	33	30	32
SG&A (bps) <sup>(1)(2)</sup>	52	46	48
EBITDA (bps) <sup>(1)</sup>	37	40	42

(1) Excludes FV & Other Income (Loss), share of profit of associated company and one time items adjustments.

(2) Includes investment advisory fees.

# FREE CASH FLOW

AGF's payout ratio remains within an acceptable range; balance sheet is strong.



## FOCUS & PRIORITIES FOR 2013

For the remainder of 2013 we aim to build on sales trajectory improvement in retail and improvement in institutional sales funnel.

### Key Execution Priorities

- Improve investment performance
- Maintain new product launch momentum
- Retail net sales improvement relative to 2012
- Target institutional flows at positive run-rate exiting 2013
- Selective share repurchases for remainder of 2013
- Maintain dividend



# QUESTIONS



What are you doing after work?\*