

# AGF MANAGEMENT LIMITED

## EARNINGS CONFERENCE CALL

THIRD QUARTER 2015  
SEPTEMBER 30, 2015



What are you doing after work?\*

# CAUTION REGARDING FORWARD-LOOKING STATEMENTS

The forward looking information is provided as of September 30, 2015. 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
- **Robert J. Bogart**  
Executive Vice-President & Chief Financial Officer

# TODAY'S DISCUSSION

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

# Q3 2015 HIGHLIGHTS

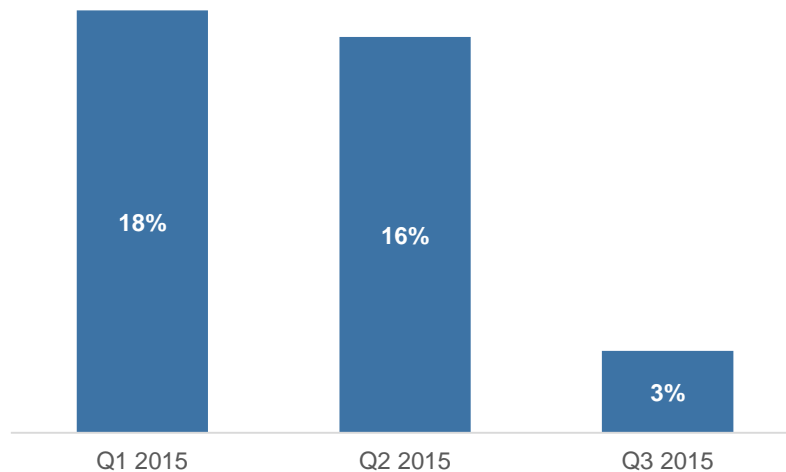
## Continued progress toward stated objectives

- Highlights:
  - Sustained improvement in investment performance
  - 11th consecutive quarter of improved retail fund flows
  - Institutional net sales and positive committed pipeline
  - Significant gain realized on infrastructure LP investment
  - Stock market decline
- Board confirmed \$0.08 dividend for Q3 2015

# RETAIL NET REDEMPTIONS TREND

**Further improvement in investment performance is key to delivering net sales**

Q3 Percentage Improvement in Net Redemptions



- Net redemptions improved 3% over Q3 2014
- 11 consecutive quarters of improvement

# INVESTMENT TEAMS & PERFORMANCE

**Continued refinement of process and risk management will sustain improvement in investment performance**

- AUM above median: 1 year 45%, 3 years 48%
- Global performance particularly strong
- Institutional capabilities aligned with global marketplace
- Essential Infrastructure Fund to close by year end

# INSTITUTIONAL BUSINESS REVIEW & PIPELINE

		(\$ millions)
Q2 Pipeline	Gross Sales Commitments	15
	Redemption Notifications	(3)
	<b>Q2 Net Pipeline</b>	<b>12</b>
Q3 Activity	Gross Sales from Q2 Pipeline	15
	Redemptions from Q2 Pipeline	(3)
	Additional Q3 Net Redemptions	(6)
	<b>Total Q3 Net Sales</b>	<b>6</b>
Q3 Pipeline	New Gross Sales Commitments	176
	New Redemption Notifications	(136)
	<b>Q3 Net Pipeline</b>	<b>40</b>

- Q2 Pipeline fully funded
- Positive Q3 pipeline
- High expectations for sales of Global Core Equity
- Essential Infrastructure Fund positioned well



# SUMMARY OF FINANCIAL RESULTS

(\$ millions, except per share amounts)	Sequential Quarter			Quarter Over Quarter		
	Q3'15 <sup>1</sup>	Q2'15	Change	Q3'15	Q3'14	Change
Revenue	115.8	117.1	(1.1%)	115.8	116.9	(0.9%)
SG&A	50.1	46.6	7.5%	50.1	43.8	14.4%
<b>EBITDA</b>	<b>31.8</b>	<b>36.0</b>	<b>(11.7%)</b>	<b>31.8</b>	<b>38.5</b>	<b>(17.4%)</b>
<b>EBITDA Margin</b>	<b>27.5%</b>	<b>30.7%</b>	<b>(10.4%)</b>	<b>27.5%</b>	<b>32.9%</b>	<b>(16.4%)</b>
Free Cash Flow	17.0	16.8	1.2%	17.0	22.2	(23.4%)
<b>Net Income</b>	<b>11.9</b>	<b>14.7</b>	<b>(19.0%)</b>	<b>11.9</b>	<b>14.8</b>	<b>(19.6%)</b>
<b>EPS Diluted</b>	<b>0.14</b>	<b>0.17</b>	<b>(17.6%)</b>	<b>0.14</b>	<b>0.17</b>	<b>(17.6%)</b>

(1) Q3 '15: SG&A includes one time restructuring costs of \$4.4m. Revenue and free cash flow includes a \$5.7m pre-tax special distribution from Stream. Adjusted diluted EPS is \$0.12.

# FINANCIAL RESULTS – BPS DETAIL

## Q3 EBITDA bps are consistent with TTM

(bps of average AUM)	Q3-15	TTM
<b>Average AUM (\$B)<sup>1</sup></b>	<b>34.7</b>	<b>35.2</b>
Average Retail	18.9	19.2
Average Institutional and HNW	15.8	16.0
Revenue (bps) <sup>2</sup>	123	122
Less:		
Trailer Fees (bps)	37	37
SG&A (bps) <sup>3</sup>	54	53
EBITDA (bps)	32	32

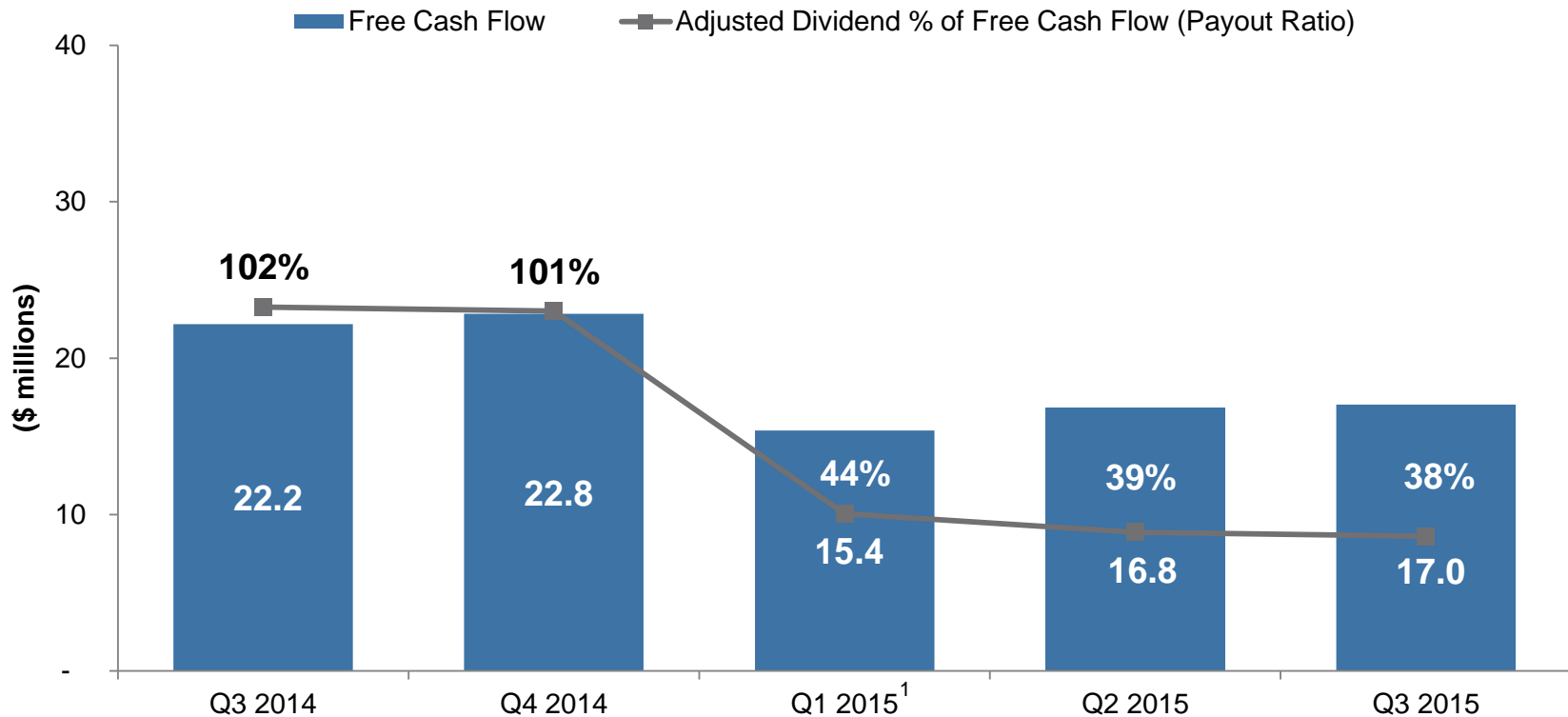
(1) Average AUM excludes Alternatives.

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

(3) Includes investment advisory fees. SG&A adjusted to exclude one time restructuring costs of \$4.4m pre-tax in Q3 '15.

# FREE CASH FLOW

Dividend payout ratio is within an acceptable range



(1) Q1 '15 payout ratio adjusted for Q1 '15 dividend payment of \$0.08 per share.

# 2015 FOCUS & PRIORITIES

## Build on improved investment performance improvement

- **Key Execution Points**
  - Continue investment performance improvement
  - Continue retail improvement
  - First close of Essential Infrastructure Fund



# QUESTIONS



What are you doing after work?\*