

# AGF MANAGEMENT LIMITED

## EARNINGS CONFERENCE CALL

THIRD QUARTER 2016  
SEPTEMBER 28<sup>TH</sup>, 2016



What are you doing after work?\*

# CAUTION REGARDING FORWARD-LOOKING STATEMENTS

The forward looking information is provided as of September 28<sup>th</sup>, 2016. 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 3<sup>rd</sup> Quarter
- Business Updates
  - Retail Business
  - Investment Management
  - Institutional Business
  - Alternatives
- Financial Results
- Capital & Liquidity
- Focus & Priorities

## Q3 2016 HIGHLIGHTS

### Continued progress toward stated objectives

- Highlights:
  - 27% improvement in mutual fund flows compared to Q3 2015
  - Completed subsequent close of Essential Infrastructure Fund; final close on track for year end
  - Adjusted earnings per share of \$0.13
  - Preliminary prospectus filed for QuantShares ETFs
  - Board confirmed \$0.08 dividend for Q3 2016

# RETAIL BUSINESS REVIEW

## Continued improvement in mutual fund flows

- Mutual fund net redemptions improved by 27% despite industry weakness
- Product innovation utilizing capabilities around risk and low volatility
- Good performance in key categories will drive continued improvement

# INVESTMENT TEAMS & PERFORMANCE

## Performance improvement remains on track

- AUM above median: 1 year 35%, 3 years 47%
- Consistent long-term performance in key funds
- Portfolios positioned to meet client concerns around risk and volatility

# INSTITUTIONAL BUSINESS REVIEW & PIPELINE

		(\$ millions)
<b>Q2 Pipeline</b>	Gross Sales Commitments	125
	Redemption Notifications	(434)
	<b>Q2 Net Pipeline</b>	<b>(309)</b>
<b>Q3 Activity</b>	Gross Sales from Q2 Pipeline	123
	Redemptions from Q2 Pipeline	(434)
	Additional Q3 Net Redemptions	(73)
	<b>Total Q3 Net Redemptions</b>	<b>(384)</b>
<b>Q3 Pipeline</b>	Gross Sales	60
	Redemption Notifications	-
	<b>Q3 Net Pipeline</b>	<b>60</b>

- Net redemptions a result of government policy shift in the United Kingdom
- Global performance remains strong, as does client demand
- Final close of Essential Infrastructure Fund on track for year end
  - \$85 million in additional commitments received during Q3



# SUMMARY OF FINANCIAL RESULTS

	(\$ millions, except per share amounts)	Sequential Quarter			Quarter Over Quarter		
		Q3 '16	Q2 '16	Fav / (Unfav)	Q3 '16	Q3 '15	Fav / (Unfav)
Continuing Operations	Revenue	109.4	111.1	(1.5%)	109.4	115.8	(5.5%)
	SG&A	52.4	54.0	3.0%	52.4	50.1	(4.6%)
	<b>EBITDA</b>	<b>25.3</b>	<b>26.2</b>	<b>(3.4%)</b>	<b>25.3</b>	<b>31.8</b>	<b>(20.4%)</b>
	EBITDA Margin	23.1%	23.6%	(2.1%)	23.1%	27.5%	(16.0%)
	<b>EBITDA (adjusted)</b>	<b>27.4</b>	<b>27.7</b>	<b>(1.1%)</b>	<b>27.4</b>	<b>30.5</b>	<b>(10.1%)</b>
	EBITDA Margin (adjusted)	24.6%	24.9%	(1.2%)	24.6%	27.7%	(11.2%)
	Free Cash Flow	12.9	16.4	(21.3%)	12.9	17.0	(24.1%)
	<b>Net Income</b>	<b>8.2</b>	<b>9.6</b>	<b>(14.6%)</b>	<b>8.2</b>	<b>11.9</b>	<b>(31.1%)</b>
	<b>Net Income (adjusted)</b>	<b>10.3</b>	<b>10.7</b>	<b>(3.7%)</b>	<b>10.3</b>	<b>10.2</b>	<b>1.0%</b>
	<b>Diluted EPS</b>	<b>0.10</b>	<b>0.12</b>	<b>(16.7%)</b>	<b>0.10</b>	<b>0.14</b>	<b>(28.6%)</b>
<b>Adjusted diluted EPS</b>	<b>0.13</b>	<b>0.13</b>	<b>-</b>	<b>0.13</b>	<b>0.12</b>	<b>8.3%</b>	

# FINANCIAL RESULTS – BPS DETAIL

## EBITDA yield decline reflects AUM mix shift

(bps of average AUM)	Q3 '16	TTM
<b>Average AUM (\$B)<sup>1</sup></b>	<b>33.3</b>	<b>32.7</b>
Average Retail	17.7	17.6
Average Institutional and HNW	15.6	15.1
Revenue (bps) <sup>2</sup>	125	124
Less:		
Trailer Fees (bps)	37	37
SG&A (bps) <sup>3</sup>	64	61
EBITDA (bps) <sup>3</sup>	24	26

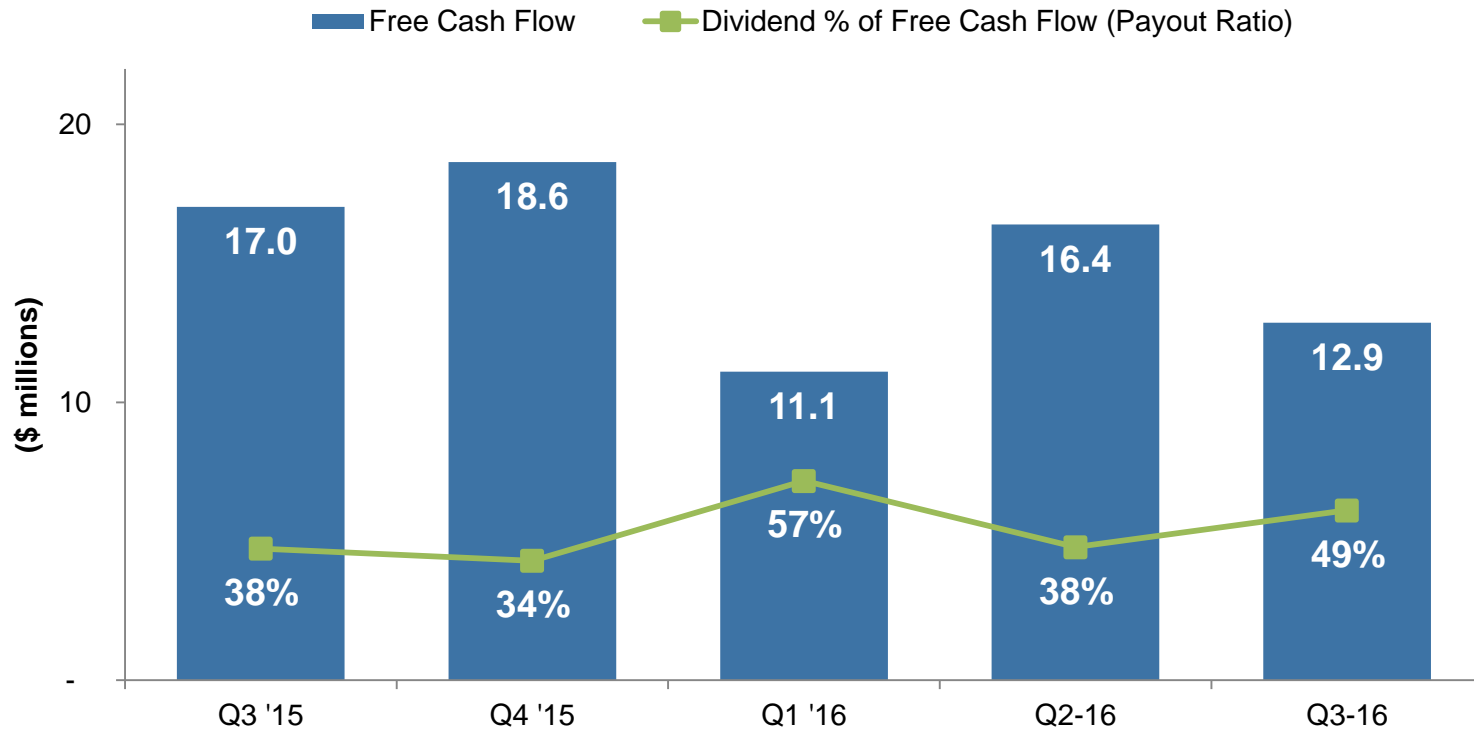
(1) Average AUM excludes Alternatives Platform.

(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 costs of \$1.5M in Q2-16 and \$2.8M in Q4-15.

# FREE CASH FLOW

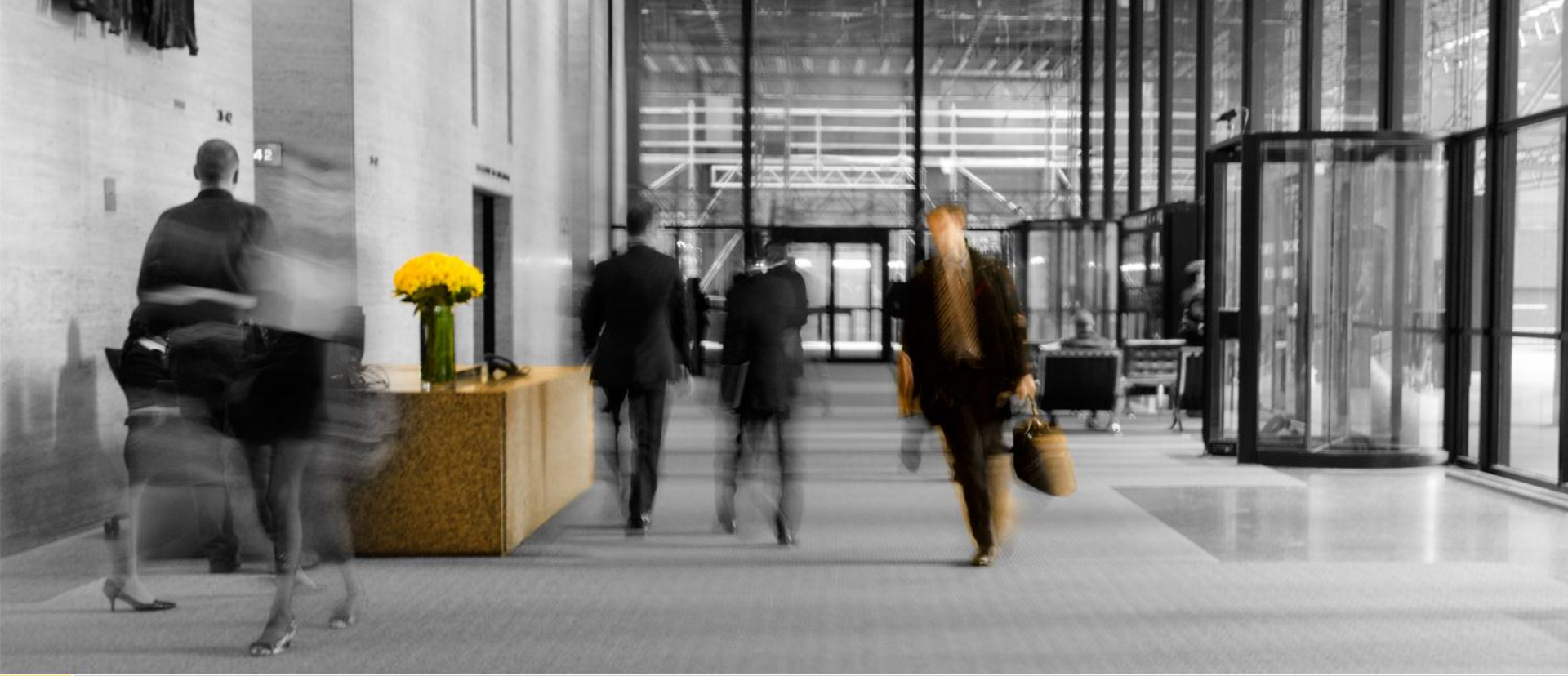
Dividend payout ratio remains within an acceptable range



# 2016 FOCUS & PRIORITIES

## Continue work on improved investment performance

- **Key Execution Points**
  - Sustain investment performance improvement
  - Drive gross sales through retail product development
  - Integrate FFCM and leverage new product capability
  - Final close of InstarAGF Essential Infrastructure Fund



# QUESTIONS



What are you doing after work?\*