



# AGF Management Limited

**EARNINGS CONFERENCE CALL**  
 THIRD QUARTER 2017  
 SEPTEMBER 27<sup>TH</sup>, 2017



CELEBRATING **60** YEARS OF  
 helping investors succeed

# Caution Regarding Forward-Looking Statements

The forward looking information is provided as of September 27<sup>th</sup>, 2017. 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 of Fiscal 2017
- Business Updates
  - Retail Business
  - Investment Management
  - Institutional Business
  - Alternatives
- Financial Results
- Capital & Liquidity
- Focus & Priorities

## Q3 2017 Highlights

### Continued progress toward stated objectives

Mutual Fund gross sales

**↑ 50%**

compared to prior year  
quarter

**AUM**  
**increased**  
over prior year  
quarter






**Talent added** in  
investment  
management and  
distribution

**Positive**  
**Pipeline** in  
institutional

**\$902**  
**million**  
in total commitments to  
Alternatives platform

Private Client AUM of  
**\$5.2 billion**

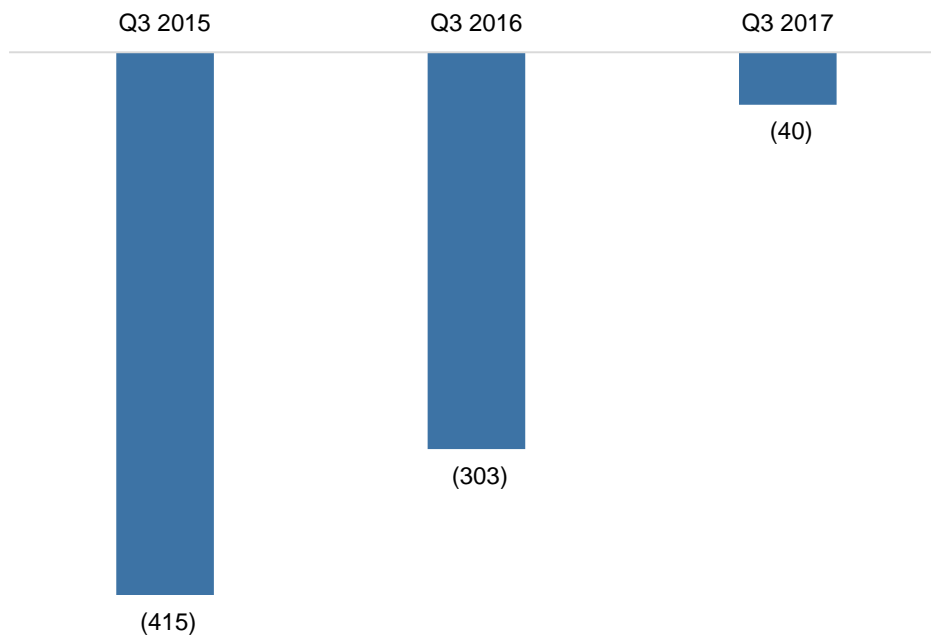
## Line of Business Performance

(\$ millions)	Q3 2016	Q3 2017	Change
Retail funds	17,811	18,165	 2%
Institutional, Sub Advisory and ETF	11,033	10,665	 3%
Private Client	4,784	5,221	 9%
Alternatives	619	902	 46%
<b>Total</b>	<b>34,247</b>	<b>34,953</b>	 <b>2%</b>

# Retail Business Review

## Trajectory continues to improve

### Mutual Fund Net Sales



- Gross sales improved 50% compared to the prior year quarter
- Net sales improved 87% compared to the prior year quarter
- Industry sales continue to be strong despite uncertainties

## Investment Teams & Performance

**65% of retail and institutional assets invested in global securities  
– performance improvement on track despite currency volatility**

AUM above median:

**33%**

over 1 year,

**48%**

over 3 years

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

Global bias  
influenced relative  
returns - in the long  
run global thesis  
remains intact



# Summary of Financial Results

	(\$ millions, except per share amounts)	Sequential Quarter			Year Over Year		
		Q3'17	Q2'17	Fav / (Unfav)	Q3'17	Q3'16 <sup>1</sup>	Fav / (Unfav)
Continuing Operations	Revenue	110.3	117.1	(5.8%)	110.3	109.4	0.8%
	SG&A	49.6	54.9	9.7%	49.6	52.4	5.3%
	<b>EBITDA</b>	<b>28.6</b>	<b>29.2</b>	<b>(2.1%)</b>	<b>28.6</b>	<b>25.3</b>	<b>13.0%</b>
	<i>EBITDA Margin</i>	25.9%	24.9%	4.0%	25.9%	23.1%	12.1%
	<b>EBITDA (Adjusted)<sup>1</sup></b>	<b>28.6</b>	<b>29.2</b>	<b>(2.1%)</b>	<b>28.6</b>	<b>27.4</b>	<b>4.4%</b>
	<i>EBITDA Margin (Adjusted)<sup>1</sup></i>	25.9%	24.9%	4.0%	25.9%	24.5%	5.7%
	Free Cash Flow	16.4	10.4	57.7%	16.4	12.9	27.1%
	<b>Net Income</b>	<b>12.3</b>	<b>13.2</b>	<b>(6.8%)</b>	<b>12.3</b>	<b>8.2</b>	<b>50.0%</b>
	<b>Net Income (Adjusted)</b>	<b>12.3</b>	<b>13.2</b>	<b>(6.8%)</b>	<b>12.3</b>	<b>10.3</b>	<b>19.4%</b>
	<b>Diluted EPS</b>	<b>0.15</b>	<b>0.16</b>	<b>(6.3%)</b>	<b>0.15</b>	<b>0.10</b>	<b>50.0%</b>
<b>Diluted EPS (Adjusted)</b>	<b>0.15</b>	<b>0.16</b>	<b>(6.3%)</b>	<b>0.15</b>	<b>0.13</b>	<b>15.4%</b>	

(1) In Q3 of fiscal 2016 there was an adjustment \$2.1m related to S&WHL regulatory levy.

## Financial Results – BPS Detail

### EBITDA yield reflects lower expenses

(bps of average AUM)	Q3-17	TTM
<b>Average AUM (\$B)<sup>1</sup></b>	<b>34.6</b>	<b>34.2</b>
Average Retail	18.3	18.1
Average Institutional and Private Client	16.3	16.1
Revenue (bps) <sup>2</sup>	120	121
Less:		
Trailer Fees (bps)	36	36
SG&A (bps) <sup>3</sup>	58	60
EBITDA (bps) <sup>2,3</sup>	26	24

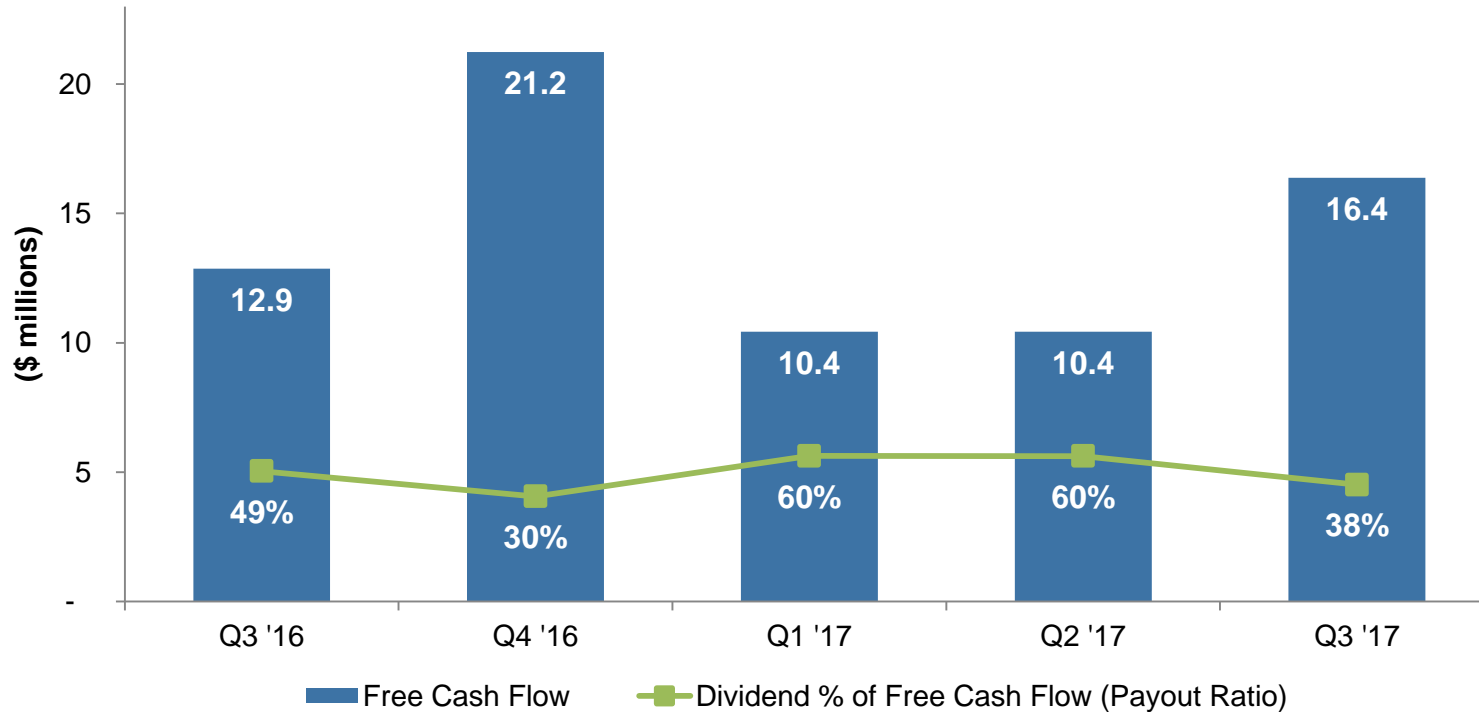
(1) Average AUM excludes Alternatives platform. Institutional and Private Client includes Sub Advisory and ETFs.

(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 of \$5.2M in TTM view.

# Free Cash Flow

## Dividend payout ratio remains within an acceptable range



## 2017 Focus & Priorities

**Investment  
performance**

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

**Grow** sub-  
advisory and  
institutional

Leverage the  
**AGFiQ**  
platform



# Thank You!

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AGF's History visit:  
[AGF.com/AGFStory](http://AGF.com/AGFStory)



CELEBRATING 60 YEARS OF  
Helping Investors Succeed™



1997



2014



FINANCIAL POST  
FRIDAY, MARCH 2, 2001  
AGF SURGE BUCKS TREND