

# AGF Management Limited

Earnings Conference Call  
Third Quarter 2018

September 26<sup>th</sup> , 2018

# Caution Regarding Forward-Looking Statements

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The forward looking information is provided as of September 26<sup>th</sup>, 2018. 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

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**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 2018
- Business Updates
  - Retail
  - Investment Management
  - Institutional
  - Alternatives
- Financial Results
- Capital & Liquidity
- Focus & Priorities

## Q3 2018 Highlights

### Continued progress toward stated objectives

AUM of  
**\$38.8 billion**  
with growth across  
all lines of business

Year to date  
**positive net sales**  
in retail mutual  
funds

Year to date  
**positive net sales**  
in institutional  
channel

Adjusted diluted  
**EPS of \$0.20**  
33% higher than  
prior year

Significant **strategic  
sub-advisory  
pipeline** to be  
invested in mutual  
funds

**Achieved final  
resolution** on  
transfer pricing  
matter

## Line of Business Performance

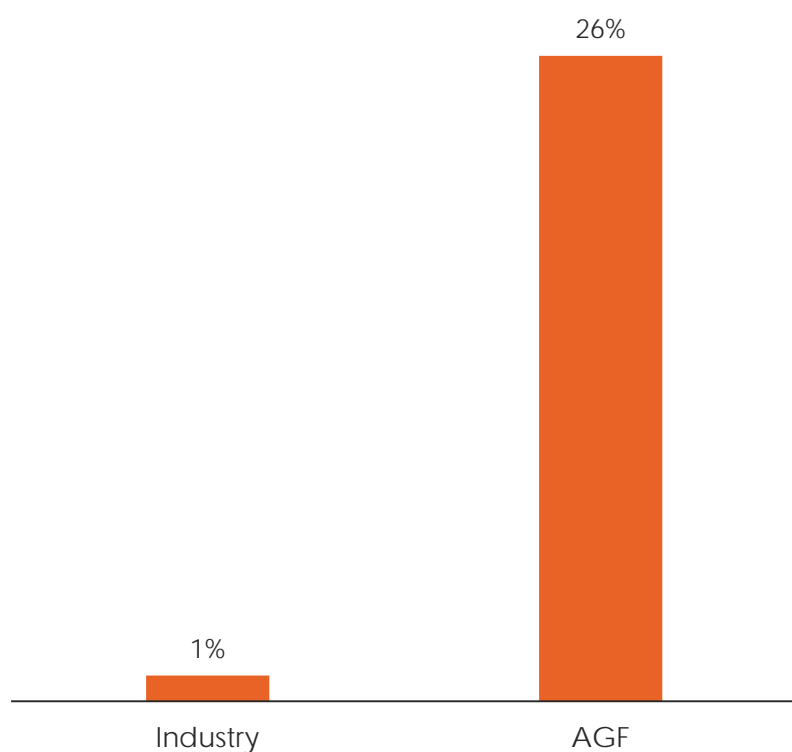
### Growth across all lines of business

(\$ millions)	Q3 2017	Q3 2018	Change
Mutual funds	18,165	19,401	↑ 7 %
Institutional, Sub Advisory and ETF	10,665	12,694	↑ 19 %
Private Client	5,221	5,714	↑ 9 %
Alternatives	902	1,009	↑ 12 %
<b>Total</b>	<b>34,953</b>	<b>38,818</b>	<b>↑ 11 %</b>

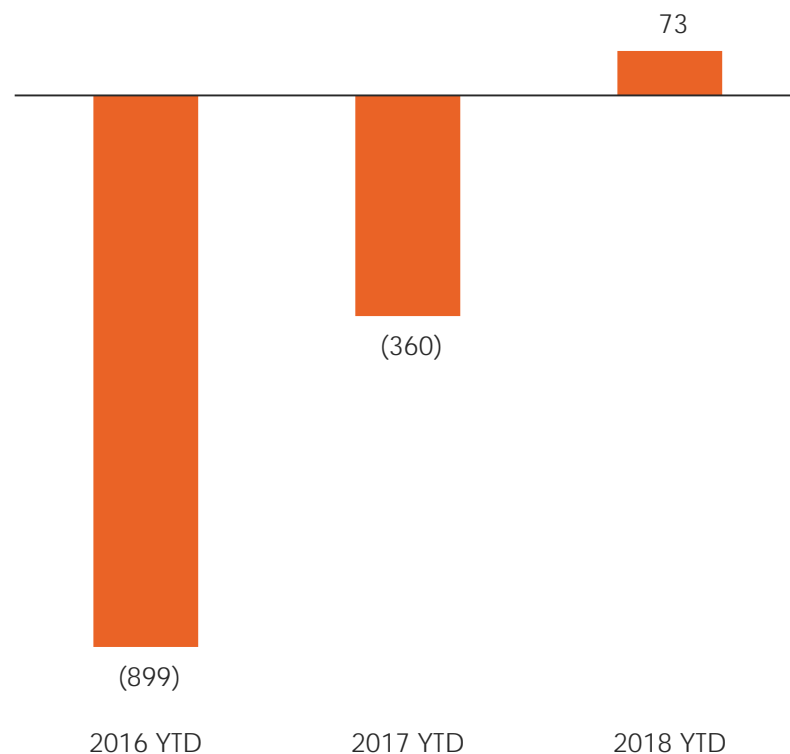
# Retail Business Review<sup>1</sup>

## Gross Sales Improvement<sup>2</sup>

YTD 2018 vs. YTD 2017



## AGF Mutual Fund Net Sales (\$M)<sup>1</sup>

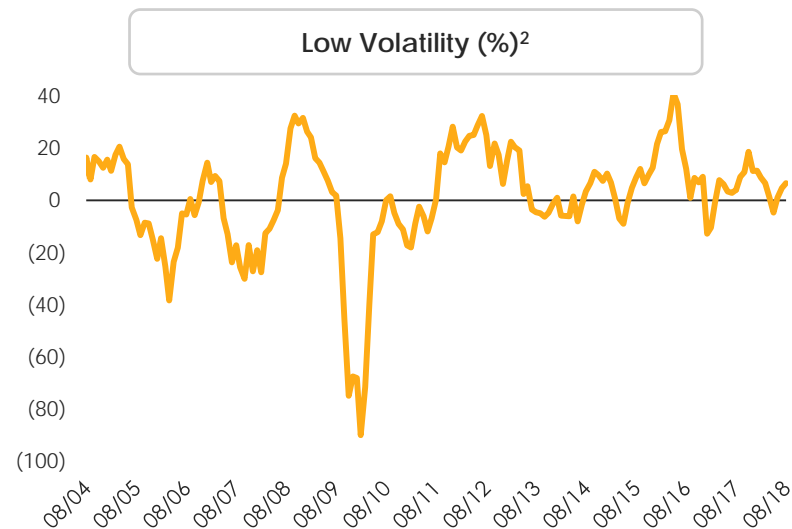
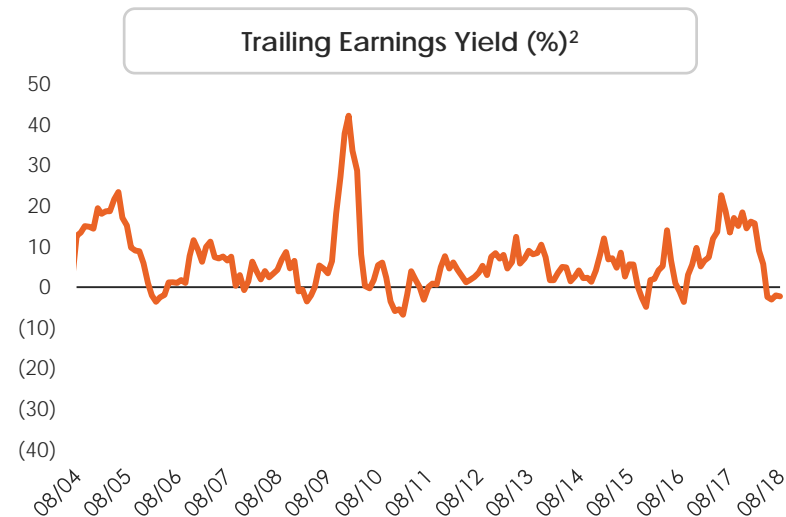
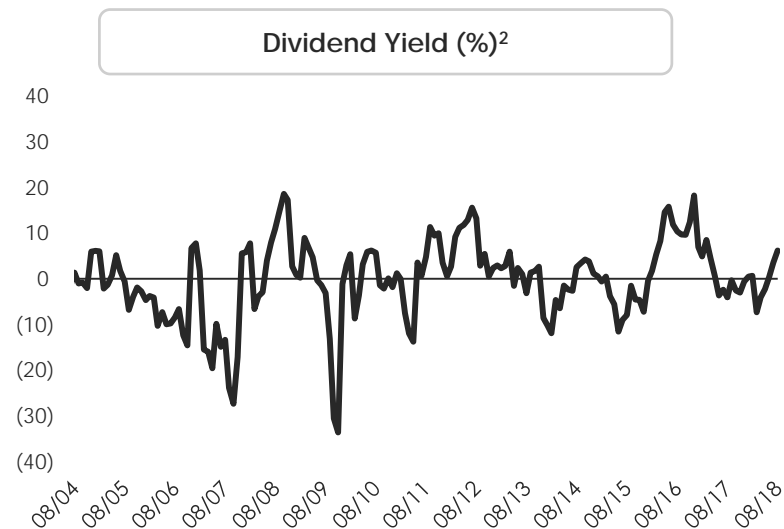
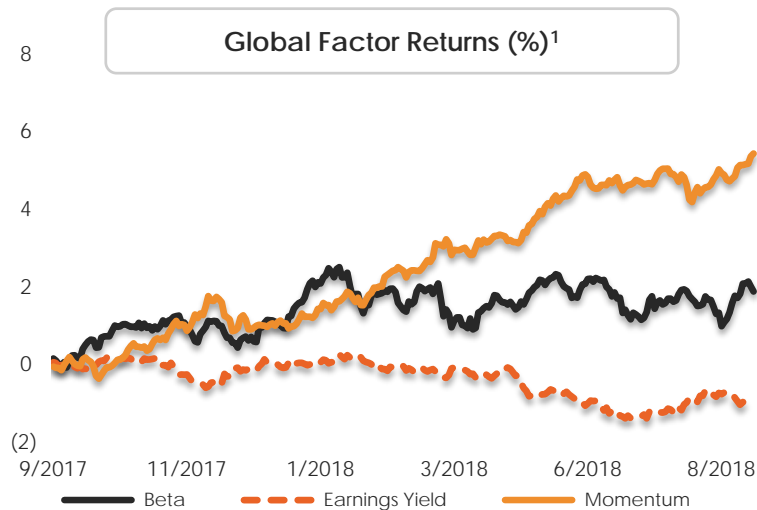


(1) AGF gross and net sales adjusted to exclude non-recurring institutional transactions in excess of \$5 million.

(2) Industry gross sales (including money market) based on data from IFIC and Investor Economics.

# Investment Management

## Current Environment Favours Momentum





# Financial Results – Summary

	(\$ millions, except per share amounts)	Sequential Quarter			Year Over Year		
		Q3-18	Q2-18	Fav / Unfav	Q3-18	Q3-17	Fav / Unfav
Continuing Operations	Revenue	116.5	114.2	2.0%	116.5	110.3	5.6%
	SG&A	51.0	60.4	15.6%	51.0	49.6	(2.8%)
	SG&A (Adjusted) <sup>1</sup>	51.0	55.2	7.6%	51.0	49.6	(2.8%)
	EBITDA	32.2	20.6	56.3%	32.2	28.6	12.6%
	EBITDA Margin	27.6%	18.0%	53.3%	27.6%	25.9%	6.6%
	EBITDA (Adjusted) <sup>1</sup>	32.2	25.8	24.8%	32.2	28.6	12.6%
	EBITDA Margin (Adjusted) <sup>1</sup>	27.6%	22.6%	22.1%	27.6%	25.9%	6.6%
	Free Cash Flow	12.8	2.1	509.5%	12.8	16.4	(22.0%)
	Free Cash Flow (Adjusted) <sup>1</sup>	12.8	5.9	116.9%	12.8	16.4	(22.0%)
	Net Income – Equity Owners	20.7	17.0	21.8%	20.7	12.3	68.3%
	Net Income – Equity Owners (Adjusted) <sup>1,2</sup>	16.2	11.2	44.6%	16.2	12.3	31.7%
Diluted EPS		0.26	0.21	23.8%	0.26	0.15	73.3%
Diluted EPS (Adjusted) <sup>1,2</sup>		0.20	0.14	42.9%	0.20	0.15	33.3%

(1) Q2-2018 is adjusted for one-time restructuring and administrative costs of \$3.8m (net of tax) [EPS impact \$0.05], interest expense recovery of \$2.2m related to the transfer pricing case [EPS impact \$0.03] and net expense recovery of \$7.4m related to the transfer pricing provision [EPS impact \$0.09].

(2) Q3-2018 is adjusted for one-time net expense recovery of \$4.5m related to the transfer pricing provision [EPS impact \$0.06].

## Financial Results – BPS Detail

(bps of average AUM)	Q3-18	TTM
<b>Average AUM (\$B)<sup>1</sup></b>	<b>37.5</b>	<b>36.3</b>
Average Mutual Fund	19.3	19.0
Average Institutional, Sub-Advisory, ETFs & Private Client	18.3	17.3
Revenue (bps) <sup>2</sup>	112	116
Less:		
Trailer Fees (bps)	34	35
SG&A (bps) <sup>3</sup>	55	60
EBITDA (bps) <sup>2,3</sup>	23	21

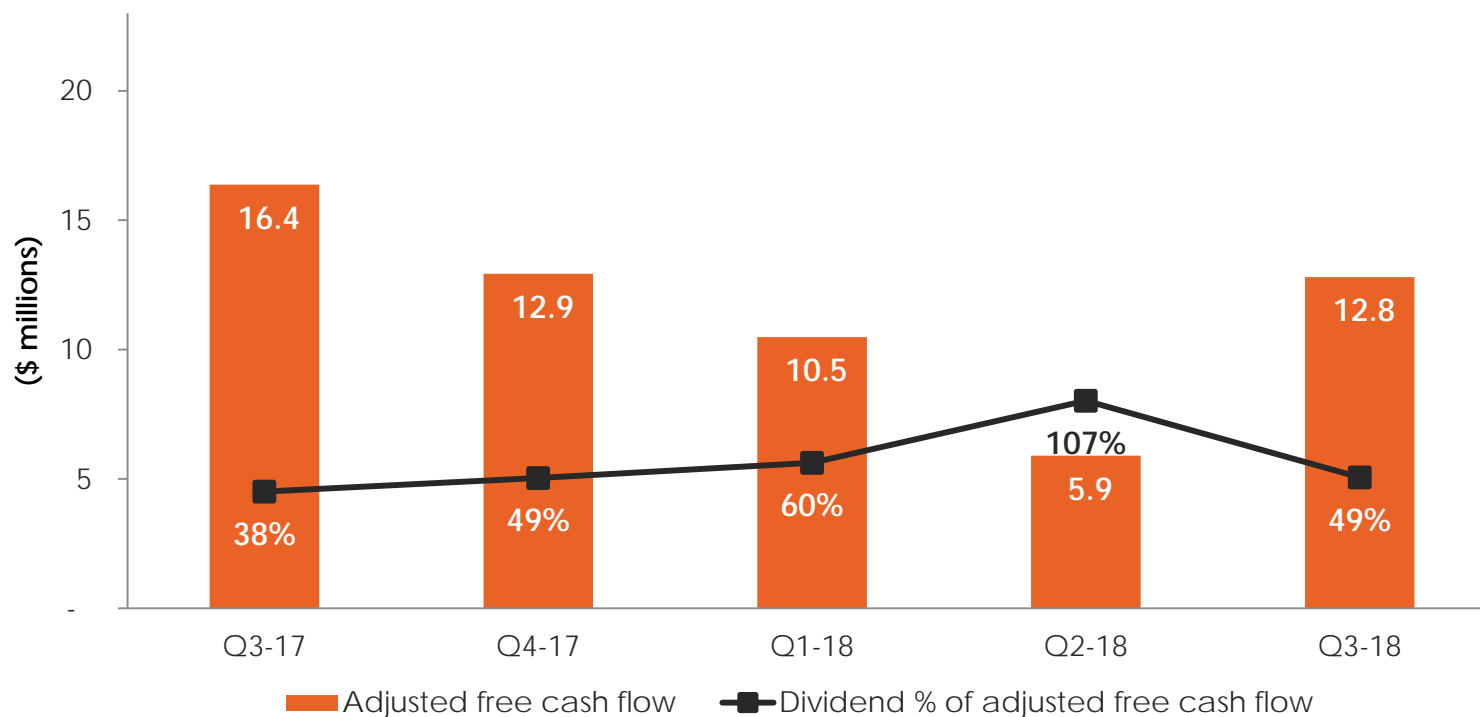
(1) Average AUM excludes Alternatives platform.

(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 items as noted on the financial statements.

# Capital & Liquidity

Dividend payout ratio, excluding one-time items, of 60% on a trailing twelve months basis



(1) Q4-2017 adjusted for one-time litigation settlement of \$8.7m (net of tax) and Q2-2018 adjusted for one-time restructuring and administrative costs of \$3.8m (net of tax).

## 2018 Focus & Priorities

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Above median  
**investment  
performance**

Maintain  
**consistent  
net sales** in  
retail mutual  
funds

**Grow** sub-  
advisory and  
institutional

Leverage the  
**AGFiQ**  
platform



## 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)