AGF Management Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended February 28, 2013

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AGF MANAGEMENT LIMITED
First Quarter Report to Shareholders for the three months ended February 28, 2013

AGF MANAGEMENT LIMITED REPORTS FIRST QUARTER FINANCIAL RESULTS

AGF reports earnings per share of $0.17; high-net-worth AUM increased 8%

Toronto | March 27, 2013

AGF Management Limited (AGF) today announced financial results for the first quarter ended February 28, 2013, with diluted earnings per share (EPS) from continuing operations of $0.17 per share compared to $0.18 per share for the three months ended February 29, 2012.

Total assets under management (AUM) decreased 17.9% to $39.3 billion for the first quarter of 2013 compared to $47.8 billion during the first quarter of 2012. Total retail fund AUM, including retail pooled funds, decreased 12.8% to $20.0 billion as of February 28, 2013, compared to $23.0 billion as of February 29, 2012. Institutional and sub-advisory AUM decreased 27.4% to $15.6 billion as of February 28, 2013 from $21.5 billion as of February 29, 2012. High-net-worth AUM increased for the third consecutive quarter ending February 28, 2013, with an 8.0% increase to $3.7 billion, compared to $3.4 billion for the corresponding period in 2012.

“The beginning of 2013 has been good to investors. We are seeing some early, positive signs of a rotation back into equity investing,” said AGF Chairman and Chief Executive Officer Blake C. Goldring. “The U.S. is leading the way out of the financial crisis and there is a sense of optimism for advisors, investors and across industry stakeholders. Given AGF’s competitive strength and focus on global equity investing, we believe we are well positioned to benefit from a return of investor confidence and strength of the equity market over the long-term.”

The 2013 RRSP season has shown improvement for AGF with an increase in gross sales as a percentage of AUM during the first quarter of 2013 as compared to the first quarter of 2012. AGF’s fixed income funds were in positive net sales as a category led by the newly launched AGF Floating Rate Income Fund continuing its successful momentum with strong net sales during the quarter. Additionally, sales were $66.6 million during the quarter and $120.0 million since the fund launched in May of 2012.

Revenue from continuing operations decreased 7.2% to $122.5 million for the three months ended February 28, 2013, compared to $132.0 million for the three months ended February 29, 2012, driven by lower AUM levels. Earnings before interest, taxes, depreciation and amortization (EBITDA) from continuing operations decreased to $45.3 million compared to $52.5 million in the first quarter of 2012. For the three months ended February 28, 2013, net income from continuing operations decreased 9.8% to $15.6 million compared to $17.3 million for the three months ended February 29, 2012.

During the quarter, AGF received a proposal letter from the Canada Revenue Agency (CRA) relating to the transfer pricing and allocation of income between a Canadian and foreign subsidiary within the AGF group of companies. The CRA may proceed to issue related notices of reassessments for tax years 2005, 2006 and 2007. The Company strongly disagrees with the CRA’s position and will rebut any formal assessment if an assessment is issued to the Company.

In keeping with our commitment to return value to shareholders, dividends paid, including dividends reinvested, on Class A Voting common shares and Class B Non-Voting shares were $24.1 million in the first quarter of 2013. For the three months ended February 28, 2013, AGF declared a 27 cent per share dividend on Class A Voting common shares and Class B Non-Voting shares.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis (MD&A) includes forward-looking statements about the Company, including its 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' and '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 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 the 'Risk Factors and Management of Risk' section of this MD&A.

Dear fellow shareholders,

North American and global markets showed significant improvement during the early months of 2013. Investors and advisors have a renewed sense of optimism, which was evident during the 2013 RRSP season, which saw a shift out of cash and fixed income products in favour of balanced and equity categories. Major market indexes have hit record highs and the world seems to be moving back to a more stable operating environment.

This was a dramatic improvement relative to 2012, buoyed in part by stronger global economic data, new growth in the U.S. housing market, and balance sheets with large amounts of cash on the sidelines. The industry is cautiously optimistic that this return to equities or 'great rotation' could represent one of the most significant opportunities for equity investors in decades.

Change is constant in the investment management industry and in our more than 50-year history, we have seen many market cycles. We have thrived in this industry by staying true to our mission of 'Helping Investors Succeed.'

In the retail channel, our mutual fund sales of $537 million were slightly lower in the first quarter of 2013 compared to 2012; however, gross retail sales as a percentage of AUM were better in the 2013 RRSP season, as compared to the 2012 RRSP season. A long-term shift towards equities coupled with a continuation of our improving fund performance will lead to gross sales improvement and sustainable growth in this channel.

We have had strong success with the newly launched AGF Floating Rate Income Fund, with over $120 million in sales since its launch in May of 2012. This is an example of AGF's innovation within the retail market and our ability to provide new products where there is unmet demand. We remain committed to meeting the needs of our advisors to ensure they have the tools necessary to guide their clients through every market cycle. To this extent, we completed one of our most important advisor conferences during the quarter. Universally, all advisor participants we spoke to are very encouraged by our improving fund lineup, the level of support we provide for them and their clients, and the direction of our firm.

Our institutional channel remained stable over the quarter. This is a positive trend given the disruptions that occurred in 2012. We remain committed to this business and feel it offers the best near- to mid-term growth with a strong global distribution footprint and expanding product lineup.

We continue to experience strong growth among our high-net-worth investors. In the first quarter of 2013, high-net-worth AUM increased 8.0% to $3.7 billion compared to $3.4 billion in the first quarter of 2012.

For the three months ended February 28, 2013, AGF's EBITDA from continuing operations decreased to $45.3 million compared to $52.5 million in first quarter of 2012. Diluted earnings per share were slightly lower in the first quarter, at $0.17 per share compared to $0.18 per share in the first quarter of 2012.

In closing, I would like to express my thanks to all of our stakeholders for their continued support and confidence. In our over 50 years of business, AGF has grown from a retail mutual fund company to a truly global, independent investment firm. We look forward to the opportunities ahead for the balance of 2013.

Sincerely,

Blake C. Goldring, M.S.M., CFA
Chairman and Chief Executive Officer
March 27, 2013

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the three months ended February 28, 2013

This Management's Discussion and Analysis (MD&A) is as of March 26, 2013, and presents an analysis of the financial condition of AGF and its subsidiaries for the three-month period ended February 28, 2013, compared to the three-month period ended February 29, 2012. The MD&A should be read in conjunction with our unaudited Condensed Consolidated Interim Financial Statements for the quarter ended February 28, 2013, and our 2012 Annual Report. The financial statements for the three months ended February 28, 2013, including required comparative information, have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*, unless otherwise noted.

We also utilize non-IFRS financial measures to assess our overall performance. Details of non-IFRS measures used are outlined in the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section, which provides calculations of the non-IFRS measures.

All dollar amounts are in Canadian dollars unless otherwise indicated. Throughout this discussion, percentage changes are calculated based on results rounded to the nearest thousand. Results, except per share information, are presented in millions of dollars. Percentage changes are calculated using numbers rounded to the decimals that appear in this MD&A.

On August 1, 2012, AGF successfully completed the sale of AGF Trust Company (AGF Trust) to B2B Bank, a subsidiary of Laurentian Bank. The operating results of AGF Trust for the three months ended February 29, 2012 are presented as discontinued operations.

There have been no material changes to the information discussed in the following sections of the 2012 Annual MD&A: 'Risk Factors and Management of Risk,' 'Contractual Obligations,' 'Intercompany and Related Party Transactions' and 'Government Regulations.'

Our Business

AGF Management Limited, with $39.3 billion in AUM as at February 28, 2013, is one of the largest independent Canadian-based investment management firms, with operations and investments in Canada, the United States, the United Kingdom, Ireland and Asia.

The origin of our Company dates back to 1957 with the introduction of the American Growth Fund, the first mutual fund available to Canadians seeking to invest in the United States. As of February 28, 2013, our products and services include a diversified family of award-winning mutual funds, mutual fund wrap programs and pooled funds. AGF also manages assets on behalf of institutional investors including pension plans, foundations, sovereign wealth funds and endowments as well as for high-net-worth clients. Our multi-disciplined investment management teams have expertise across the balanced, fixed income, equity and specialty asset categories and are located in Toronto, Dublin and Singapore.

Our retail business delivers a wide range of products across a number of investment strategies including AGF mutual funds, the AGF Elements portfolios and the Harmony Private Investment Program. Our products are delivered through multiple channels, including advisors, financial planners, banks, life insurance companies and brokers. We have sales organizations located across Canada serving regional advisors and their clients, while our strategic accounts team serves our corporate distribution partners.

Our institutional business offers a variety of investment mandates through pooled funds and segregated accounts. Our global institutional business provides investment management services for a variety of clients including institutions, pension funds, foundations, sovereign wealth funds and endowments. We offer a diverse range of investment strategies and have sales and client service offices in Toronto, London (Ontario), Boston, Dublin and Hong Kong.

Our high-net-worth business delivers investment management and counselling services in local markets. It includes the operations of Cypress Capital Management Limited in Vancouver; Highstreet Asset Management (Highstreet) in London, Ontario; and Doherty & Associates in Ottawa and Montreal.

We hold a 31.5% interest in Smith & Williamson Holdings Limited (S&WHL), a leading independent private client investment management, financial advisory and accounting group based in the U.K. S&WHL is one of the top 10 largest firms of accountants in the U.K. and its investment management business has over £13 billion of funds under management and advice as at December 31, 2012. This interest is accounted for using the equity method.

For purposes of this discussion, the operations of AGF and our subsidiary companies are referred to as 'we,' 'us,' 'our,' 'the firm' or 'the Company.'

Key Performance Drivers

AUM levels are critical to our business. The primary sources of revenue for AGF are management and advisory fees. These fees are based on a specific percentage of the average AUM. The amount of management and advisory fees depends on the level and composition of AUM, which in turn is dependent upon investment performance and net sales. These fees are generated from our mutual fund, institutional and sub-advisory accounts and high-net-worth relationships. AUM will fluctuate in value as a result of sales and redemptions, investment performance and acquisitions.

Investment performance, which represents market appreciation (depreciation) of fund portfolios and is shown net of management fees received, is a key driver of the level of AUM and is central to the value proposition that we offer advisors and unitholders. Growth in AUM resulting from investment performance increases the wealth of our unitholders, and, in turn, increased revenues for the firm.

Gross sales and redemptions are monitored separately and the sum of these two amounts comprises net sales (redemptions). Net sales (redemptions) also impact AUM levels. Net sales increase AUM and, in turn, increase revenues for the firm. Net redemptions decrease AUM and, in turn, reduce revenues for the firm.

Acquisitions will also affect the level of AGF's AUM. AGF may consider strategic acquisitions that could supplement existing investment capabilities and fund new product growth.

AGF uses several key performance indicators (KPIs) to measure the success of our business strategies. Refer to the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section of this MD&A.

Our Strategy and Quarterly Overview

AGF Management Limited is committed to helping investors succeed. We strive to provide world-class financial solutions to clients in Canada and abroad. We look to expand our business through organic growth supplemented by strategic acquisitions while continuing to focus on our key financial priorities to create long-term value for all our stakeholders.

We provide a diverse suite of investment solutions to retail, institutional and high-net-worth clients. We are focused on delivering strong long-term investment performance and excellence in client service while continuing to build and maintain strong relationships with our distribution partners.

Year-over-year improvement in these measures is expected to result in improved cash flows as well as improved return on equity. Our objective is the return of a fair share of the annual cash flow to shareholders in the form of dividends and through share buybacks, with the remaining cash flow being invested in a manner intended to support future growth.

Our strategy also recognizes that the investment management business will experience cycles related to the global stock markets, credit availability, employment levels and other economic factors. We believe that a successful strategy is founded on the ability of our operations to effectively operate through economic downturns and upturns by controlling cost and maintaining an effective operational infrastructure.

Summary of Key Financial and Operational Results for the First Quarter of 2013:

- Total AUM decreased 17.9% to $39.3 billion at February 28, 2013, from $47.8 billion at February 29, 2012.
- Retail fund net redemptions were $722.0 million for the three months ended February 28, 2013, compared to net redemptions of $680.0 million in the first quarter of 2012.
- High-net-worth AUM increased 8.0% to $3.7 billion compared to $3.4 billion in the first quarter of 2012.
- We delivered value directly to our shareholders through dividend payments. Dividends paid, including dividends reinvested, on Class A Voting common shares and Class B Non-Voting shares were $24.1 million for the three months ended February 28, 2013, compared to $25.8 million for the three months ended February 29, 2012.
- Revenue from continuing operations decreased to $122.5 million compared to $132.0 million in the first quarter of 2012, reflecting lower AUM levels.
- EBITDA from continuing operations decreased to $45.3 million compared to $52.5 million in the first quarter of 2012. EBITDA margin decreased to 37.0% compared to 39.8% in the first quarter of 2012.
- Diluted EPS from continuing operations for the three months ended February 28, 2013 was $0.17 per share compared to $0.18 per share in the first quarter of 2012.
- AGF's one-year investment management performance improved during the first quarter of 2013. For the one-year period ended February 28, 2013, 38% of ranked AUM performed above median, compared to 23% in the first quarter of 2012.

- AGF's three-year investment management performance also improved during the first quarter of 2013. For the three-year period ended February 28, 2013, 39% of ranked AUM performed above median, compared to 17% in the first quarter of 2012.

Other Items in the Quarter:

- During the quarter, the Company received a proposal letter from the CRA relating to the transfer pricing and allocation of income between one of the Company's Canadian legal entities and a foreign subsidiary that would increase the Company's taxes payable by $11.0 million, $12.0 million and $17.0 million (before the application of any interest or transfer pricing penalties) for its 2005, 2006 and 2007 fiscal years, respectively. The Company strongly disagrees with the CRA's position and will respond to the proposal letter and any related notice of reassessment with which it also does not agree. The Company believes its tax filing positions continue to be reasonable based on its transfer pricing methodology and appropriate amounts have been recorded in the financial statements based on management's best estimate in light of currently available information. However, the Company cannot predict with certainty the outcome of any audit undertaken by taxation authorities and the final result may vary compared to the estimates and assumptions used by management in determining the Company's consolidated income tax provision and in valuing its income tax assets and liabilities. Depending on the ultimate outcome of any such audit or reassessment, there may be a material impact on the Company's financial position, results of operations and cash flows. If a tax reassessment is received from the CRA, the Company would be required to submit an advance deposit on the amount reassessed even where the ultimate outcome is expected to differ. The Company believes it is likely that the CRA will review its transfer pricing applicable to subsequent years and may reassess its tax returns for subsequent years on a similar basis.

Assets Under Management

The following table illustrates the composition of the changes in total AUM during the three months ended February 28, 2013 and February 29, 2012:

($ millions) **Three months ended**	**February 28, 2013**	**February 29, 2012**	**% change**
Retail fund AUM (including retail pooled funds), beginning of period	$ 20,096	$ 22,703	(11.5)%
Gross sales	537	570	(5.8)%
Redemptions	(1,259)	(1,250)	0.7%
Net sales (redemptions)	(722)	(680)	6.2%
Market appreciation (depreciation) of fund portfolios	660	952	(30.7)%
Retail fund AUM (including retail pooled funds), end of period	$ 20,034	$ 22,975	(12.8)%
Average daily retail fund AUM for the period	$ 20,117	$ 22,713	(11.4)%
Institutional and sub-advisory accounts AUM, beginning of period	$ 15,677	$ 20,119	(22.1)%
Net change in institutional and sub-advisory accounts	(85)	1,349	n/m
Institutional and sub-advisory accounts AUM	$ 15,592	$ 21,468	(27.4)%
High-net-worth AUM	$ 3,669	$ 3,397	8.0%
Total AUM, end of period	$ 39,295	$ 47,840	(17.9)%

Redemptions for the three months ended February 28, 2013 resulted in a decrease in retail fund AUM, including retail pooled funds, of 12.8% to $20.0 billion, from $23.0 billion as at February 29, 2012. Retail fund net redemptions, including retail pooled funds, increased to $722.0 million from $680.0 million for the three months ended February 29, 2012. The average daily retail fund AUM for the three months ended February 28, 2013 decreased to $20.1 billion, compared to $22.7 billion in the corresponding period in 2012. Our institutional and sub-advisory accounts AUM decreased to $15.6 billion as at February 28, 2013, compared to $21.5 billion as at February 29, 2012. The decline in institutional AUM was primarily due to client redemptions. Our high-net-worth AUM increased 8.0% to $3.7 billion at February 28, 2013, compared to $3.4 billion in the first quarter of 2012. Overall, total AUM decreased to $39.3 billion, compared to $47.8 billion as at February 29, 2012.

Stock market performance influences our AUM levels. Returns for the three months ended February 28, 2013 are as follows:

Stock market performance	**Three months ended February 28, 2013**
AGF Retail Fund Portfolios	3.3%
S&P 500[1]	11.5%
NASDAQ[1]	8.8%
S&P/TSX Composite	5.6%
MSCI	11.3%

[1] Canadian dollar adjusted.

Consolidated Operating Results

The table below summarizes our consolidated operating results for the three months ended February 28, 2013 and February 29, 2012:

($ millions, except per share amounts) **Three months ended**	**February 28, 2013**	**February 29, 2012**	**% change**
Revenue			
Management and advisory fees	$ 114.8	$ 127.4	(9.9)%
Deferred sales charges	4.6	5.7	(19.3)%
Share of profit of associated company	1.4	1.4	–
Fair value adjustments and other income (loss)	1.7	(2.5)	n/m
	122.5	132.0	(7.2)%
Expenses			
Selling, general and administrative	44.1	43.2	2.1%
Trailing commissions	31.5	34.3	(8.2)%
Investment advisory fees	1.6	2.0	(20.0)%
	77.2	79.5	(2.9)%
EBITDA from continuing operations[1]	45.3	52.5	(13.7)%
Amortization	20.7	24.1	(14.1)%
Interest expense	2.8	3.4	(17.6)%
Income before taxes	21.8	25.0	(12.8)%
Income taxes	6.2	7.7	(19.5)%
Net income from continuing operations	$ 15.6	$ 17.3	(9.8)%
Net income from discontinued operations	–	8.8	n/m
Net income attributable to non-controlling interest	–	–	n/m
Net income attributable to equity owners of the Company	$ 15.6	$ 26.1	(40.2)%
Diluted earnings per share			
From continuing operations	$ 0.17	$ 0.18	(5.6)%
From discontinued operations	–	0.09	n/m
From net income for the period	$ 0.17	$ 0.27	(37.0)%

[1] For the definition of EBITDA, see the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section. The items required to reconcile EBITDA to net income from continuing operations, a defined term under IFRS, are detailed above.

Revenue

For the three months ended February 28, 2013, revenue decreased by 7.2% over the previous period, with changes in the categories as follows:

Management and Advisory Fees

Management and advisory fees are directly related to our AUM levels. The 11.4% decrease in average daily retail fund AUM for the three months ended February 28, 2013, combined with a decrease in institutional and sub-advisory accounts AUM at February 28, 2013, contributed to a 9.9% decrease in management and advisory fees revenue compared to the first quarter of 2012.

Deferred Sales Charges (DSC)

We receive deferred sales charges upon redemption of securities sold on the contingent DSC or low-load commission basis for which we finance the selling commissions paid to the dealer. The DSC ranges from 1.5% to 5.5%, depending on the commission option of the original subscription price of the funds purchased if the funds are redeemed within the first two years and declines to zero after three or seven years. DSC revenue fluctuates based on the level of redemptions, the age of the assets being redeemed and the proportion of redemptions composed of back-end assets. DSC revenues decreased by 19.3% for the three months ended February 28, 2013 as compared to February 29, 2012, reflecting the redemption of a larger proportion of older, lower-yielding DSC assets.

Share of Profit of Associated Company

Share of profit of associated company remained constant at $1.4 million for the three months ended February 28, 2013 and February 29, 2012.

Fair Value Adjustments and Other Income

The following table illustrates the fair value adjustments and other income for the three months ended February 28, 2013 and February 29, 2012:

($ thousands) **Three months ended**	**February 28, 2013**	**February 29, 2012**
Fair value adjustment related to investment in AGF mutual funds	$ 195	$ 676
Fair value adjustment related to acquisition consideration payable	(711)	(2,276)
Fair value adjustment related to put agreement with non-controlling shareholders	291	(1,096)
Interest income and other	1,855	216
	$ 1,630	$ (2,480)

Interest income and other was $1.9 million for the three months ended February 28, 2013, reflecting increased cash levels.

Expenses

For the three months ended February 28, 2013, expenses decreased 2.9% to $77.2 million compared to $79.5 million in the first quarter of 2012. Changes in specific categories are described in the discussion that follows:

Selling, General and Administrative Expenses

Selling, general and administrative (SG&A) expenses increased by $0.9 million or 2.1% for the three months ended February 28, 2013 compared to February 29, 2012. A breakdown of the increase is as follows:

($ millions)	**Three months ended February 28, 2013**
Increase in compensation-related expenses	$ 1.5
Increase in fund absorption expenses	0.6
Decrease in other expenses	(1.2)
	$ 0.9

The following explains expense changes in the first quarter of 2013 compared to the prior period:

- Compensation-related expenses increased $1.5 million due to a $2.8 million increase in stock compensation related to a 33% increase in the stock price in first quarter of 2013 over the fourth quarter of 2012, as compared to a 2% decline in the comparative period combined with increased levels of share units granted. This was offset by lower compensation costs reflecting lower staff levels.
- Absorption expenses increased $0.6 million, reflecting lower AUM levels and the implementation of expense ratio caps on certain funds during 2012.
- Other expenses decreased $1.2 million due to lower project and legal costs partially offset by IT costs and a $1.5 million increase in fund administration costs. Increase in fund administration costs is due to a change in the accounting presentation. These costs were previously netted against revenue in prior periods. Revenue is now presented gross of these expenses.

Trailing Commissions

Trailing commissions paid to distributors depend on total AUM, the proportion of mutual fund AUM sold on a front-end versus back-end commission basis and the proportion of equity fund AUM versus fixed-income fund AUM. Annualized trailing commissions as a percentage of average daily retail fund AUM were 0.63% for the three months ended February 28, 2013, compared to 0.60% in the corresponding period in 2012.

Investment Advisory Fees

External investment advisory fees decreased 20.0% for the three months ended February 28, 2013, as compared to the three months ended February 29, 2012, reflecting lower AUM levels and the repatriation of certain funds' management in-house.

EBITDA, EBITDA Margin and EBITDA per Share

EBITDA from continuing operations was $45.3 million for the three months ended February 28, 2013, a 13.7% decrease from $52.5 million in the first quarter of 2012. EBITDA margin was 37.0% for the three months ended February 28, 2013, compared to 39.8% in the corresponding period in 2012. Diluted EBITDA per share from continuing operations for the three months ended February 28, 2013 was $0.51, compared to $0.54 for the three months ended February 29, 2012.

Amortization and Interest Expense

The category represents amortization of deferred selling commissions, customer contracts, other intangible assets, property, equipment, and computer software and interest expense. Deferred selling commissions amortization represents the most significant category of amortization. We internally finance all selling commissions paid. These selling commissions are capitalized and amortized on a straight-line basis over a period that corresponds with their applicable DSC schedule. Unamortized deferred selling commissions related to units redeemed prior to the end of the schedule are immediately expensed. Amortization expense related to deferred selling commissions was $15.0 million for the three months ended February 28, 2013, compared to $16.9 million in the first quarter of 2012. In the first quarter of 2013, we paid $9.6 million in selling commissions, compared to $10.2 million in the first quarter of 2012, reflecting lower sales. As at February 28, 2013, the unamortized balance of deferred selling commissions financed was $131.5 million (November 30, 2012 – $136.8 million).

Customer contracts amortization decreased $1.7 million as a result of fewer redemptions and a lower net book value. Customer contracts are immediately expensed upon redemption of the AUM. Interest expense decreased due to lower debt levels.

Income Tax Expense

Income tax expense for the three months ended February 28, 2013 was $6.2 million as compared to $7.7 million in the corresponding period in 2012. The effective tax rate for the first three months of fiscal 2013 was 28.5% compared to 30.9% in the same period of 2012 for continuing operations.

Pre-tax Profit Margin

Pre-tax profit margin decreased to 17.8% for the three months ended February 28, 2013, compared to 18.9% in the corresponding period in 2012, reflecting the impact of lower revenues as a result of lower AUM.

Net Income

The impact of the above revenue and expense items resulted in a net income from continuing operations of $15.6 million for the three months ended February 28, 2013, as compared to net income from continuing operations of $17.3 million in the prior period.

Earnings per Share

Diluted earnings per share from continuing operations was $0.17 for the three months ended February 28, 2013, as compared to $0.18 in the first quarter of 2012.

Liquidity and Capital Resources

Adjusted cash flow generated from continuing operating activities, before net change in non-cash balances related to operations, was $28.2 million for the three months ended February 28, 2013, compared to $31.3 million. The primary uses of cash for the three months ended February 28, 2013 were as follows:

- We paid $23.5 million in dividends, compared to $25.1 million in 2012.
- We paid $9.6 million in deferred selling commissions, which were capitalized and are being amortized for accounting purposes, compared to $10.2 million in 2012.

Consolidated cash and cash equivalents of $356.1 million decreased by $15.2 million from November 30, 2012.

Total long-term debt outstanding at February 28, 2013 was $308.6 million (November 30, 2012 – $308.4 million). We also have a four-year prime rate-based revolving term loan facility to a maximum of $200.0 million, of which $194.9 million was available to be drawn as at February 28, 2013. The loan facility will be available to meet future operational and investment needs. We anticipate that cash balances and cash flow from operations, together with the available loan facility, will be sufficient in the foreseeable future to implement our business plan, finance selling commissions, satisfy regulatory requirements, service debt repayment obligations, meet capital spending needs, pay quarterly dividends and fund any future share buybacks and any potential deposit related to the proposal letter received from the CRA.

Capital Management Activities from Continuing Operations

We actively manage our capital to maintain a strong and efficient capital base to maximize risk-adjusted returns to shareholders, to invest in future growth opportunities, including acquisitions, and to ensure that the regulatory capital requirements are met for each of our subsidiary companies.

AGF capital consists of shareholders' equity. On an annual basis, AGF prepares a three-year plan detailing projected operating budgets and capital requirements. AGF is required to prepare and submit a three-year operating plan and budget to AGF's Finance Committee for approval prior to seeking Board approval. AGF's Finance Committee consists of the Chairman and CEO, the Vice-Chairman, Executive Vice-President and CFO, and the Executive Vice-President and Chief Operating Officer. Once approved by the Finance Committee, the three-year plans are reviewed and approved by AGF's Board of Directors. These plans become the basis for the payment of dividends to shareholders, the repurchase of Class B Non-Voting shares and, combined with the reasonable use of leverage, the source of funds for acquisitions.

A significant objective of the Capital Management program is to ensure regulatory requirements are met for capital. Our Investment Management businesses, in general, are not subject to significant regulatory capital requirements in each of the jurisdictions in which they are registered and operate. The cumulative amount of minimum regulatory capital across all of our Investment Management Operations is approximately $6.0 million.

Normal Course Issuer Bid

AGF has obtained applicable regulatory approval to purchase for cancellation, from time to time, certain of its Class B Non-Voting shares through the facilities of the Toronto Stock Exchange (TSX). AGF relies on an automatic purchase plan during the normal course issuer bid. The automatic purchase plan allows for purchases by AGF of its Class B Non-Voting shares during certain pre-determined black-out periods, subject to certain parameters. Outside of these pre-determined black-out periods, shares will be purchased in accordance with management's discretion. Under its normal course issuer bid, the Class B Non-Voting shares may be repurchased from time to time at prevailing market prices or such other price as may be permitted by the Toronto Stock Exchange. AGF may purchase up to 6,729,228 Class B Non-Voting shares, or 10% of the public float for such shares, through the facilities of the TSX (or as otherwise permitted by the TSX) between February 1, 2013 and January 31, 2014.

During the three months ended February 28, 2013, under the current normal course issuer bid, no Class B Non-Voting shares were repurchased.

During the three months ended February 29, 2012, under a previous normal course issuer bid, 262,240 Class B Non-Voting shares were repurchased for a total consideration of $4.1 million at an average price of $15.73.

Dividends

The holders of Class B Non-Voting and Class A Voting common shares are entitled to receive cash dividends. Dividends are paid in equal amounts per share on all the Class B Non-Voting shares and all the Class A Voting common shares at the time outstanding without preference or priority of one share over another. No dividends may be declared in the event that there is a default of a condition of our revolving loan or acquisition facilities or where such payment of dividends would create a default.

Our Board of Directors may determine that Class B Non-Voting shareholders shall have the right to elect to receive part or all of such dividend in the form of a stock dividend. They also determine whether a dividend in Class B Non-Voting shares is substantially equal to a cash dividend. This determination is based on the weighted average price at which the Class B Non-Voting shares traded on the TSX during the 10 trading days immediately preceding the record date applicable to such dividend.

The following table sets forth the dividends paid by AGF on Class B Non-Voting shares and Class A Voting common shares for the years indicated:

Years ended November 30	2013[1]	2012	2011	2010	2009
Per share	$ 0.54	$ 1.08	$ 1.07	$ 1.04	$ 1.00
Percentage increase	–	1%	3%	4%	5%

[1] Represents the total dividends paid in January 2013 and to be paid in April 2013.

We review our dividend distribution policy on a quarterly basis, taking into account our financial position, profitability, cash flow and other factors considered relevant by our Board of Directors. The quarterly dividend paid on January 18, 2013 was $0.27 per share.

Outstanding Share Data

Set out below is our outstanding share data as at February 28, 2013 and February 29, 2012. For additional detail, see Note 7 and Note 11 of the Condensed Consolidated Interim Financial Statements.

Three months ended	February 28, 2013	February 29, 2012
Shares		
Class A Voting common shares	57,600	57,600
Class B Non-Voting shares	89,318,023	96,055,728
Stock Options[1]		
Outstanding options	5,795,305	5,389,684
Exercisable options	3,072,375	3,429,610

[1] Includes stock options outstanding related to AGF Trust.

Key Performance Indicators, Additional IFRS and Non-IFRS Measures

We measure the success of our business strategies using a number of KPIs, which are outlined below. With the exception of revenue, the following KPIs are non-IFRS measures, which are not defined under IFRS. They should not be considered as an alternative to net income attributable to equity owners of the Company or any other measure of performance under IFRS.

Consolidated Continuing Operations

Revenue

Revenue is a measurement defined by IFRS and is recorded net of fee rebates, sales taxes and distribution fees paid to limited partnerships. Revenue is indicative of our potential to deliver cash flow.

We derive our revenue principally from a combination of:

- management and advisory fees based on AUM
- DSC earned from investors when mutual fund securities sold on a DSC basis are redeemed
- 31.5% equity interest in S&WHL

EBITDA

We define EBITDA from continuing operations as earnings before interest, taxes, depreciation and amortization. EBITDA is a standard measure used in the mutual fund industry by management, investors and investment analysts to understand and compare results. We believe this is an important measure as it allows us to assess our investment management businesses without the impact of non-operational items.

Please see the Consolidated Operating Results section on page 9 of this MD&A for a schedule showing how EBITDA reconciles to our IFRS financial statements.

Free Cash Flow

We define free cash flow from continuing operations as cash flow from operations before net changes in non-cash balances related to operations less selling commissions paid. This is a relevant measure in the investment management business since a substantial amount of cash is spent on upfront commission payments. Free cash flow from continuing operations represents cash available for distribution to our shareholders and for general corporate purposes.

($ millions) **Three months ended**	**February 28, 2013**	**February 29, 2012**
Net cash provided by continuing operating activities	$ 0.7	$ 5.3
Adjusted for:		
Net changes in non-cash working capital balances related to continuing operations	26.6	21.9
Interest expense	(2.8)	(3.3)
Current income tax expense, net of payment	3.7	7.4
Free cash flow	$ 28.2	$ 31.3

EBITDA Margin

EBITDA margin provides useful information to management and investors as an indicator of our overall operating performance. We believe EBITDA margin is a valuable measure because it assesses the extent we are able to earn profit from each dollar of revenue. We define EBITDA margin as the ratio of EBITDA to revenue.

($ millions) **Three months ended**	**February 28, 2013**	**February 29, 2012**
EBITDA	$ 45.3	$ 52.5
Divided by revenue	122.5	132.0
EBITDA margin	37.0%	39.8%

Pre-tax Profit Margin

Pre-tax profit margin provides useful information to management and investors as an indicator of our overall operating performance. We believe pre-tax profit margin is a valuable measure because it assesses the extent we are able to earn profit from each dollar of revenue. We define pre-tax profit margin as the ratio of income before taxes to revenue.

($ millions) **Three months ended**	**February 28, 2013**	**February 29, 2012**
Net income from continuing operations	$ 15.6	$ 17.3
Add: income taxes	6.2	7.7
Income before taxes	$ 21.8	$ 25.0
Divided by revenue	122.5	132.0
Pre-tax profit margin	17.8%	18.9%

Return on Equity (ROE)

We monitor ROE to assess the profitability of the consolidated Company on an annual basis. We calculate ROE by dividing net income (loss) attributable to equity owners of the Company by average shareholders' equity.

($ millions) **Three months ended**	**February 28, 2013**	**February 29, 2012**
Net income from continuing operations (annualized)	$ 62.4	$ 69.2
Divided by average shareholders' equity	1,052.1	1,188.0
Return on equity	5.9%	5.8%

Long-term Debt to EBITDA Ratio

Long-term debt to EBITDA ratio provides useful information to management and investors as an indicator of our ability to service our long-term debt. We define long-term debt to EBITDA ratio as long-term debt at the end of the period divided by annualized EBITDA for the period.

($ millions) **Three months ended**	**February 28, 2013**	**February 29, 2012**
Long-term debt[1]	$ 312.6	$ 335.5
Divided by EBITDA (annualized)	181.2	210.0
Long-term debt to EBITDA	172.5%	159.8%

[1] Includes deferred cash consideration related to the Acuity acquisition.

Assets Under Management

The amount of AUM is critical to our business since these assets generate fees from our mutual fund, institutional and sub-advisory accounts and high-net-worth relationships. AUM will fluctuate in value as a result of investment performance, sales and redemptions. Mutual fund sales and AUM determine a significant portion of our expenses because we pay upfront commissions on gross sales and trailing commissions to financial advisors as well as investment advisory fees based on the value of AUM.

Investment Performance

Investment performance, which represents market appreciation (depreciation) of fund portfolios and is shown net of management fees received, is a key driver of the level of AUM and is central to the value proposition that we offer advisors and unitholders. Growth in AUM resulting from investment performance increases the wealth of our unitholders, and, in turn, we benefit from higher revenues. Alternatively, poor investment performance will reduce our AUM levels and result in lower management fee revenues. Strong relative investment performance may also contribute to growth in gross sales or reduced levels of redemptions. Conversely, poor relative investment performance may result in lower gross sales and higher levels of redemptions. Refer to the 'Risk Factors and Management of Risk' section of this report for further information.

Net Sales (Redemptions)

Gross sales and redemptions are monitored separately and the sum of these two amounts comprises net sales (redemptions). Net sales (redemptions), together with investment performance and fund expenses, determine the level of average daily retail fund AUM, which is the basis on which management fees are charged. The average daily retail fund AUM is equal to the aggregate average daily net asset value of the AGF retail funds. We monitor AUM in our institutional, sub-advisory and high-net-worth businesses separately. We do not compute an average daily retail fund AUM figure for them.

EBITDA Margin (Excluding Share of Profit of Associated Company)

EBITDA margin provides useful information to management and investors as an indicator of our operating performance in our Investment Management Operations, excluding share of profit of associated company. We believe EBITDA margin is a valuable measure because it assesses the extent we are able to earn profit from each dollar of revenue. We define EBITDA margin as the ratio of EBITDA to revenue.

($ millions) **Three months ended**	**February 28, 2013**	**February 29, 2012**
EBITDA	$ 37.6	$ 47.9
Divided by revenue	114.8	127.4
EBITDA margin	32.8%	37.6%

Pre-tax Profit Margin (Excluding Share of Profit of Associated Company)

Pre-tax profit margin provides useful information to management and investors as an indicator of our operating performance in our Investment Management Operations, excluding share of profit of associated company. We believe pre-tax profit margin is a valuable measure because it assesses the extent we are able to earn profit from each dollar of revenue. We define pre-tax profit margin as the ratio of income before taxes and non-segmented items to revenue.

($ millions) **Three months ended**	**February 28, 2013**	**February 29, 2012**
Income before taxes	$ 20.4	$ 23.6
Divided by revenue	114.8	127.4
Pre-tax profit margin	17.8%	18.5%

Managing Risk

AGF is subject to a number of company and non-company specific risk factors that may impact our operating and financial performance. These risks and the management of those risks are detailed in our 2012 Annual MD&A in the section entitled 'Risk Factors and Management of Risk.' The Company has not identified any material changes to the risk factors affecting its business or in the management of those risks.

Internal Control Over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have designed or caused the design of the Internal Controls Over Financial Reporting (ICFR) and Disclosure Controls and Procedures. There have been no changes to AGF's internal controls for the quarter ended February 28, 2013 that have materially affected or are reasonably likely to materially affect the internal controls over financial reporting.

Selected Quarterly Information

($ millions, except per share amounts) **For the three-month period ended**	**Feb. 28, 2013**	**Nov. 30, 2012**	**Aug. 31, 2012**	**May 31, 2012**
Revenue (continuing operations)	$ 122.5	$ 125.0	$ 119.8	$ 133.5
Free cash flow[1]	28.2	22.1	17.6	33.2
EBITDA (continuing operations)[2]	45.3	50.0	36.3	50.3
Pre-tax income (loss) (continuing operations)	21.8	23.4	(12.5)	22.7
Net income (loss) attributable to equity owners of the Company	15.6	15.7	(13.3)	23.8
Net income (loss) (continuing operations)	15.6	13.0	(19.3)	16.8
EBITDA per share (continuing operations)				
Basic	$ 0.51	$ 0.55	$ 0.38	$ 0.52
Diluted	$ 0.51	$ 0.55	$ 0.38	$ 0.52
Earnings (loss) per share attributable to equity owners of the Company				
Basic (continuing operations)	$ 0.18	$ 0.14	$ (0.20)	$ 0.17
Diluted (continuing operations)	$ 0.17	$ 0.14	$ (0.20)	$ 0.17
Basic	$ 0.18	$ 0.17	$ (0.14)	$ 0.25
Diluted	$ 0.17	$ 0.17	$ (0.14)	$ 0.25
Weighted average basic shares	89,229,202	90,329,013	94,311,520	96,143,964
Weighted average fully diluted shares	89,538,278	90,594,421	94,687,056	96,735,309

($ millions, except per share amounts) **For the three-month period ended**	**Feb. 29, 2012**	**Nov. 30, 2011**	**Aug. 31, 2011**	**May 31, 2011**
Revenue (continuing operations)	$ 132.0	$ 138.2	$ 151.4	$ 158.1
Free cash flow[1]	31.3	30.6	35.2	42.4
EBITDA (continuing operations)[2]	52.5	56.3	61.6	66.2
Pre-tax income (continuing operations)	25.0	28.1	18.0	37.3
Net income attributable to equity owners of the Company	26.1	25.1	15.4	33.9
Net income (continuing operations)	17.3	18.0	8.5	27.5
EBITDA per share (continuing operations)				
Basic	$ 0.55	$ 0.59	$ 0.64	$ 0.69
Diluted	$ 0.54	$ 0.59	$ 0.64	$ 0.68
Earnings per share attributable to equity owners of the Company				
Basic (continuing operations)	$ 0.18	$ 0.19	$ 0.09	$ 0.28
Diluted (continuing operations)	$ 0.18	$ 0.19	$ 0.09	$ 0.28
Basic	$ 0.27	$ 0.26	$ 0.16	$ 0.35
Diluted	$ 0.27	$ 0.26	$ 0.16	$ 0.35
Weighted average basic shares	95,662,657	95,230,703	95,518,051	95,568,899
Weighted average fully diluted shares	96,372,419	95,932,850	96,446,821	96,794,115

[1] Free cash flow as previously defined, see 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures – Free Cash Flow' section.

[2] As previously defined, see 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures – EBITDA' section.

Additional Information

Additional information relating to the Company can be found in the Company's Condensed Consolidated Interim Financial Statements and accompanying notes for the three months ended February 28, 2013, the Company's 2012 Annual Information Form (AIF) and other documents filed with applicable securities regulators in Canada and may be accessed at www.sedar.com.

AGF Management Limited
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended February 28, 2013

What are you doing after work?®

(unaudited) (in thousands of Canadian dollars)	Note	February 28, 2013	November 30, 2012
Assets			
Current Assets			
Cash and cash equivalents		$ 356,078	$ 371,299
Investments	3	18,654	30,177
Accounts receivable, prepaid expenses and other assets		53,463	58,135
		428,195	459,611
Investment in associated company	3	73,450	74,362
Management contracts		704,842	704,842
Customer contracts, net of accumulated amortization and derecognition		16,623	18,692
Goodwill		244,549	244,549
Other intangibles, net of accumulated amortization and derecognition		14,683	17,285
Deferred selling commissions, net of accumulated amortization and derecognition		131,469	136,787
Property, equipment and computer software, net of accumulated depreciation		13,036	13,556
Deferred income tax assets		2,923	4,624
Other assets	4	10,392	11,123
Total assets		$ 1,640,162	$ 1,685,431
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities		$ 55,243	$ 85,969
Income tax liability	12, 16	19,795	23,159
Provision for Elements Advantage		2,360	2,557
Acquisition consideration payable	5	5,713	3,652
Derivative financial instrument	6	1,597	1,603
		84,708	116,940
Long-term debt	6	308,599	308,401
Acquisition consideration payable	5	–	5,150
Deferred income tax liabilities		185,615	188,156
Derivative financial instrument	6	2,659	2,784
Provision for Elements Advantage		1,799	1,780
Other long-term liabilities		6,862	6,898
Total liabilities		590,242	630,109
Equity			
Equity attributable to owners of the Company			
Capital stock	7	536,331	533,684
Contributed surplus		27,352	26,677
Retained earnings		486,373	495,323
Accumulated other comprehensive loss	8	(597)	(852)
		1,049,459	1,054,832
Non-controlling interest		461	490
Total equity		1,049,920	1,055,322
Total liabilities and equity		$ 1,640,162	$ 1,685,431

Contingencies (Note 16)

(The accompanying notes are an integral part of these condensed consolidated interim financial statements.)

(unaudited)		Three months ended	
(in thousands of Canadian dollars, except per share data)	Note	February 28, 2013	February 29, 2012
Revenue			
Management and advisory fees		$ 114,827	$ 127,350
Deferred sales charges		4,639	5,678
Share of profit of associated company	3	1,428	1,403
Fair value adjustments and other income (loss)	9	1,630	(2,480)
Total revenue		122,524	131,951
Expenses			
Selling, general and administrative	10	44,141	43,167
Trailing commissions		31,477	34,255
Investment advisory fees		1,579	2,060
Amortization and derecognition of deferred selling commissions		14,961	16,866
Amortization and derecognition of customer contracts		2,069	3,786
Amortization and derecognition of other intangibles		2,602	2,589
Depreciation of property, equipment and computer software		1,086	853
Interest expense		2,806	3,331
		100,721	106,907
Income before income taxes		**21,803**	**25,044**
Income tax expense (benefit)			
Current	12	7,282	9,869
Deferred	12	(1,068)	(2,137)
		6,214	7,732
Income from continuing operations, net of tax		15,589	17,312
Income from discontinued operations, net of tax	4	–	8,869
Net income for the period		**$ 15,589**	**$ 26,181**
Net income attributable to:			
Equity owners of the Company		$ 15,618	$ 26,134
Non-controlling interest		(29)	47
		$ 15,589	$ 26,181
Earnings per share for the period attributable to the equity owners of the Company			
Basic earnings per share			
Continuing operations	13	$ 0.18	$ 0.18
Discontinued operations	13	–	0.09
		$ 0.18	$ 0.27
Diluted earnings per share			
Continuing operations	13	$ 0.17	$ 0.18
Discontinued operations	13	–	0.09
		$ 0.17	$ 0.27

(The accompanying notes are an integral part of these condensed consolidated interim financial statements.)

(unaudited)	Three months ended	
(in thousands of Canadian dollars)	February 28, 2013	February 29, 2012
Net income for the period	$ 15,589	$ 26,181
Other comprehensive income (losses), net of tax		
Cumulative translation adjustment		
Foreign currency translation adjustments related to net investments in foreign operations	(1,097)	(1,190)
	(1,097)	(1,190)
Net unrealized gains on investments		
Unrealized gains	1,276	674
Reclassification of realized gain to earnings	–	–
	1,276	674
Net unrealized gains (losses) on cash flow hedge		
Unrealized gains (losses)	(185)	218
Reclassification of realized loss to earnings	261	267
	76	485
Total other comprehensive income (loss) from continuing operations, net of tax	255	(31)
Total other comprehensive loss from discontinued operations, net of tax	–	(2,283)
Comprehensive income	$ 15,844	$ 23,867
Comprehensive income (loss) attributable to:		
Equity holders of the Company	$ 15,873	$ 23,820
Non-controlling interest	(29)	47
	$ 15,844	$ 23,867

All items presented in other comprehensive income will be reclassified to the consolidated statement of income in subsequent periods.

(The accompanying notes are an integral part of these condensed consolidated interim financial statements.)

(unaudited)

(in thousands of Canadian dollars)	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Attributable to equity owners of the Company	Non-controlling interest	Total equity
Balance, December 1, 2011	$ 560,838	$ 24,797	$ 589,765	$ 8,860	**$ 1,184,260**	$ 472	**$ 1,184,732**
Net income for the period	–	–	26,134	–	**26,134**	47	**26,181**
Other comprehensive loss (net of tax)	–	–	–	(2,314)	**(2,314)**	–	**(2,314)**
Comprehensive income (loss) for the period	–	–	26,134	(2,314)	**23,820**	47	**23,867**
Issued through dividend reinvestment plan	670	–	–	–	**670**	–	**670**
Stock options	356	704	–	–	**1,060**	–	**1,060**
AGF Class B Non-Voting shares repurchased for cancellation	(1,543)	–	(2,581)	–	**(4,124)**	–	**(4,124)**
AGF Class B Non-Voting shares issued on acquisition of Acuity	13,322	–	–	–	**13,322**	–	**13,322**
Dividends on AGF Class A Voting common shares and AGF Class B Non-Voting shares, including tax of $0.9 million	–	–	(26,649)	–	**(26,649)**	–	**(26,649)**
Increase in ownership interest in Highstreet Partners Limited	–	–	(584)	–	**(584)**	–	**(584)**
Balance, February 29, 2012	$ 573,643	$ 25,501	$ 586,085	$ 6,546	**$ 1,191,775**	$ 519	**$ 1,192,294**
Balance, December 1, 2012	$ 533,684	$ 26,677	$ 495,323	$ (852)	**$ 1,054,832**	$ 490	**$ 1,055,322**
Net income (loss) for the period	–	–	15,618	–	**15,618**	(29)	**15,589**
Other comprehensive income (net of tax)	–	–	–	255	**255**	–	**255**
Comprehensive income (loss) for the period	–	–	15,618	255	**15,873**	(29)	**15,844**
Issued through dividend reinvestment plan	582	–	–	–	**582**	–	**582**
Stock options	834	675	–	–	**1,509**	–	**1,509**
AGF Class B Non-Voting shares repurchased for cancellation	–	–	–	–	**–**	–	**–**
AGF Class B Non-Voting shares issued on acquisition of Acuity	1,231	–	–	–	**1,231**	–	**1,231**
Dividends on AGF Class A Voting common shares and AGF Class B Non-Voting shares, including tax of $0.3 million	–	–	(24,395)	–	**(24,395)**	–	**(24,395)**
Increase in ownership interest in Highstreet Partners Limited	–	–	(173)	–	**(173)**	–	**(173)**
Balance, February 28, 2013	$ 536,331	$ 27,352	$ 486,373	$ (597)	**$ 1,049,459**	$ 461	**$ 1,049,920**

(The accompanying notes are an integral part of these condensed consolidated interim financial statements.)

(unaudited)		Three months ended	
(in thousands of Canadian dollars)	Note	February 28, 2013	February 29, 2012
Operating Activities			
Net income for the period		$ 15,589	$ 26,181
Adjustments for			
Net income from discontinued operations		–	(8,869)
Amortization, derecognition and depreciation		20,718	24,095
Interest expense		2,806	3,332
Income tax expense	12	6,214	7,732
Income taxes paid		(10,960)	(17,223)
Stock-based compensation	11	3,046	731
Share of profit of associated company	3	(1,428)	(1,403)
Dividends from associated company	3	1,242	–
Deferred selling commissions paid		(9,642)	(10,164)
Other		(234)	2,821
		27,351	27,233
Net change in non-cash working capital balances related to operations			
Accounts receivable		4,672	20,338
Other assets		82	(579)
Accounts payable and accrued liabilities		(31,316)	(36,160)
Other liabilities		(42)	(5,515)
		(26,604)	(21,916)
Net cash provided by continuing operating activities		747	5,317
Net cash used in discontinued operating activities	4	–	(46,094)
Net cash provided by (used in) operating activities		747	(40,777)
Financing Activities			
Repurchase of Class B Non-Voting shares for cancellation		–	(4,124)
Issue of Class B Non-Voting shares		780	333
Dividends paid		(23,500)	(25,107)
Increase in long-term debt	6	–	20,000
Interest paid		(2,906)	(2,918)
Net cash used in continuing financing activities		(25,626)	(11,816)
Net cash provided by discontinued financing activities	4	–	234,333
Net cash provided by (used in) financing activities		(25,626)	222,517
Investing Activities			
Increase in ownership interest in Highstreet Partners Limited	5	(826)	(584)
Acquisition of Acuity Funds Ltd. and Acuity Investment Management, net of cash acquired	5	(2,713)	(20,976)
Purchase of property, equipment and computer software		(566)	(906)
Purchase of investments	3	(303)	(3,159)
Proceeds from sale of investments	3	14,066	3,588
Net cash provided by (used in) continuing investing activities		9,658	(22,037)
Net cash used in discontinued investing activities	4	–	(26)
Net cash provided by (used in) investing activities		9,658	(22,063)
Increase (decrease) in cash and cash equivalents		(15,221)	159,677
Balance of cash and cash equivalents, beginning of period		371,299	246,634
Balance of cash and cash equivalents, end of period		$ 356,078	$ 406,311
Cash and cash equivalents related to:			
Continuing operations		$ 356,078	$ 55,861
Discontinued operations		–	350,450
		$ 356,078	$ 406,311

(The accompanying notes are an integral part of these condensed consolidated interim financial statements.)

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended February 28, 2013 and February 29, 2012 (unaudited)

Note 1: General Information

AGF Management Limited (AGF or the Company) is a limited liability company incorporated and domiciled in Canada under the *Business Corporations Act* (Ontario). The address of its registered office and principal place of business is Toronto-Dominion Bank Tower, 66 Wellington Street West, Toronto, Ontario.

The Company is an integrated, global wealth management corporation whose principal subsidiaries provide investment management for mutual funds, institutions and corporations, as well as high-net-worth clients. The Company conducts the management and distribution of mutual funds in Canada under the brand names AGF, Acuity, Elements and Harmony (collectively, AGF Investments).

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on March 26, 2013.

Note 2: Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to the preparation of interim financial statements, including International Accounting Standard 34 (IAS 34), Interim Financial Reporting. The accounting policies in these condensed consolidated interim financial statements are consistent with those disclosed in the Company's annual consolidated financial statements for the year ended November 30, 2012. The condensed consolidated interim financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended November 30, 2012, which have been prepared in accordance with IFRS as issued by the IASB.

Note 3: Investments and Investment in Associated Company

(a) The following table presents a breakdown of investments:

(in thousands of Canadian dollars)	**February 28, 2013**	**November 30, 2012**
Fair value through profit or loss		
AGF mutual funds and other	$ 12,139	$ 25,269
Equity securities	1,741	1,612
	13,880	26,881
Available for sale		
Equity securities	4,472	2,995
Loans and receivables		
Canadian government debt - Federal	302	301
	$ 18,654	$ 30,177

The investment in Canadian government debt is composed of a fixed-rate treasury bond with a maturity date within one year and a credit rating of AAA.

(b) The Company holds a 31.5% investment in Smith & Williamson Holdings Limited (S&WHL), which is accounted for using the equity method. At February 28, 2013, the carrying value was $73.5 million (November 30, 2012 – $74.4 million). During the three months ended February 28, 2013, the Company recognized earnings of $1.4 million (2012 – $1.4 million) and received $1.2 million in dividends (2012 – nil) from S&WHL.

Note 4: Discontinued Operations

On August 1, 2012, the Company completed its sale of 100% of the shares of AGF Trust Company (AGF Trust) to B2B Bank, a subsidiary of Laurentian Bank, for cash consideration corresponding to the net book value of AGF Trust at closing of $246.3 million. The transaction also caused AGF Trust to repay subordinated indebtedness owed to AGF and redeem preferred shares held by AGF for an additional consideration of $173.5 million.

In addition, the agreement includes a contingent consideration to a maximum of $20.0 million over five years if the credit performance of AGF Trust's loan portfolio meets certain thresholds. Accordingly, a contingent consideration receivable of $5.9 million was recorded on the sale of AGF Trust and continues to be included in other assets on the consolidated interim statement of financial position, representing management's best estimate of the fair value thereof. The key assumptions used in the five-year analysis of the credit quality of the loan portfolio are a 6.3% liquidation rate on the secured investment loans in year 1 and a 3.0% liquidation rate in years 2 to 5. A 1% increase in the secured investment loan liquidation rate used in the analysis of the credit quality of the loan portfolio would result in a decrease to the contingent consideration receivable of $5.9 million, whereas a 1% decrease would result in an increase to the contingent consideration receivable of $4.9 million.

For the three months ended February 29, 2012, the operating performance of AGF Trust has been included in the Company's consolidated statement of income as discontinued operations as follows:

(in thousands of Canadian dollars) **Three months ended February 29**		**2012**
Revenue		
RSP loan securitization income, net of impairment	$	1,263
Other income		1,906
AGF Trust net interest income[1]		20,380
Total revenue		23,549
Expenses		
Selling, general and administrative		9,706
Amortization of property, equipment and computer software		214
Provision for AGF Trust loan losses		1,798
		11,718
Income before income taxes		**11,831**
Income tax expense		
Current[1]		2,727
Deferred		235
		2,962
Net income related to AGF Trust	**$**	**8,869**
Net income attributable to:		
Equity owners of the Company	$	8,869
Non-controlling interest		–
	$	8,869

[1] Adjusted for interest on inter-company subordinated debt classified as discontinued operations.

As at February 28, 2013, AGF Trust employees held 393,505 stock options with an average exercise price of $17.61, all of which were fully vested (February 29, 2012 – 475,405, $17.87).

As at February 28, 2013, AGF Trust employees did not hold any Restricted Share Units (RSU) (February 29, 2012 – 33,237).

Note 5: Acquisitions

(a) Acquisition of Acuity Funds Ltd. and Acuity Investment Management Inc.

On February 1, 2011, the Company completed its acquisition of 100% of the shares of Acuity Funds Ltd. and Acuity Investment Management Inc. (Acuity) for a purchase price of $335.5 million.

The remaining outstanding deferred cash payment and Class E exchangeable preferred shares are subject to an adjustment based on Acuity's net sales of institutional AUM between the date of acquisition and the deferred cash payment date and the redemption date of these preferred shares. As at February 28, 2013, the maximum adjustment to the acquisition consideration payable related to Acuity's net sales of institutional AUM would be an increase of $3.4 million and a decrease of nil. The Class E exchangeable preferred shares are to be settled by the issuance of a variable number of AGF Class B Non-Voting shares, the number of which is determined by reference to a fixed exchange ratio. The outstanding deferred cash payments and Class E exchangeable preferred shares are accounted for as contingently returnable consideration carried at fair value and have been classified on the consolidated interim statement of financial position as acquisition consideration payable.

As part of the consideration paid, the remaining Class B Non-Voting shares held in escrow will be released to the Acuity vendors on February 1, 2014. Dividends declared on the Class B Non-Voting shares are paid to the vendors during the escrow period. During the three months ended February 28, 2013, 185,117 Class B Non-Voting shares were released from escrow. As at February 28, 2013, 185,119 Class B Non-Voting shares continue to be held in escrow.

On February 1, 2013, $3.9 million was paid to the Acuity vendors, consisting of $2.7 million in cash and a settlement of the Class D exchangeable preferred shares through the issuance of 107,138 Class B Non-Voting shares valued at $1.2 million. On February 1, 2012, $34.3 million was paid to the Acuity vendors, consisting of $21.0 million in cash and a settlement of the Class B and C exchangeable preferred shares through the issuance of 828,452 Class B Non-Voting shares valued at $13.3 milllion.

The following is a summary of the fair values of contingently returnable consideration as at February 28, 2013 and November 30, 2012:

(in thousands of Canadian dollars)	February 28, 2013	November 30, 2012
Cash payments due February 1, 2013	$ –	$ 2,718
Cash payments due February 1, 2014	4,007	3,908
Issuance of Class D exchangeable preferred shares, redeemable February 1, 2013	–	934
Issuance of Class E exchangeable preferred shares, redeemable February 1, 2014	1,706	1,242
	$ 5,713	$ 8,802
Less: current portion	5,713	3,652
	$ –	$ 5,150

During the three months ended February 28, 2013, $0.9 million in charges (2012 – $2.8 million in charges) were recognized related to the fair value adjustment on the acquisition consideration payable.

(b) Acquisition of Highstreet Partners Ltd.

During the three months ended February 28, 2013, the Company increased its ownership interest in Highstreet Partners Ltd. (Highstreet) from 89.4% to 90.7% for cash consideration of $0.8 million (2012 – $0.6 million). The payments were recorded as an adjustment to a related put agreement liability and retained earnings. Refer to Note 11 for details regarding the put agreement.

Note 6: Long-term Debt

(in thousands of Canadian dollars)	February 28, 2013	November 30, 2012
Revolving term loans[1]		
Facility 1	$ –	$ –
Facility 2	124,380	124,300
Acquisition facility[1]	184,219	184,101
	$ 308,599	$ 308,401

[1] Net of transaction costs.

(a) Revolving Term Loans

Facility 1 is a syndicated revolving term loan with two Canadian chartered banks and with a maximum aggregate principal of $200.0 million (November 30, 2012 – $200.0 million). Advances under Facility 1 are made available by prime-rate loans in U.S. or Canadian dollars, under BAs or by issuance of letters of credit. Facility 1, if not renewed, is due in full on January 28, 2015. As at February 28, 2013, AGF had not drawn against Facility 1 (November 30, 2012 – nil).

Facility 2 is a five-year revolving term loan with a maximum aggregate principal of $125.0 million. Advances under Facility 2 are made available by prime-rate loans in U.S. or Canadian dollars, under BAs or by issuance of letters of credit. Facility 2, if not renewed, is due in full on November 30, 2016. As at February 28, 2013, AGF had drawn down $125 million (November 30, 2012 – $125.0 million) against Facility 2 in the form of a one-month BA at an effective average interest rate of 3.0% per annum (November 30, 2012 – 3.2%).

To hedge the Company's exposure to fluctuating interest rates on its long-term debt, AGF has entered into an interest rate swap transaction with a Canadian chartered bank. The swap transaction expires in July 2016 and involves the exchange of the one-month BA rate, plus 150 basis points, to pay a fixed interest rate of 3.8%. The swap contract is designated as a cash flow hedging instrument and is used to mitigate interest expense volatility on Facility 2. As at February 28, 2013, the notional amount of the swap was $125.0 million (November 30, 2012 – $125.0 million).

As at February 28, 2013, the fair value of the derivative used to manage interest rate exposure on long-term debt was $4.3 million (November 30, 2012 – $4.4 million) and is recorded as a liability on the consolidated interim statement of financial position.

(b) Acquisition Facility

The acquisition facility was originally arranged on January 28, 2011, to partially fund the acquisition of Acuity, and consists of a one-time drawdown of $185.0 million. The facility must be fully repaid by January 28, 2015, and is not renewable. Advances under the facility are made available by way of Canadian-dollar prime-rate loans or Canadian-dollar BAs. As at February 28, 2013, AGF had drawn $185.0 million (November 30, 2012 – $185.0 million) against the facility in the form of a one-month BA at an effective average interest rate of 3.0% per annum (November 30, 2012 – 3.2%).

Note 7: Capital Stock

(a) Authorized Capital

The authorized capital of AGF consists of an unlimited number of AGF Class B Non-Voting shares and an unlimited number of AGF Class A Voting common shares. The Class B Non-Voting shares are listed for trading on the Toronto Stock Exchange (TSX).

(b) Changes During the Period

The change in capital stock is summarized as follows:

Three months ended	**February 28, 2013**			**February 29, 2012**		
(in thousands of Canadian dollars, except share amounts)	**Shares**	**Stated value**		**Shares**	**Stated value**	
Class A Voting common shares	57,600	$	–	57,600	$	–
Class B Non-Voting shares						
Balance, beginning of the period	89,057,691	$	533,684	95,406,796	$	560,838
Issued through dividend reinvestment plan	58,544		582	42,370		670
Stock options exercised	94,650		834	40,350		356
Issued on acquisition of Acuity	107,138		1,231	828,452		13,322
Repurchased for cancellation	–		–	(262,240)		(1,543)
Balance, end of the period	89,318,023	$	536,331	96,055,728	$	573,643

(c) Class B Non-Voting Shares Purchased for Cancellation

AGF has obtained applicable regulatory approval to purchase for cancellation, from time to time, certain of its Class B Non-Voting shares through the facilities of the TSX (or as otherwise permitted by the TSX). AGF relies on an automatic purchase plan during the normal course issuer bid. The automatic purchase plan allows for purchases by AGF of its Class B Non-Voting shares during certain pre-determined black-out periods, subject to certain parameters. Outside of these pre-determined black-out periods, shares will be purchased in accordance with management's discretion. Under its normal course issuer bid, AGF may purchase up to 10% of the public float outstanding on the date of the receipt of regulatory approval or up to 6,729,228 shares through to January 31, 2014. During the three months ended February 28, 2013, no Class B Non-Voting shares were repurchased. During the three months ended February 29, 2012, 262,240 Class B Non-Voting shares were repurchased at a cost of $4.1 million and the excess paid of $2.6 million over the recorded capital stock value of the shares repurchased for cancellation was charged to retained earnings.

Note 8: Accumulated Other Comprehensive Income (Loss)

(in thousands of Canadian dollars)	Foreign currency translation	Available for sale securities	Cash flow hedge	Discontinued operations	Total
Opening Balance					
Other comprehensive income (loss)	$ 50	$ 3,306	$ (4,772)	$ 13,635	$ 12,219
Income tax recovery (expense)	(6)	(485)	1,193	(4,061)	(3,359)
Balance, November 30, 2011	44	2,821	(3,579)	9,574	8,860
Transactions during the year ended November 30, 2012					
Other comprehensive income (loss)	(723)	(41)	674	(13,635)	(13,725)
Income tax recovery (expense)	6	53	(107)	4,061	4,013
Balance, November 30, 2012	(673)	2,833	(3,012)	–	(852)
Transactions during the period ended February 28, 2013					
Other comprehensive income (loss)	(1,097)	1,477	104	–	484
Income tax recovery (expense)	–	(201)	(28)	–	(229)
Balance, February 28, 2013	$ (1,770)	$ 4,109	$ (2,936)	$ –	$ (597)

All items presented in other comprehensive income will be reclassified to the consolidated statement of income in subsequent periods.

Note 9: Fair Value Adjustments and Other Income (Loss)

Three months ended (in thousands of Canadian dollars)	**February 28, 2013**	**February 29, 2012**
Fair value adjustment related to investment in AGF mutual funds (Note 3)	$ 195	$ 676
Fair value adjustment related to acquisition consideration payable (Note 5(a))	(711)	(2,276)
Fair value adjustment related to put agreement with non-controlling shareholders (Note 11(c))	291	(1,096)
Interest income and other	1,855	216
	$ 1,630	$ (2,480)

Note 10: Expenses by Nature

Three months ended (in thousands of Canadian dollars)	**February 28, 2013**	**February 29, 2012**
Selling, general and administrative		
Employee benefit expense	$ 27,370	$ 25,918
Sales and marketing	2,102	2,387
Information technology and facilities	5,883	5,012
Professional fees	3,850	5,057
Fund absorption and other fund costs	4,372	3,092
Other	564	1,701
	$ 44,141	$ 43,167

Note 11: Stock-based Compensation and Other Stock-based Payments

(a) Stock Option Plans

AGF has established stock option plans for senior employees. Under the plan, an additional maximum of 3,390,895 Class B Non-Voting shares could have been granted as at February 28, 2013 (2012 – 4,160,766). The stock options are issued at a price not less than the market price of the Class B Non-Voting shares immediately prior to the grant date. Stock options are vested to the extent of 25% to 33% of the individual's entitlement per annum, or in some instances, vest at the end of the term of the option.

The change in stock options, excluding those related to AGF Trust, during the three months ended February 28, 2013 and February 29, 2012 is summarized as follows:

Three months ended	February 28, 2013		February 29, 2012	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Class B Non-Voting share options				
Balance, beginning of the period	4,933,339	$ 15.33	4,942,679	$ 17.47
Options granted	649,061	11.38	469,750	15.87
Options forfeited	(85,950)	31.64	(4,750)	8.24
Options expired	–	–	(455,900)	17.05
Options exercised	(94,650)	8.24	(37,500)	8.24
Balance, end of the period	5,401,800	$ 14.72	4,914,279	$ 17.43

During the three months ended February 28, 2013, 649,061 stock options were granted (2012 – 469,750) and compensation expense and contributed surplus of $0.4 million (2012 – $0.4 million) was recorded. The fair value of options granted during the three months ended February 28, 2013 has been estimated at $1.64 per share (2012 – $3.10) using the Black-Scholes option-pricing model. The following assumptions were used to determine the fair value of the options granted during the three months ended February 28, 2013 and February 29, 2012:

Three months ended	February 28, 2013	February 29, 2012
Risk-free interest rate	1.5%	1.3%
Expected dividend yield	9.6%	6.8%
Five-year historical-based expected share price volatility	41.9%	41.8%
Option term	5.0 years	5.0 years

(b) Other Stock-based Compensation

Other stock-based compensation includes RSU, Performance Share Units (PSU), Deferred Share Units (DSU), and Partners Incentive Plan (PIP). Compensation expense for the three months ended February 28, 2013 related to these share units was $2.7 million (2012 – $0.3 million). As at February 28, 2013, the Company has recorded a $7.9 million (2012 – $8.4 million) liability related to other stock-based compensation.

The change in share units of RSU and PSU, excluding those related to AGF Trust, during the three months ended February 28, 2013 and February 29, 2012 is as follows:

Three months ended	February 28, 2013	February 29, 2012
	Number of share units	Number of share units
Outstanding, beginning of the period		
Non-vested	822,105	319,799
Issued		
Initial grant	537,130	589,056
In lieu of dividends	22,772	5,036
Vested		
Settled in cash	(9,496)	–
Forfeited and cancelled	(7,044)	(11,336)
Outstanding, end of the period	1,365,467	902,555

(c) Put Agreement with Non-controlling Shareholders

As at February 28, 2013, the Company has recorded a $5.7 million (November 30, 2012 – $6.7 million) liability related to the put agreement with non-controlling shareholders of one of its subsidiaries. In the three months ended February 28, 2013, the Company recorded a gain of $0.3 million (2012 – $1.1 million loss) related to the change in the fair value of the put agreement.

Note 12: Income Taxes

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated effective tax rate for the three months ended February 28, 2013 was 28.5% (2012 – 30.9%).

The income tax expense related to income from discontinued operations for the three months ended February 29, 2012 was $3.0 million. Refer to Note 16 for additional information on tax contingencies.

Note 13: Earnings per Share

Three months ended (in thousands of Canadian dollars, except per share amounts)	**February 28, 2013**	**February 29, 2012**
Numerator		
Net income for the period from continuing operations attributable to the equity holders of the Company	$ 15,618	$ 17,265
Net income for the period from discontinued operations attributable to the equity holders of the Company	–	8,869
Net income for the period attributable to the equity holders of the Company	15,618	26,134
Denominator		
Weighted average number of shares – basic	89,229,202	95,662,657
Dilutive effect of employee stock options	309,076	709,762
Weighted average number of shares – diluted	89,538,278	96,372,419
Basic earnings per share		
Continuing operations	$ 0.18	$ 0.18
Discontinued operations	–	0.09
	0.18	0.27
Diluted earnings per share		
Continuing operations	$ 0.17	$ 0.18
Discontinued operations	–	0.09
	$ 0.17	$ 0.27

Note 14: Dividends

The dividends paid, including dividends reinvested, in the three months ended February 28, 2013 were $24.1 million, compared to $25.8 million in 2012. On March 26, 2013, the Board of Directors of AGF declared a quarterly dividend on both the Class A Voting common shares and Class B Non-Voting shares of the Company of $0.27 per share in respect of the three months ended February 28, 2013, amounting to a total dividend of approximately $24.1 million. These condensed consolidated interim financial statements do not reflect this dividend payable.

Note 15: Related Party Transactions

The Company is controlled by Blake C. Goldring, Chairman and Chief Executive Officer of AGF, through his indirect ownership of all the voting shares of Goldring Capital Corporation, which owns 80% of the Company's Class A Voting common shares. The remaining 20% of the Class A Voting common shares are held by the Vice-Chairman of AGF, who is also a Director.

The remuneration of Directors and other key management personnel of AGF is as follows:

Three months ended (in thousands of Canadian dollars)	**February 28, 2013**	**February 29, 2012**
Salaries and other short-term employee benefits	$ 1,243	$ 1,331
Share-based payments	1,076	628
	$ 2,319	$ 1,959

Note 16: Contingencies

During the quarter, the Company received a proposal letter from the Canada Revenue Agency (CRA) relating to the transfer pricing and allocation of income between one of the Company's Canadian legal entities and a foreign subsidiary, which would increase the Company's taxes payable by $11.0 million, $12.0 million and $17.0 million (before the application of any interest or transfer pricing penalties) for its 2005, 2006 and 2007 fiscal years, respectively. The Company strongly disagrees with the CRA's position and will respond to the proposal letter and any related notice of reassessment with which it also does not agree. The Company believes its tax filing positions continue to be reasonable based on its transfer pricing methodology, and appropriate amounts have been recorded in the financial statements based on management's best estimate in light of currently available information. However, the Company cannot predict with certainty the outcome of any audit undertaken by taxation authorities and the final result may vary compared to the estimates and assumptions used by management in determining the Company's consolidated income tax provision and in valuing its income tax assets and liabilities. Depending on the ultimate outcome of any such audit or reassessment, there may be a material impact on the Company's financial position, results of operations and cash flows. If a tax reassessment is received from the CRA, the Company would be required to submit an advance deposit on the amount reassessed even where the ultimate outcome is expected to differ. The Company believes it is likely that the CRA will review its transfer pricing applicable to subsequent years and may reassess its tax returns for subsequent years on a similar basis.

This report contains forward-looking statements with respect to AGF, including its business operations, strategy, financial performance and condition. Although management believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause results to differ materially include, among other things, general economic and market factors including interest rates, business competition, changes in government regulations or in tax laws, and other factors discussed in materials filed with applicable securities regulatory authorities from time to time.