AGF MANAGEMENT LIMITED

2021 FIRST QUARTER REPORT

AGF™

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Financial Highlights

(in millions of dollars, except share data) Three months ended	Feb. 28, 2021	Nov. 30, 2020[1,3]	Aug. 31, 2020[1,4]	May 31, 2020[1]	Feb. 29, 2020[1]	Nov. 30, 2019[2,5]	Aug. 31, 2019[2]	May 31, 2019[2]
Assets under management	$ 39,786	$ 38,813	$ 37,012	$ 36,336	$ 37,426	$ 38,781	$ 37,421	$ 38,338
Mutual fund net sales (redemptions)	385	88	(22)	(93)	(344)	(181)	(103)	(498)
Income	107.3	209.4	138.7	89.0	106.7	114.5	107.4	109.8
Selling, general & administrative	48.0	43.1	46.1	40.2	45.3	45.4	47.3	48.6
EBITDA before commissions[6]	26.8	137.0	62.6	21.2	30.2	38.7	29.0	29.2
Adjusted EBITDA before commissions[7]	26.8	31.6	30.1	21.2	30.2	35.8	30.2	30.4
Net income before tax	7.8	123.1	50.6	7.0	13.6	27.5	16.9	14.1
Net income	5.6	110.4	47.3	5.3	10.8	22.2	14.4	11.5
Adjusted net income[7]	5.6	15.0	14.8	5.3	10.8	19.4	14.6	11.7
Earnings per share								
Basic	$ 0.08	$ 1.46	$ 0.61	$ 0.07	$ 0.14	$ 0.28	$ 0.18	$ 0.15
Diluted	0.08	1.43	0.60	0.07	0.13	0.28	0.18	0.14
Adjusted diluted[7]	0.08	0.19	0.19	0.07	0.13	0.24	0.18	0.14
Free cash flow[7]	10.5	9.9	15.5	6.1	14.5	18.3	9.7	8.2
Dividends per share	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
Long-term debt[7]	–	–	194.3	199.9	216.9	207.3	158.9	164.9
Average basic shares	70,147,427	75,882,292	77,803,877	78,393,086	78,570,122	78,503,480	78,715,118	78,699,275
Average fully diluted shares	71,553,205	77,022,549	78,904,921	79,058,740	80,530,285	79,624,609	79,818,712	79,771,774

[1] Refer to Note 3 in the 2020 Consolidated Financial Statements for more information on the adoption of IFRS 16.

[2] Refer to Note 3 in the 2019 Consolidated Financial Statements for more information on the adoption of IFRS 15.

[3] November 30, 2020 includes $104.4 million related to gain on sale of Smith & Williamson Holdings Limited (S&WHL), net of currency hedge.

[4] Three months ended August 31, 2020 includes $41.3 million of dividends, net of currency hedge, from S&WHL, recognized as income.

[5] November 30, 2019 includes $4.1 million of one-time fund expense tax recovery.

[6] For the definition of EBITDA before commissions, see the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section. The items required to reconcile EBITDA before commission to net income, a defined term under IFRS, are detailed in the Condensed Consolidated Interim Statement of Income.

[7] Adjusted net income, adjusted diluted earnings per share, free cash flow, adjusted EBITDA before commissions and long-term debt are not standardized earnings measures prescribed by IFRS. Descriptions of these non-IFRS measures, as well as others, and reconciliations to IFRS, where necessary, are provided in the MD&A.

Selected Quarterly Information

	Three months ended		
(in millions of dollars, except share data)	Feb. 28, 2021	Nov. 30, 2020	Feb. 29, 2020
AUM end of the period			
Mutual Funds	$ 21,394	$ 20,322	$ 18,492
Institutional, sub-advisory, ETFs	9,403	9,638	10,313
Private Client	6,300	6,043	5,905
Private Alternatives	2,689	2,810	2,716
Total AUM end of the period	**$ 39,786**	**$ 38,813**	**$ 37,426**
Mutual Fund net sales (redemptions)	$ 385.0	$ 88.0	$ (344.0)
EBITDA before commissions[1]	26.8	137.0	30.2
Net income	5.6	110.4	10.8
Diluted earnings per share	0.08	1.43	0.13
Free cash flow[2]	10.5	9.9	14.5
ADJUSTED FINANCIAL INFORMATION			
Adjusted EBITDA before commissions			
Adjusted EBITDA before Private Alternatives & S&WHL[3]	23.6	24.5	22.9
From Private Alternative Managers[4]	0.8	1.6	0.1
From Private Alternative Long-term Investments[5]	2.4	5.5	2.7
Adjusted EBITDA before commissions excluding EBITDA from S&WHL	**$ 26.8**	**$ 31.6**	**$ 25.7**
From S&WHL[6]	–	–	4.5
Adjusted EBITDA before commissions[2]	**$ 26.8**	**$ 31.6**	**$ 30.2**
Adjusted net income			
Adjusted net income before Private Alternatives & S&WHL	3.1	8.7	4.1
From Private Alternative Managers[4]	0.8	1.6	0.1
From Private Alternative Long-term Investments[5]	1.7	4.7	2.1
Adjusted net income excluding net income from S&WHL	**$ 5.6**	**$ 15.0**	**$ 6.3**
From S&WHL[6]	–	–	4.5
Adjusted net income[2]	**$ 5.6**	**$ 15.0**	**$ 10.8**
Adjusted diluted earning per share			
Adjusted diluted earnings per share before Private Alternatives & S&WHL	0.04	0.11	0.05
From Private Alternative Managers[4]	0.01	0.02	0.00
From Private Alternative Long-term Investments[5]	0.03	0.06	0.02
Adjusted diluted earnings per share excluding S&WHL	**$ 0.08**	**$ 0.19**	**$ 0.07**
From S&WHL[6]	–	–	0.06
Adjusted diluted earnings per share[2]	**$ 0.08**	**$ 0.19**	**$ 0.13**

[1] For the definition of EBITDA before commissions, see the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section. The items required to reconcile EBITDA before commissions to net income, a defined term under IFRS, are detailed in the Consolidated Statement of Income.

[2] Adjusted net income, adjusted diluted earnings per share, free cash flow, adjusted EBITDA before commissions and long-term debt are not standardized earnings measures prescribed by IFRS. Descriptions of these non-IFRS measures, as well as others, and reconciliations to IFRS, where necessary, are provided in the MD&A.

[3] S&WHL refers to Smith & Williamson Holdings Limited.

[4] Private Alternative Manager earnings represents share of profit of joint ventures, which are recorded under equity accounting and recorded after tax.

[5] Private Alternative Long-term Investments represents fair value adjustments and distributions related to long-term investments included in fair value adjustments and other income.

[6] S&WHL earnings represents share of profit of associate, dividend income, net of currency hedge and gain on sale of asset classified as held for sale, net of hedge.

First Quarter in Review

With ongoing concerns about the COVID-19 pandemic, the first quarter of 2021 saw increased volatility but also new record highs on stock markets. Optimism increased as vaccine plans were rolled out and administered. The ability for some to produce or secure vaccines and also distribute them effectively has catapulted certain countries ahead in re-opening and will undoubtedly result in disparate social and economic experiences between countries and regions for the remainder of 2021. AGF continues to monitor the impact of the pandemic and is managing expenses and capital position accordingly. The Company has a comprehensive business continuity plan, which the Company activated in March 2020, and has taken specific measures to mitigate any business risks and ensure business continuity and the protection of our employees around the world in light of the rapidly evolving situation related to COVID-19. To date, AGF has experienced no impact to our business operations and no instances of business operations interruption.

At AGF, the first quarter saw the sales momentum experienced in the fourth quarter of 2020 continue, all while successfully managing through the pandemic and the resulting challenges it has created to the business environment. Below is a summary of our strategic and financial highlights for the first quarter of 2021.

Strategic and Financial Highlights

AUM and Sales

AGF reported $39.8 billion in assets under management (AUM) as at February 28, 2021, increasing from $38.8 billion as at November 30, 2020 and from $37.4 billion as at February 29, 2020. Excluding Private Alternatives, AUM was $37.1 billion as at February 28, 2021, as compared to $36.0 billion as at November 30, 2020 and $34.7 billion as at February 29, 2020. Private Alternatives AUM decreased slightly by 1.0% to $2.7 billion as at February 28, 2021 from $2.7 billion as at February 29, 2020.

During the three months ended February 28, 2021, sales momentum continued to improve as AGF reported mutual fund net sales of $385.0 million compared to $88.0 million for the three months ended November 30, 2020 and net redemptions of $344.0 million in the comparative prior year period. Retail mutual fund[1] net sales were $376.0 million for the quarter compared to $66.0 million for the three months ended November 30, 2020 and net redemptions of $141.0 million in the comparative prior year period.

Investment Performance

AGF aims to deliver consistent and repeatable investment performance with a target of 50% over one year and 40% over three years when looking at AGF's mutual fund gross returns (before fees) relative to peers within the same category, with 1st percentile being best possible performance. As at February 28, 2021, AGF's average percentile over the past one year was above target at 41% (2020 – 60%) and the average percentile over the past three years was slightly below target at 53% (2020 – 54%).

Financial Highlights

Management, advisory and administration fees were $101.3 million for the three months ended February 28, 2021, compared to $95.9 million for the three months ended November 30, 2020 and $97.8 million for the comparative prior year period. The increase is attributable to higher average mutual fund AUM and higher average revenue rate as a result of product mix.

The significant increase in mutual fund sales drove higher selling, general and administrative costs in the period associated with variable sales and investment performance-based compensation. Selling, general and administrative costs were $48.0 million for the three months ended February 28, 2021, compared to $43.1 million for the three months ended November 30, 2020 and $45.3 million for the comparative prior year period. In addition, the increase in the AGF.B share price during the quarter resulted in higher share-based compensation, which is marked to market. This increase in variable costs was partially offset by management's continued focus on cost control as well as lower travel and entertainment costs as a result of the ongoing pandemic.

[1]Net sales (redemptions) in retail mutual funds are calculated as reported mutual fund net sales (redemptions) less non-recurring institutional net sales (redemptions) in excess of $5.0 million invested in our mutual funds.

For the three months ended February 28, 2021, AGF reported adjusted EBITDA before commissions of $26.8 million compared to $31.6 million for the three months ended November 30, 2020 and $25.7 million in the comparative prior year period excluding EBITDA from S&WHL.

For the three months ended February 28, 2021, adjusted diluted earnings per share was $0.08 compared to $0.19 for the three months ended November 30, 2020 and $0.07 in the comparative prior year period excluding S&WHL. The private alternative business contributed $0.04 in the three months ended February 28, 2021 compared to $0.08 for the three months ended November 30, 2020 and $0.02 in the comparative prior year period. The significant growth in mutual fund sales as well as the increase in the Company's stock price in the current quarter resulted in a short-term increase in variable sales compensation, DSC commissions and stock compensation, which were fully recognized in the period, resulting in a $0.06 negative impact to EPS.

AGF Management Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended February 28, 2021 and February 29, 2020

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,' 'estimates,' '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 income, revenues, earnings or growth rates), ongoing business strategies or prospects, fund performance, 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, client-driven asset allocation decisions, pipeline, 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 general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, taxation, changes in government regulations, unexpected judicial or regulatory proceedings, technological changes, cybersecurity, the possible effects of war or terrorist activities, outbreaks of disease or illness that affect local, national or international economies (such as COVID-19), natural disasters and disruptions to public infrastructure, such as transportation, communications, power or water supply or other catastrophic events, and our ability to complete strategic transactions and integrate acquisitions, and attract and retain key personnel. 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 the 2020 Annual MD&A.

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) is as of March 30, 2021 and presents an analysis of the financial condition of AGF Management Limited (AGF or the Company) and its subsidiaries for the three-month period ended February 28, 2021, compared to the three-month period ended February 29, 2020. The MD&A should be read in conjunction with our unaudited Condensed Consolidated Interim Financial Statements for the three months ended February 28, 2021 and our 2020 Annual Report. The financial statements for the three months ended February 28, 2021, including required comparative information, 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, unless otherwise noted. Certain comparative figures have been reclassified to conform to the consolidated financial statement presentation in the current year.

We also utilize non-IFRS financial measures to assess our overall performance and facilitate a comparison of quarterly and full-year results from period to period. These non-IFRS measures may not be comparable with similar measures presented by other companies. 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 numbers rounded to the decimals that appear in this MD&A. Results, except per share information, are presented in millions of dollars. Certain totals, subtotals and percentages may not reconcile due to rounding. 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.'

Our Business and Strategy

Founded in 1957, AGF Management Limited is a diversified global asset management firm offering investment solutions to a wide range of clients, from individual investors and financial advisors to institutions, including pension plans, corporate plans, sovereign wealth funds, endowments and foundations. AGF has investment operations and client servicing teams in North America, Europe and Asia. AGF trades on the Toronto Stock Exchange (TSX) under the symbol AGF.B.

AGF provides fund administration services to the AGF mutual funds through AGF's subsidiary AGF CustomerFirst Inc. (AGFC), and provides the capability to deliver complete trading infrastructure to support ETFs and 40-Act vehicles in the U.S. through AGF's subsidiary AGF Investments LLC.

Through AGF's Private Alternatives Business, AGF provides investors access to alternative investments as part of a disciplined investment approach. AGF's Private Alternatives Business is central to the firm's mission to bring stability to the world of investing. In an increasingly complex market environment, investors are actively seeking out opportunities to diversify their sources of return away from traditional equity and fixed income investments. The firm's alternative investment strategies range across structures and vehicles tailored to each client segment depending on their unique needs including liquidity and redemption privileges.

Overview – Private Alternative Managers

AGF's Private Alternatives Business, with $2.7 billion in AUM, includes a joint venture, InstarAGF Asset Management Inc. (InstarAGF), with Instar Group Inc. (Instar) and a joint venture partnership with SAF Group (SAF). InstarAGF is an alternative asset management firm with an emphasis on essential infrastructure in the North American middle market, with the goal of delivering sustainable and attractive returns to investors. SAF is a Canadian-based alternative capital provider with expertise constructing bespoke financial products across the capital structure, including secured credit and asset-backed loans.

In 2020, AGF entered into a definitive option agreement with SAF that grants AGF the right to acquire management contracts of select SAF funds, exercisable until September 2021. While the extension of AGF and SAF's partnership is initially focused on bringing new investment products to market, including opportunistic funds, the option agreement also creates a path forward to an internal private credit capability that is well-positioned to capitalize on the expected growth in private debt investments.

AGF's private alternatives business delivers value to the firm across three streams: Fee-related earnings and carried interest and invested capital.

Fee-Related Earnings & Carried Interest

AGF earns management fees from the underlying investments managed through the manager. As successive funds are launched and assets grow, AGF's earnings from the manager will increase. Through the achievement of attractive and sustainable investment returns, AGF will earn its proportionate share of carried interest.

Under IFRS, the manager is required to record a compensation expense for carried interest that will be earned by employees, however, can only record the income related to carried interest when it is virtually certain to be earned, generally once crystallized. This creates a mismatch in the timing of recognition of expense and corresponding revenue. In the event the carried interest compensation expense results in negative earnings, AGF is not obligated to record losses in excess of its initial investment. Earnings for the manager, including any realized carried interest, are recognized through the 'Share of profit of joint ventures' on the Statement of Income and are presented net of tax. Dividends received from interest in the alternative manager joint ventures are recorded as a reduction in the carrying value of the investment. If dividends paid are in excess of the carrying value of the investment, they are recorded as income through the 'Share of profit of joint ventures' on the Statement of Income and are presented net of tax.

For the three months ended February 28, 2021, AGF's net income from private alternative managers was $0.8 million (2020 – $0.1 million) and AGF received $1.5 million (2020 – $2.0 million) in distributions recognized as free cash flow.

Invested Capital Value

AGF also participates as an investor in the units of the underlying funds it manages, participating in increased valuation and distributions from the fund. Invested capital will be recycled and reinvested over time. Under IFRS, investments held in the underlying funds are measured at fair value. The fair value of the fund considers carried interest payable to the manager, based on the returns achieved to date. AGF may also receive cash distributions from the underlying fund. These earnings are recognized through 'Fair value adjustments and other income' on the Statement of Income.

AGF has committed total capital of $250.4 million since 2014 and has $70.2 million remaining to be funded. Since 2014, AGF has received $91.5 million in cash, comprised of $43.2 million returned capital and $48.3 million in cash distributions, net of tax. The fair value of investments as at February 28, 2021 is $139.6 million.

COVID-19

With ongoing concerns about the COVID-19 pandemic, the first quarter of 2021 saw continued volatility within the markets but also new record highs as optimism increased as vaccine plans were rolled out and administered. The ability for some to produce or secure vaccines and also distribute them effectively has catapulted certain countries ahead in re-opening and will undoubtedly result in disparate social and economic experiences between countries and regions for the remainder of 2021.

AGF continues to monitor the impact of the pandemic and is managing expenses and capital position accordingly. The Company has a comprehensive business continuity plan, which the Company activated in March 2020, and has taken specific measures to mitigate any business risks and ensure business continuity and the protection of our employees around the world in light of the rapidly evolving situation related to COVID-19. To date, AGF has experienced no impact to our business operations and no instances of business operations interruption.

To maintain business-as-usual operations and importantly to protect the health and safety of AGF's employees, clients and communities the following measures remain in place:

- The majority of AGF's employees continue to work remotely.
- Offices have reopened on a limited-scale voluntary basis, where permitted, with employees required to complete a health attestation on behalf of their households to ensure AGF follows and maintains health and safety protocols.
- Existing business travel bans and bans on participation in external conferences and events remain in place until further notice.

Back-to-Office Guiding Principles

With a limited voluntary return-to-office plan in place, AGF has identified the following guiding principles, in priority order, as critical to our planning and activities.

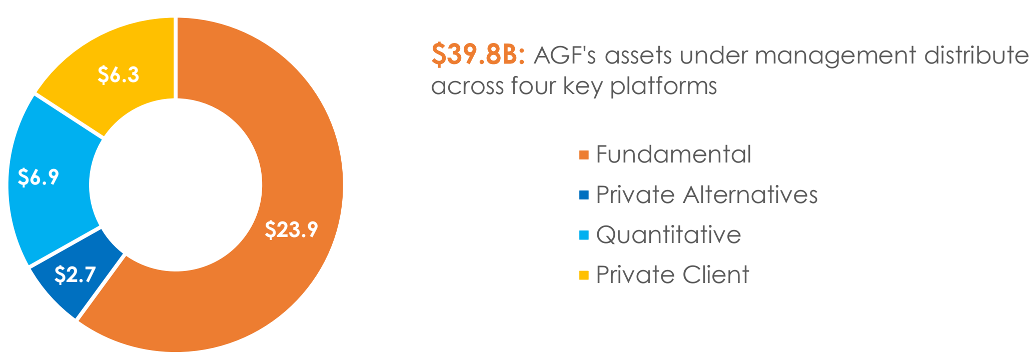
1. Employee physical safety will be paramount, ensuring all of our facilities meet the recommendations of local Government and Public Health agencies before allowing return.
2. Employee mental health will be top of mind. As current capabilities are allowing the firm to operate effectively, any return is expected to be gradual and measured.
3. As an essential service AGF must maintain the ability to meet and exceed client service needs. Preference, priority and any declaration of mandatory presence in the office will consider these needs.
4. Culturally, AGF believes we must provide the capability to ensure ongoing collaboration and teamwork in a mixed at-home and at-work environment, so no employee feels disadvantaged by their present choice.

AGF has proven our employees can effectively work from home and, by embracing technology, has also found new ways to do things finding efficiency and benefits in this environment.

The COVID-19 pandemic has the potential to expose the Company to a number of risk factors that may impact our operating and financial performance. Refer to the 'Risk Factors and Management of Risk' section of this report for a more detailed discussion.

Our Investment Capabilities

As a diversified global asset management firm, AGF offers individuals and institutions a broad array of investment strategies through four key investment management platforms – fundamental, quantitative, private alternatives and private client.



Fundamental

AGF's fundamental investment management teams are focused on consistently delivering on investment objectives for our clients by leveraging our industry experience. AGF's fundamental teams' lead equity and fixed income portfolio managers have a combined 280+ years of experience in investment management, with deep relationships across the industry.

Throughout the years, as AGF has embraced change and innovation, our motivation has remained consistent. AGF carries a deep sense of accountability to investors to deliver on our objectives, allowing them to achieve their goals.

In an increasingly challenging environment, the ability to meet these objectives requires substantial experience and skill. At AGF, tenure, expertise and access to global firm resources has allowed the firm to maintain a disciplined approach while at the same time embracing a spirit of research and innovation to adapt.

AGF believes a culture of curiosity, open dialogue and challenging each other's ideas leads to better investment outcomes and helps to continually raise the bar for all of AGF's clients.

AGF's fundamental, actively managed platform includes a broad range of equity and fixed income strategies covering a spectrum of objectives from wealth accumulation and risk management to income-generating solutions. In addition to AGF's Global and North American equity and fixed income capabilities the firm has demonstrated specialist expertise in the areas of sustainable and alternative investing.

Quantitative

AGFiQ is the quantitative platform for AGF powered by an intellectually diverse, multidisciplined team. Led by pioneers in factor-based investing, the team's approach is grounded in the belief that investment outcomes can be improved by assessing and targeting the factors that drive market returns. Utilizing disciplined, factor-based approaches allows the firm to view risk through multiple lenses, while working to achieve our objective of providing better risk-adjusted returns.

The AGFiQ team collectively believes that in quantitative approaches, it's the people behind the strategies that truly drive innovation. AGF prides itself on thinking differently and does so by combining diverse and complementary strengths, which leads to innovative investment approaches.

AGF's relentless passion for research and understanding drives our ability to advance the wealth accumulation and preservation goals of investors.

AGF has found that external, third-party systems are not keeping pace with our ideas, research and the flexibility and customization requirements needed to deliver better outcomes.

As a result, AGF has developed an in-house research and database platform that enables the firm to define customized factors and build risk models and portfolio optimizations tailored for the unique investment objectives of each strategy.

Private Alternatives

Our expertise and partnerships across the alternatives spectrum allows investors to access and benefit from allocations to alternative investments as part of a disciplined investment approach. From alternative asset classes to alternatives strategies, AGF offers solutions for a wide range of objectives.

AGF's private alternatives business, with a focus on private investments from infrastructure to credit, is central to our mission to bring stability to the world of investing. In an ever-evolving and increasingly complex market environment, investors are actively seeking out opportunities to diversify their sources of return away from traditional equity and fixed income investments.

AGF's private alternatives business, with $2.7 billion in AUM, includes a joint venture with Instar Group Inc. (Instar): InstarAGF Asset Management Inc. (InstarAGF) and a joint venture partnership with SAF Group (SAF). InstarAGF is an alternative asset management firm with an emphasis on essential infrastructure in the North American middle market, with the goal of delivering sustainable and attractive returns to investors. SAF is a Canadian-based alternative capital provider with expertise constructing bespoke financial products across the capital structure, including secured credit and asset-backed loans.

Private Client

AGF's private client platform – which includes Cypress Capital Management Ltd., Doherty & Associates Ltd. and Highstreet Asset Management Inc. – provides investment solutions for high-net-worth individuals, endowments and foundations in key markets across Canada.

Cypress Capital Management provides quality investment services at a reasonable cost, where the best interest of the client is paramount. They are committed to being honest and transparent regarding return expectations, risks, fees and their capabilities as investment managers.

Doherty & Associates was founded on the principle that their clients come first in all they do. Their philosophy of 'Great Companies at Great Prices' coupled with a disciplined investment process guides them to grow wealth responsibly over time.

Highstreet Asset Management is committed to their core principles of doing two things exceptionally well – serving their clients and managing money. They believe that investment success can be achieved through blending quantitative and fundamental analysis to capture alpha drivers.

Corporate Responsibility

AGF Sustainability Council

AGF's Sustainability Council provides oversight on the firm's policies, programs and related risks that concern key public policy and sustainability matters, including public issues of significance to AGF and its stakeholders that may affect AGF's business, strategy, operations, performance and/or reputation.

Council Objectives Include:

Evaluate AGF's involvement in global initiatives related to ESG and corporate sustainability matters

Identify ways to engage in corporate social responsibility that creates a positive impact in our communities

Retain the best talent and incorporate inclusion and diversity throughout the organization

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Employees

At AGF, the most important asset is its people as they play an integral role in the firm's success. AGF is committed to being an employer of choice, which means looking at responsible practices and initiatives to attract, develop and reward employees.

AGF believes that embracing the strength of diversity and providing a satisfying human and physical environment increases its ability to serve and support each other, its clients and its communities.

Workforce Diversity

AGF actively engages employees in the advancement of our inclusion and diversity initiatives and is committed to employing a workforce through inclusive hiring and recruiting practices that reflects the diversity of AGF's communities.

The Living Wage

AGF believes in the philosophy of The Living Wage and practices paying employees a higher base pay than established by government standards.

CEO-to-Employee Pay Ratio

AGF measures and evaluates vertical pay ratios to ensure fair salaries for our employees.

Clients

AGF is committed to the principles of good stewardship and responsible investing, and believes that integrating Environmental, Social and Governance (ESG) issues into its investment decision-making and ownership practices across platforms will help deliver better investment outcomes to clients.

Environmental, Social, and Governance (ESG) Integration

ESG Committee: Oversees responsible investment matters within AGF, including the implementation of our Responsible Investment Policy.

Fundamental Analysis
- Identify and assess material ESG factors as part of the investment strategy
- ESG data incorporated into investment research

ESG Risk Oversight
- Quarterly Portfolio Review with CIO: portfolio level ESG investment risks
- Ongoing monitoring of ESG data 'flags'

Active Ownership
- Proxy voting to support responsible practices and enhance shareholder value
- Engagement to promote ESG value-adding practices

ESG Thought Leadership
- Lead collaborative initiatives with other institutional investors
- Founder/Chair of Toronto Responsible Investment Working Group

Signatory and member of:*

Signatory of: PRI Principles for Responsible Investment | 30% Club | Investor Network on CLIMATE RISK a project of Ceres | Member RIA | CDP | Climate Action 100+

*AGF Management Limited is a member of the 30% Club. AGF Investments Inc. is a member/signatory of UNPRI, CERES, RIA, CDP and Climate Action 100.

Foundations of Investment Stewardship

Research and Analysis

AGF recognizes that effective research, analysis and evaluation of ESG issues is a fundamental part of assessing the value and performance of an investment over the medium and longer term and that this analysis should inform asset allocation, stock selection, portfolio construction, shareholder engagement and voting.

Risk Oversight

Portfolio-level ESG investment risk is monitored in the AGF portfolio analytics and risk management process and reviewed at the quarterly review with every Portfolio Manager, CIO and Risk and Portfolio Analytics team.

Active Ownership

Proxy voting is an important component of active ownership. AGF adopted Sustainability Proxy Voting Guidelines to support sustainable business practices and enhance shareholder value. AGF votes proxies in the best interests of the Funds.

Engagement

AGF engages in dialogue with companies and policy makers to influence and promote ESG value-adding practices, and better understand the quality of the businesses that it invests in and how they are positioned for future challenges. AGF also participates in broader discussions about standards and best practices in responsible investing.

Shareholders

AGF is committed to ensuring its corporate governance practices evolve with best practices. Each of AGF's directors is actively engaged in his or her duties as a steward of the corporation, tasked with the protection and promotion of shareholders' interests.

Direct Ownership

All directors are required to own at least three times their annual retainer in AGF Class B Non-Voting shares and/or Deferred Share Units. New directors have 24 months upon appointment to obtain such ownership.

Annual Assessment

AGF's Board conducts an annual review of its performance, the performance of each of the Board's committees, and the performance of each director.

Ethical Conduct

All directors, officers and employees of AGF are subject to a code of business conduct and ethics and must acknowledge their adherence annually to AGF's Code of Business Conduct and Ethics.

Board

When it comes to diversity, AGF believes that smart corporate decision-making requires different points of view, which come from people with diverse backgrounds, experiences and perspectives working together. AGF's Board is comprised of talented and dedicated directors who bring new ideas and distinct voices to help the firm succeed.

AGF is a member of the 30% Club Canada, which encourages and supports companies to appoint more women at board level as well as senior management levels.

Communities

Sponsorships and partnerships help AGF fulfil its commitment to the firm's social responsibility pillars while raising awareness of and supporting these important causes. AGF employees also contribute beyond their jobs and are encouraged to lead by example and make a difference in their communities.

Education

AGF fosters educational development and opportunities to invest in its future.

Environment

AGF is considerate of its environmental impact and promotes the sustainability of our planet.

Diversity

AGF embraces diverse backgrounds, experiences and perspectives and champions social change.

Assets Under Management

	Three months ended				
(in millions of dollars)	Feb. 28, 2021	Nov. 30, 2020	Aug. 31, 2020	May 31, 2020	Feb. 29, 2020
Mutual fund AUM beginning of the period[1]	$ 20,322	$ 19,232	$ 18,259	$ 18,492	$ 19,346
Gross sales	1,042	679	490	509	562
Redemptions	(657)	(591)	(512)	(602)	(906)
Net sales (redemptions)	385	88	(22)	(93)	(344)
Market appreciation (depreciation) of fund portfolios	$ 687	$ 1,002	$ 995	$ (140)	$ (510)
Mutual fund AUM end of the period[1]	$ 21,394	$ 20,322	$ 19,232	$ 18,259	$ 18,492
Average daily mutual fund AUM[1]	$ 21,118	$ 19,487	$ 18,879	$ 17,386	$ 19,462
Institutional, sub-advisory, ETF AUM beginning of period	$ 9,638	$ 9,252	$ 9,591	$ 10,313	$ 10,755
Net change including market performance	(235)	386	(339)	(722)	(442)
Institutional, sub-advisory, ETF AUM end of the period	$ 9,403	$ 9,638	$ 9,252	$ 9,591	$ 10,313
Private client AUM	$ 6,300	$ 6,043	$ 5,773	$ 5,624	$ 5,905
Subtotal excluding private alternatives AUM end of the period	**$ 37,097**	**$ 36,003**	**$ 34,257**	**$ 33,474**	**$ 34,710**
Private alternatives AUM[2]	$ 2,689	$ 2,810	$ 2,755	$ 2,862	$ 2,716
Total AUM end of the period	**$ 39,786**	**$ 38,813**	**$ 37,012**	**$ 36,336**	**$ 37,426**

[1] Mutual fund AUM includes retail AUM, pooled funds AUM and institutional client AUM invested in customized series offered within mutual funds.

[2] Represents fee-earning committed and/or invested capital from AGF and external investors held through joint ventures. AGF's portion of this AUM is $175.9 million. Of the $2.7 billion of AUM, 20% are non-fee earning assets.

Change in Assets Under Management

Total assets under management was $39.8 billion at February 28, 2021, compared to $37.4 billion at February 29, 2020. Equity markets performed strongly in the first quarter with many regions continuing to recover losses experienced during the market downturn despite high levels of volatility from the continued impacts of the COVID-19 pandemic, including the threat of new variants. Economies, however, are still not back to full strength and the pandemic is likely to remain a serious threat to future growth, with risk of a setback in the economic restart remaining high until such time that the vaccines are safely and efficiently administered across populations around the world.

Reported mutual funds net sales were $385.0 million for the three months ended February 28, 2021, compared to net redemptions of $344.0 million for the three months ended February 29, 2020. Excluding net flows from institutional clients invested in mutual funds[1], retail mutual fund net sales were $376.0 million for the quarter compared to net redemptions of $141.0 million in the prior year.

[1]Net sales (redemptions) in retail mutual funds are calculated as reported mutual fund net sales (redemptions) less non-recurring institutional net sales (redemptions) in excess of $5.0 million invested in our mutual funds.

Consolidated Operating Results

	Three months ended		
(in millions of dollars, except per share data)	**February 28, 2021**	**November 30, 2020[1]**	**February 29, 2020[1]**
Income			
Management, advisory and administration fees	$ 101.3	$ 95.9	$ 97.8
Deferred sales charges	1.6	1.6	1.6
Share of profit of joint ventures	0.8	1.6	0.1
Dividend income	–	–	4.5
Gain on sale of asset classified as held for sale, net of currency hedge	–	104.4	–
Fair value adjustments and other income	3.6	5.9	2.7
Total income	$ 107.3	$ 209.4	$ 106.7
Expenses			
Selling, general and administrative[1]	48.0	43.1	45.3
Restructuring provision	–	(1.0)	–
Trailing commissions	32.3	30.1	30.8
Investment advisory fees	0.2	0.2	0.4
	$ 80.5	$ 72.4	$ 76.5
EBITDA before commissions[2]	**$ 26.8**	**$ 137.0**	**$ 30.2**
Deferred selling commissions	15.5	10.3	12.5
Amortization, derecognition and depreciation[1]	2.6	2.5	1.9
Interest expense[1]	0.9	1.1	2.2
Net income before income taxes	$ 7.8	$ 123.1	$ 13.6
Income tax expense[3]	2.2	12.7	2.8
Net income for the period	**$ 5.6**	**$ 110.4**	**$ 10.8**
Basic earnings per share	$ 0.08	$ 1.45	$ 0.14
Diluted earnings per share	$ 0.08	$ 1.43	$ 0.13

[1] Refer to Note 3 in the 2020 Consolidated Financial Statements for more information on the adoption of IFRS 16.
[2] For the definition of EBITDA before commissions, see the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section. The items required to reconcile EBITDA before commissions to net income, a defined term under IFRS, are detailed above.
[3] Three months ended November 30, 2020 includes $10.0 million income tax expense related to the gain on sale of S&WHL.

One-time Adjustments

(in millions of dollars, except per share data)		Three months ended February 28, 2021		November 30, 2020		February 29, 2020
EBITDA before commissions[1]	$	**26.8**	$	**137.0**	$	**30.2**
Deduct:						
Gain on sale of asset classified as held for sale, net of currency hedge		–		(104.4)		–
One-time restructuring release		–		(1.0)		–
Adjusted EBITDA before commissions[1]	$	**26.8**	$	**31.6**	$	**30.2**
Income tax expense	$	**2.2**	$	**12.7**	$	**2.8**
Deduct:						
Tax impact on the one-time adjustments to EBITDA before commissions		–		(10.0)		–
Adjusted income tax expense	$	**2.2**	$	**2.7**	$	**2.8**
Net income for the period before one-time adjustments	$	**5.6**	$	**110.4**	$	**10.8**
Add (deduct):						
One-time adjustments to EBITDA before commissions from above		–		(105.4)		–
Tax impact on the one-time adjustments to EBITDA before commissions		–		10.0		–
Adjusted net income for the period	$	**5.6**	$	**15.0**	$	**10.8**

[1] For the definition of EBITDA before commissions, see the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section. The items required to reconcile EBITDA before commission to net income, a defined term under IFRS, are detailed in the Consolidated Interim Statement of Income.

Results of Operations Adjusted for One-time Items

(in millions of dollars, except per share data)		Three months ended February 28, 2021		November 30, 2020		February 29, 2020
Income						
Management, advisory and administration fees	$	101.3	$	95.9	$	97.8
Deferred sales charges		1.6		1.6		1.6
Share of profit of joint ventures		0.8		1.6		0.1
Dividend income (from S&WHL)		–		–		4.5
Fair value adjustments and other income		3.6		5.9		2.7
Total income	$	107.3	$	105.0	$	106.7
Expenses						
Selling, general and administrative		48.0		43.1		45.3
Trailing commissions		32.3		30.1		30.8
Investment advisory fees		0.2		0.2		0.4
	$	80.5	$	73.4	$	76.5
Adjusted EBITDA before commissions[1]	$	**26.8**	$	**31.6**	$	**30.2**
Deferred selling commissions	$	15.5	$	10.3	$	12.5
Amortization, derecognition and depreciation		2.6		2.5		1.9
Interest expense		0.9		1.1		2.2
Adjusted income tax expense		2.2		2.7		2.8
Adjusted net income for the period	$	**5.6**	$	**15.0**	$	**10.8**
Adjusted diluted earnings per share	$	**0.08**	$	**0.19**	$	**0.13**

[1] For the definition of EBITDA before commissions, see the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section. The items required to reconcile EBITDA before commission to net income, a defined term under IFRS, are detailed in the Consolidated Interim Statement of Income.

Commentary on Consolidated Results of Operations

Income

Management, Advisory and Administration Fees

Management, advisory fees and administration fees are directly related to our AUM levels and are recognized on an accrual basis. For the three months ended February 28, 2021, management, advisory and administration fees were $101.3 million, an increase of $3.5 million or 3.6%, compared to $97.8 million in the same period in 2020. A breakdown of the change is as follows:

(in millions of dollars)		Three months ended February 28, 2021
Increase in management, advisory and administration fees	$	3.7
Increase in fund expense and waivers		(0.2)
Total change in management, advisory and administration fees	**$**	**3.5**

Management, advisory and administration fees increased by $3.7 million driven by an 8.5% increase in average mutual fund AUM compared to the prior year and a higher average revenue rate as a result of product mix.

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 revenue was $1.6 million for the three months ended February 28, 2021, compared to $1.6 million for the same period in 2020.

Share of Profit of Joint Ventures

Share of profit of joint ventures refers to earnings related to our ownership in the joint ventures that manage our private alternatives funds and is recorded under the equity method. For the three months ended February 28, 2021, earnings were $0.8 million (2020 − $0.1 million). For additional information, see Note 5(a) of the Condensed Consolidated Interim Financial Statements.

Income from Smith & Williamson

The Company sold its 28.0% interest in S&WHL during the three months ended November 30, 2020. During the three months ended February 29, 2020, dividend income of $4.5 million was recognized.

Fair Value Adjustments and Other Income

Fair value adjustments and other income include mark to market adjustments related to AGF mutual funds that are held as seed capital investments and fair value adjustments and distributions associated with our long-term investments.

Long-term investments include investments in our private alternatives products, which are accounted for at fair value through profit or loss. During the three months ended February 28, 2021, the Company recorded $2.4 million (2020 – $2.7 million) as fair value adjustments and income distributions related to our economic interest in the investments in our private alternatives products. The amounts recorded as income fluctuate primarily with the amount of capital invested, monetizations, and changes in fair value.

During the three months ended February 28, 2021, the Company recorded interest income of $0.1 million (2020 – $0.2 million).

	Three months ended		
(in millions of dollars)	February 28, 2021	November 30, 2020	February 29, 2020
Fair value adjustment related to investment in AGF mutual funds	$ 1.1	$ 0.5	$ (0.6)
Fair value adjustment and distributions related to long-term investments	2.4	5.5	2.7
Interest income	0.1	–	0.2
Other	–	(0.1)	0.4
	$ 3.6	**$ 5.9**	**$ 2.7**

Expenses

Selling, General and Administrative Expenses (SG&A)

SG&A increased by $2.7 million or 6.0% for the three months ended February 28, 2021, compared to the same period in 2020. A breakdown of the increase is as follows:

(in millions of dollars)	Three months ended February 28, 2021
Increase in performance-based compensation expenses	$ 2.4
Increase in stock-based compensation expenses	1.7
Decrease in other expenses	(1.4)
Total increase in SG&A	**$ 2.7**

The following explains expense changes in the three months ended February 28, 2021, compared to the same period in the prior year:

- Performance-based compensation expenses increased by $2.4 million due to higher mutual fund sales and strong investment performance.
- Stock-based compensation expenses increased by $1.7 million driven by a 13.6% increase in the AGF.B share price, which impacts the mark to market liability of the Company's cash settled RSUs and DSUs.
- Other expenses decreased by $1.4 million attributed to expense savings initiatives and lower travel expenses as a result of the pandemic.

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 mutual fund AUM was 0.62% for the three months ended February 28, 2021, compared to 0.64% for the same period in 2020. The decrease is primarily attributable to the impact of asset mix changes.

Deferred Selling Commissions

Deferred selling commissions are expensed on an accrual basis. For the three months ended February 28, 2021, the total deferred selling commissions expenses was $15.5 million (2020 – $12.5 million). The increase in deferred selling commissions is driven by an increase in mutual fund gross sales.

Amortization and Interest Expense

The category represents other intangible assets, right-of-use assets, property, equipment, and computer software and interest expense.

- Depreciation increased by $0.7 million for the three months ended February 28, 2021, compared to the same period in 2020, as a result of the addition of the Company's new CIBC Square lease.
- Interest expense decreased by $1.3 million for the three months ended February 28, 2021, compared to the same period in 2020, as a result of reduced long-term debt balance.

Income Tax Expense

Income tax expense for the three months ended February 28, 2021 was $2.2 million, as compared to $2.8 million in the corresponding period in 2020. A breakdown of tax expense is as follows:

	Three months ended		
(in millions of dollars)	February 28, 2021	November 30, 2020	February 29, 2020
Income tax			
Total income tax on profits for the year	$ 2.2	$ 2.7	$ 2.8
Tax impact on gain on sale of asset classified as held for sale, net of currency hedge	–	10.0	–
Total income tax expense	**$ 2.2**	**$ 12.7**	**$ 2.8**

The effective tax rate for the three months ended February 28, 2021 was 28.2% (2020 – 20.7%). The main items impacting the effective tax rate in the period relates to tax-exempt investment income, gains from investment subject to different tax rates and temporary differences for which no deferred tax assets were recognized. The effective tax rate for the three months ended February 28, 2021 is higher than the previous period's effective tax rate due to tax-exempt investment income from S&WHL in the previous period. Excluding the tax-exempt investment income from S&WHL, the effective tax rate for the previous period was 28.5%.

The Company believes that it has adequately provided for income taxes based on all of the information that is currently available. The calculation of income taxes in many cases, however, requires significant judgement in interpreting tax rules and regulations. The Company's tax filings are subject to audits, which could materially change the amount of the current and deferred income tax assets and liabilities, and could, in certain circumstances, result in the assessment of interest and penalties.

The result of the audit and appeals process may vary and may be materially different compared to the estimates and assumptions used by management in determining the Company's consolidated income tax provision and in determining the amounts of its income tax assets and liabilities.

CRA Audit – Acquisition of Tax-related Benefits

As previously disclosed in prior years' Annual Consolidated Financial Statements, the Company received correspondences from the CRA and Ministry of Finance (Ontario) confirming that the Company's objection had been allowed in full in respect to tax-related benefits acquired and utilized by the Company in the 2005 fiscal year. In 2020, the Company recorded $1.1 million of interest income in the Consolidated Statement of Income and received a substantial portion of the expected tax refunds. During Q1 2021, the Company received a tax refund from the Ministry of Finance (Alberta). The Company is awaiting correspondence from the Quebec tax authority in respect to this matter.

Net Income

The impact of the above income and expense items resulted in net income of $5.6 million for the three months ended February 28, 2021 as compared to $10.8 million in the corresponding period in 2020.

Earnings per Share

Diluted earnings per share was $0.08 for the three months ended February 28, 2021, as compared to earnings of $0.13 per share in the corresponding period of 2020.

Liquidity and Capital Resources

As at February 28, 2021, the Company had total cash and cash equivalents of $60.2 million (November 30, 2020 – $94.0 million). Free cash flow, as defined in the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section of this MD&A, generated was $10.5 million for the three months ended February 28, 2021, compared to $14.5 million in the comparative prior period. During the three months ended February 28, 2021, we used $33.8 million (2020 – $21.7 million) in cash as follows:

(in millions of dollars) **Three months ended**		**February 28, 2021**		**February 29, 2020**
Net cash used in operating activities	$	(37.8)	$	(12.3)
Issuance of long-term debt		–		9.5
Dividends paid		(5.5)		(6.2)
Interest paid		–		(2.1)
Return of capital (purchase) of long-term investments		12.3		(7.6)
Lease principal payments		(1.2)		(1.2)
Other		(1.6)		(1.8)
Change in cash and cash equivalents	**$**	**(33.8)**	**$**	**(21.7)**

The Company's working capital decreased $11.0 million for the three months ended February 28, 2021.

Total long-term debt outstanding as at February 28, 2021 was nil (November 30, 2020 – nil). As at February 28, 2021, $150.0 million was available to be drawn from the revolving credit facility and swingline facility commitment to meet future operational investment needs.

During the three months ended February 28, 2021, the Company incurred lease modification and reassessment of $1.1 million, resulting in right-of-use assets of $80.6 million and total lease liabilities of $86.1 million recorded on the Consolidated Interim Statement of Financial Position. As well, as at February 28, 2021, the Company has funded $137.0 million (November 30, 2020 – $149.2 million) in funds and investments associated with the private alternatives business and has $70.2 million (November 30, 2020 – $70.2 million) remaining of committed capital to be invested.

The cash balances and cash flow from operations, together with the available loan facility, will be sufficient in the near term to implement our business plan, fund our alternatives asset management business commitments, finance selling commissions, satisfy regulatory and tax requirements, service debt repayment obligations and pay quarterly dividends. We continue to closely monitor our capital plan and the related impacts of the current market volatility and will reassess and adjust our use of capital as required. Refer to the section 'Market Risk' of this MD&A for more information.

Capital Management Activities

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, while ensuring there is available capital to fund our capital commitments related to the alternative asset management business.

As part of our ongoing strategic and capital planning, the Company regularly reviews our holdings in short- and long-term investments, including its investments in associates and joint ventures, to determine the best strategic use of these assets in order to achieve our long-term capital and strategic goals.

AGF capital consists of shareholders' equity and long-term debt. The Company reviews its three-year capital plan annually while detailing projected operating budgets and capital requirements. AGF is required to submit this plan to the Executive Management committee for approval prior to seeking Board approval. AGF's Executive Management committee consists of the Executive Chairman, Chief Executive Officer and Chief Investment Officer, President and Head of Global Distribution, Senior Vice-President and CFO, and Chief Operating Officer. Once approved by the Executive Management 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 expansion through organic growth and strategic investments.

Normal Course Issuer Bid

On February 4, 2021, AGF announced that the TSX had approved AGF's notice of intention to renew its normal course issuer bid (NCIB) in respect of its Class B Non-Voting shares. Purchase for cancellation by AGF of outstanding Class B Non-Voting shares may also be used to offset the dilutive effect of treasury stock released for the employee benefit trust (EBT) and of shares issued through the Company's stock option plans and dividend reinvestment plan. 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. Shares purchased for the EBT are also purchased under the Company's NCIB and recorded as a reduction to capital stock. Under its NCIB, 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 TSX for amounts as follows:

- Between February 8, 2021 and February 7, 2022, up to 5,067,167 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); and
- Between February 6, 2020 and February 5, 2021, up to 5,947,786 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); and

During the three months ended February 28, 2021 and February 29, 2020, AGF did not repurchase any shares for cancellation under its NCIB and did not purchase any Class B Non-Voting shares for the EBT.

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 credit facility 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	2021[1]	2020	2019	2018	2017
Per share	$ 0.16	$ 0.32	$ 0.32	$ 0.32	$ 0.32

[1] Represents the total dividends paid in January 2021, and to be paid in April 2021.

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, 2021 was $0.08 per share.

On March 30, 2021, 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 $0.08 per share in respect of the three months ended February 28, 2021.

Outstanding Share Data

Set out below is our outstanding share data as at February 28, 2021 and February 29, 2020. For additional detail, see Notes 9 and 14 of the Condensed Consolidated Interim Financial Statements.

	February 28, 2021	February 29, 2020
Shares		
Class A Voting common shares	57,600	57,600
Class B Non-Voting shares	70,219,096	78,543,676
Stock Options		
Outstanding options	6,830,671	7,034,246
Exercisable options	5,184,191	5,057,339

Key Performance Indicators, Additional IFRS and Non-IFRS Measures

We measure the success of our business strategies using a number of key performance indicators (KPI), which are outlined below. With the exception of income, the following KPIs are non-IFRS measures, which are not defined under IFRS. They should not be considered as an alternative to or comparable with net income attributable to equity owners of the Company or any other measure of performance under IFRS. Non-IFRS measures may not be comparable with similar measures presented by other companies.

Income

Income is a measurement defined by IFRS and is recorded net of fee rebates. Income is indicative of our potential to deliver cash flow.

We derive our income principally from a combination of:

- Management and advisory fees directly related to AUM from our retail, institutional and private client lines of businesses,
- Fund administration fees are based on a fixed transfer agency administration fee,
- DSC earned from investors when mutual fund securities sold on a DSC basis are redeemed, and
- General partnership interest and long-term investments in the private alternatives asset management business.

EBITDA before commissions and Adjusted EBITDA before commissions

We define EBITDA before commissions as earnings before interest, taxes, depreciation, amortization and deferred selling commissions and adjusted EBITDA before commissions as EBITDA before commissions net of one-time provisions and adjustments. EBITDA before commissions is an alternative measure of performance utilized by management, investors and investment analysts to evaluate and analyze the Company's results. This non-IFRS measure may not be directly comparable to similar measures used by other companies.

The following table outlines how our EBITDA before commissions measures are determined:

	Three months ended		
(in millions of dollars)	**February 28, 2021**	**November 30, 2020**	**February 29, 2020**
Net income	$ 5.6	$ 110.4	$ 10.8
Adjustments:			
Deferred selling commissions	15.5	10.3	12.5
Amortization, derecognition and depreciation	2.6	2.5	1.9
Interest expense	0.9	1.1	2.2
Income tax expense[1]	2.2	12.7	2.8
EBITDA before commissions	**$ 26.8**	**$ 137.0**	**$ 30.2**
Other one-time adjustments:			
Gain on sale of asset classified as held for sale, net of currency hedge	–	(104.4)	–
Restructuring release	–	(1.0)	–
Adjusted EBITDA before commissions	**$ 26.8**	**$ 31.6**	**$ 30.2**

[1] Three months ended November 30, 2020 includes $10.0 million income tax expense related to the gain on sale of assets classified as held for sale.

EBITDA before commissions margin

EBITDA before commissions margin provides useful information to management and investors as an indicator of our overall operating performance. We believe EBITDA before commissions margin is a valuable measure because it assesses the extent we are able to earn profit from each dollar of income. We define EBITDA before commissions margin as the ratio of EBITDA before commissions to income. Please see the EBITDA before commissions section of this MD&A for a reconciliation between EBITDA before commissions and net income.

	Three months ended		
(in millions of dollars)	**February 28, 2021**	**November 30, 2020**	**February 29, 2020**
EBITDA before commissions	$ 26.8	$ 137.0	$ 30.2
Divided by income	107.3	209.4	106.7
EBITDA before commissions margin	**25.0%**	**65.4%**	**28.3%**

Adjusted EBITDA before commissions margin

We define adjusted EBITDA before commissions margin as the ratio of adjusted EBITDA before commissions to income. Please see the EBITDA before commissions and Adjusted EBITDA before commissions section of this MD&A for a reconciliation between adjusted EBITDA before commissions and net income.

	Three months ended		
(in millions of dollars)	February 28, 2021	November 30, 2020	February 29, 2020
Adjusted EBITDA before commissions	$ 26.8	$ 31.6	$ 30.2
Divided by adjusted income	107.3	105.0	106.7
Adjusted EBITDA before commissions margin	**25.0%**	**30.1%**	**28.3%**

Net Debt to adjusted EBITDA before commissions ratio

Net debt to adjusted EBITDA before commissions ratio provides useful information to management and investors as an indicator of the Company's leverage capabilities. We define the net debt to adjusted EBITDA before commissions ratio as long-term debt offset against cash and cash equivalents at the end of the period divided by the 12-month trailing EBITDA before commissions for the period.

	Three months ended		
(in millions of dollars)	February 28, 2021	November 30, 2020	February 29, 2020
Net debt[1]	$ –	$ –	$ 186.9
Divided by adjusted EBITDA before commissions (12-month trailing)	109.7	113.2	126.6
Net debt to adjusted EBITDA before commissions ratio	**0.0%**	**0.0%**	**147.7%**

[1] Three months ended February 28, 2021 and November 30, 2020 have nil debt.

Free Cash Flow

Free cash flow represents cash available for distribution to our shareholders, share buybacks, investment in our alternatives asset management business and general corporate purposes. We define free cash flow as cash flow from operations before net changes in non-cash balances related to operations less interest paid and adjusted for certain tax items outlined below. We believe free cash flow is a relevant measure in our operations since a substantial amount of cash is spent on upfront deferred sales commission payments.

	Three months ended		
(in millions of dollars)	February 28, 2021	November 30, 2020	February 29, 2020
Net income for the period	$ 5.6	$ 110.4	$ 10.8
Adjusted for non-cash items and non-cash working capital balance	(43.4)	49.2	(23.1)
Adjusted for net proceeds from sale of asset held for sale recorded as investing activity	–	(104.4)	–
Net cash provided by (used in) operating activities	$ (37.8)	$ 55.2	$ (12.3)
Adjusted for:			
Net changes in non-cash working capital balances related to operations	28.3	3.4	25.2
Income taxes paid (refunded) during the year	23.2	(7.6)	8.1
Income taxes related to current period free cash flow	(2.0)	(6.2)	(3.2)
Interest paid	–	(0.2)	(2.1)
Lease principal payments	(1.2)	(1.2)	(1.2)
Special distribution from associate, net of anticipated cash tax to be paid	–	(32.5)	–
Restructuring provision, net of anticipated cash tax to be refunded	–	(1.0)	–
Free cash flow	**$ 10.5**	**$ 9.9**	**$ 14.5**

Assets Under Management

The amount of AUM and the related fee rates are important to our business as these are the drivers of our revenue from our mutual fund, institutional and sub-advisory accounts, private client relationships and alternatives asset management business. AUM will fluctuate in value as a result of investment performance, sales and redemptions and crystallization of long-term investments. 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), 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 our 2020 Annual MD&A.

Net Sales (Redemptions)

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

Market Capitalization

AGF's market capitalization is $490.4 million as compared to its recorded net assets of $1,015.4 million as at February 28, 2021. In 2020, we completed an assessment to determine the fair value of AGF's cash-generating units (CGUs). Based on the result of the assessment, the recoverable amount of each CGU exceeded its carrying value as at November 30, 2020. There have been no significant changes to the recoverable amount of each CGU as at February 28, 2021, however, a sustained period of market volatility could become a triggering event requiring a write down of AGF's CGUs. Estimating the fair value of CGUs is a subjective process that involves the use of estimates and judgements, particularly related to cash flows, the appropriate discount rates, terminal growth rates, synergy inclusion rates and an applicable control premium.

Managing Risk

AGF is subject to a number of risk factors that may impact our operating and financial performance. These risks and the management of these risks are detailed in our 2020 Annual MD&A in the section entitled 'Risk Factors and Management of Risk'.

Market Risk

Market risk is the risk of a financial loss resulting from adverse changes in underlying market factors. Market risk in our AUM transfer to the Company as our management fee revenue is calculated as a percentage of the average net asset value of each retail fund or portfolio managed.

COVID-19 has introduced uncertainty and volatility in global markets and economies and even though equity markets are at all-time highs again, the economy is still not back to full strength and the pandemic is likely to remain a serious threat to future growth.

This quarter marked a year since the global market sell-off began spurred by growing concerns about the spread of COVID-19. As the reality of the pandemic became more certain, the sell-off accelerated, with markets ultimately entering bear territory before hitting bottom on April 7, 2020.

Governments around the world continue to respond to the pandemic with emergency measures, lockdowns, social distancing, and travel bans, which have resulted in material disruptions to business globally. Although certain of these restrictions have eased, there can be no certainty when they will be fully lifted or that they will not be expanded. While many governments have applied monetary and fiscal interventions to stabilize the economy, the full impact of these measures as well as the length and severity of the pandemic still remains unknown. The COVID-19 pandemic has the potential to expose the Company to a number of risk factors that may have a material impact on our operating and financial performance.

Furthermore, with the recent volatility in the markets, AGF is monitoring the potential impact of market risk to its capital position and profitability if these levels were sustained or continued to decline. A significant portion of AGF's revenue is driven by its total average AUM excluding private alternatives. These AUM levels are impacted by both net sales and changes in the market. In general, for every $1.0 billion reduction in average AUM excluding private alternatives, management fee revenues would decline by approximately $7.6 million. In addition, the uncertainty within the global markets may impact the level of merger and acquisition activity and is likely to create challenges in completing transactions.

Regulatory Risk

The current environment of heightened regulatory scrutiny in the financial services sector may reasonably be expected to lead to increasingly stringent interpretation and enforcement of existing laws and rules or additional regulations, changes in existing laws and rules, or changes in interpretation or enforcement of existing laws and rules. Regulatory developments may also impact product structures, pricing, and dealer and advisor compensation. While AGF actively monitors such initiatives, and where feasible comments upon or discusses them with regulators, the ability of AGF to mitigate the imposition of differential regulatory treatment of financial products or services is limited. AGF and AGF's subsidiaries are also subject to regulatory reviews as part of the normal ongoing process of oversight by the various regulators.

On October 3, 2019, the Canadian Securities Administrators (the CSA) published final rule amendments (the CFR Amendments) aimed at enhancing the client-registrant relationship, as set out in National Instrument 31-103 (Registration Requirements, Exemptions and Ongoing Registrant Obligations) – dubbed the 'Client Focused Reforms'. Among other things, the CFR Amendments require registrants to promote the best interests of clients when addressing material conflicts of interest and to put clients' interests first when making suitability determinations. When implemented, the CFR Amendments will also enhance registrants' obligations with respect to know-your-client (KYC), know-your-product (KYP) and disclosure obligations, and will require registrants to clarify for clients what they should expect from their registrants. The CFR Amendments came into force on December 31, 2019, with a phased transition period over a two-year period. The Executive Management committee meets on a regular basis to assess potential impacts to, and opportunities for, AGF as a result of the CFR Amendments.

On February 20, 2020, the CSA (except the Ontario Securities Commission (OSC)) published a multilateral notice with final rule amendments to ban the payment of upfront sales commissions by fund organizations to dealers and, in so doing, discontinue sales charge options that involve such payments, such as all forms of the deferred sales charge option, including low-load options (the DSC Option). These amendments will take effect on June 1, 2022.

The OSC published proposed OSC Rule 81-502 Restrictions on the Use of the Deferred Sales Charge Option for Mutual Funds, on February 20, 2020, to limit (not ban) the use of the DSC Option in Ontario. The proposed restrictions on the DSC Option include, among others, shortening the maximum term of the redemption fee schedule to three years and limiting the use of the DSC Option to clients under the age of 60 and clients with smaller accounts, $50K or less. The OSC is proposing that OSC Rule 81-502 take effect on June 1, 2022 to coincide with the ban on the DSC Option by the other CSA members. Comments on OSC Rule 81-502 were due July 6, 2020.

On September 17, 2020, all members of the CSA published final amendments to ban trailing commission payments by fund organizations to dealers who do not make a suitability determination, such as order-execution-only (OEO) dealers. These amendments will take effect on June 1, 2022.

AGF, as an investment fund manufacturer, offers a wide range of mutual fund series and purchase options that align with industry norms. AGF continually reviews our lineup to ensure we have the best representation of the Company's strengths, while providing the Company's partners and clients with the choice and diversity needed to adapt to the evolving regulatory landscape, including that of offering a wide range of product solutions with a variety of purchase options that provide dealers, and their advisors, with the opportunity to structure compensation they determine to be most suitable based on the best interest of the investor.

As a long-standing participant in the Canadian financial services industry, the Company and the Company's subsidiaries will continue to be an advocate for sound regulatory changes that are grounded in the needs of all investors. The Company strongly believes in upholding the value of advice, preserving investor choice, and limiting the negative effects of unintended consequences. While the impact of these regulatory initiatives still remains uncertain until they are effective, the Company and the Company's subsidiaries will continue to monitor the implementation of these initiatives throughout the industry, and will actively participate in engagement with the regulators as necessary.

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 in AGF's internal controls during the three months ended February 28, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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, 2021, the Company's 2020 Annual Information Form (AIF) and Annual Report, 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

(unaudited)

For the three months ended February 28, 2021 and February 29, 2020

AGF™

AGF MANAGEMENT LIMITED
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

(unaudited) (in thousands of dollars)	Note		February 28, 2021		November 30, 2020
Assets					
Current assets					
Cash and cash equivalents		$	60,181	$	94,009
Investments	4		18,113		18,169
Accounts receivable, prepaid expenses and other assets	5, 18		40,215		38,113
Income tax receivable	15, 20		3,983		–
Total current assets			122,492		150,291
Investment in joint ventures	5		1,355		1,780
Long-term investments	5		139,607		151,949
Management contracts			689,759		689,759
Goodwill			250,830		250,830
Other intangibles, net of accumulated amortization and derecognition			638		667
Right-of-use assets	6		80,611		81,139
Property, equipment and computer software, net of accumulated depreciation			11,627		8,340
Deferred income tax assets			5,460		6,593
Other assets			4,691		6,191
Total non-current assets			1,184,578		1,197,248
Total assets		**$**	**1,307,070**	**$**	**1,347,539**
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	7, 14	$	47,490	$	67,837
Provision for Elements Advantage			859		914
Current lease liability	6		4,378		4,582
Income tax liability	15, 20		–		17,212
Total current liabilities			52,727		90,545
Long-term lease liability	6		81,759		81,081
Deferred income tax liabilities			149,156		150,043
Provision for Elements Advantage			310		424
Other long-term liabilities	14		7,710		9,267
Total liabilities			291,662		331,360
Equity					
Equity attributable to owners of the Company					
Capital stock	9		426,945		425,460
Contributed surplus	14		37,860		40,465
Retained earnings			547,936		547,614
Accumulated other comprehensive income	10		2,667		2,640
Total equity			1,015,408		1,016,179
Total liabilities and equity		**$**	**1,307,070**	**$**	**1,347,539**

(The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.)

AGF MANAGEMENT LIMITED
CONSOLIDATED INTERIM STATEMENT OF INCOME

(unaudited)		Three months ended			
			February 28,		February 29,
(in thousands of dollars, except per share amounts)	Note		2021		2020
Income					
Management, advisory and administration fees	11	$	101,271	$	97,781
Deferred sales charges			1,636		1,642
Share of profit of joint ventures	5		754		79
Share of profit of associate			–		12
Dividend income			–		4,493
Fair value adjustments and other income	5, 12		3,574		2,705
			107,235		106,712
Expenses					
Selling, general and administrative	13, 18		47,980		45,264
Trailing commissions			32,332		30,794
Investment advisory fees			244		413
Deferred selling commissions			15,548		12,453
Amortization and derecognition of customer contracts and other intangibles			29		97
Depreciation of property, equipment and computer software			930		1,025
Depreciation of right-of-use asset	6		1,615		836
Interest expense			742		2,215
			99,420		93,097
Income before income taxes			**7,815**		**13,615**
Income tax expense (benefit)					
Current	15		1,962		3,227
Deferred	15		242		(408)
			2,204		2,819
Net income for the period		**$**	**5,611**	**$**	**10,796**
Earnings per share equity owners of the Company					
Basic	16	$	0.08	$	0.14
Diluted	16	$	0.08	$	0.13

(The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.)

AGF MANAGEMENT LIMITED
CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(in thousands of dollars)	Note		February 28, 2021		February 29, 2020
Net income for the period		$	5,611	$	10,796
Other comprehensive income (loss), net of tax					
Cumulative translation adjustment					
Other comprehensive gain arising from assets classified as held for sale	10		–		155
Foreign currency translation adjustments related to net investments in foreign operations			–		25
			–		180
Net unrealized gain (loss) on investments					
Unrealized gain (loss)			27		(10)
			27		(10)
Net unrealized loss on derivative instrument					
Unrealized loss	10		–		(4,781)
			–		(4,781)
Total other comprehensive income (loss), net of tax		$	27	$	(4,611)
Net comprehensive income		**$**	**5,638**	**$**	**6,185**

Items presented in other comprehensive income (loss) will be reclassified to the consolidated statement of income (loss) in subsequent periods, with the exception of equity instruments classified as fair value through other comprehensive income.

(The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.)

AGF MANAGEMENT LIMITED
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(unaudited) (in thousands of dollars)		Capital stock		Contributed surplus		Retained earnings		Accumulated other comprehensive income		Total equity
Balance, December 1, 2019	$	474,178	$	40,781	$	395,425	$	11,258	**$**	**921,642**
Net income for the period		–		–		10,796		–		**10,796**
Other comprehensive loss (net of tax)		–		–		–		(4,611)		**(4,611)**
Comprehensive income (loss) for the period		–		–		10,796		(4,611)		**6,185**
AGF Class B Non-Voting shares issued through dividend reinvestment plan		77		–		–		–		**77**
Stock options		321		123		–		–		**444**
Dividends on AGF Class A Voting common shares and AGF Class B Non-Voting shares, including tax of $0.1 million		–		–		(6,366)		–		**(6,366)**
Equity-settled Restricted Share Units and Partner Points, net of tax		–		(2,524)		–		–		**(2,524)**
Treasury stock released		1,718		–		(226)		–		**1,492**
Balance, February 29, 2020	**$**	**476,294**	**$**	**38,380**	**$**	**399,629**	**$**	**6,647**	**$**	**920,950**
Balance, December 1, 2020	$	425,460	$	40,465	$	547,614	$	2,640	**$**	**1,016,179**
Net income for the period		–		–		5,611		–		**5,611**
Other comprehensive income (net of tax)		–		–		–		27		**27**
Comprehensive income for the period		–		–		5,611		27		**5,638**
AGF Class B Non-Voting shares issued through dividend reinvestment plan		79		–		–		–		**79**
Stock options		231		190		–		–		**421**
AGF Class B Non-Voting shares repurchased for cancellation		–		–		(35)		–		**(35)**
Dividends on AGF Class A Voting common shares and AGF Class B Non-Voting shares, including tax of $0.1 million		–		–		(5,694)		–		**(5,694)**
Equity-settled Restricted Share Units, net of tax		–		(2,795)		–		–		**(2,795)**
Treasury stock released		1,175		–		440		–		**1,615**
Balance, February 28, 2021	**$**	**426,945**	**$**	**37,860**	**$**	**547,936**	**$**	**2,667**	**$**	**1,015,408**

(The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.)

CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

(in thousands of dollars)	Note	February 28, 2021	February 29, 2020
Operating Activities			
Net income for the period		$ 5,611	$ 10,796
Adjustments for			
Amortization, derecognition and depreciation		2,574	1,958
Interest expense		742	2,215
Income tax expense	15	2,204	2,819
Income taxes paid		(23,232)	(8,059)
Stock-based compensation	14	3,005	1,290
Share of profit of associate and joint ventures	5	(754)	(91)
Distributions from associate and joint ventures	5	1,455	2,000
Fair value adjustment on long-term investments	5	92	(653)
Net realized and unrealized gain (loss) on short-term investments		(1,191)	657
Other		(28)	(38)
		(9,522)	12,894
Net change in non-cash working capital balances related to operations			
Accounts receivable and other current assets		(2,125)	4,796
Other assets		–	(362)
Accounts payable and accrued liabilities		(24,830)	(28,296)
Other liabilities		(1,290)	(1,304)
		(28,245)	(25,166)
Net cash used in operating activities		(37,767)	(12,272)
Financing Activities			
Issue of Class B Non-Voting shares	9	231	321
Dividends paid	17	(5,540)	(6,208)
Issuance of long-term debt	8	–	9,500
Interest paid		(53)	(2,084)
Lease principal payments	6	(1,154)	(1,179)
Net cash provided by (used in) financing activities		(6,516)	350
Investing Activities			
Investment in joint venture	5	(276)	–
Purchase of long-term investments	5	–	(9,000)
Return of capital from long-term investments	5	12,250	1,363
Purchase of property, equipment and computer software, net of disposals		(2,821)	(1,507)
Purchase of short-term investments	4	(400)	(1,043)
Proceeds from sale of short-term investments	4	1,702	423
Net cash provided by (used in) investing activities		10,455	(9,764)
Decrease in cash and cash equivalents		(33,828)	(21,686)
Balance of cash and cash equivalents, beginning of the period		94,009	51,660
Balance of cash and cash equivalents, end of the period		$ 60,181	$ 29,974
Cash and cash equivalents comprise of:			
Cash at bank and on hand		$ 55,680	$ 29,974
Deposits on call		4,501	–
Total cash and cash equivalents		$ 60,181	$ 29,974

(The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended February 28, 2021 and February 29, 2020 (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, factor-based exchange-traded funds (ETF), institutions and corporations, as well as high-net-worth clients. The Company conducts the management and distribution of mutual funds and ETFs in Canada under the brand names AGF, Elements, and AGFiQ, (collectively, AGF Investments). The Company's wholly owned subsidiary AGF CustomerFirst Inc. (AGFC) provides fund administration services to the AGF mutual funds. The Company's private alternatives business includes joint ventures with InstarAGF Asset Management Inc. (InstarAGF), Stream Asset Financial Management LP (SAFM LP) and SAF Jackson Management LP (SAFJM LP).

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on March 30, 2021.

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. Amounts are expressed in Canadian dollars, unless otherwise stated. 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, 2020. These condensed consolidated interim financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended November 30, 2020, which have been prepared in accordance with IFRS as issued by the IASB. Certain comparative figures have been reclassified to conform to the consolidated financial statement presentation in the current year.

Note 3: COVID-19 Impact

The Company continues to monitor the impact of the pandemic and is managing expenses and capital position accordingly. The Company has a comprehensive business continuity plan, which the Company activated in March 2020, and has taken specific measures to mitigate any business risks and ensure business continuity and the protection of our employees around the world in light of the rapidly evolving situation related to COVID-19. To date, AGF has experienced no impact to our business operations and no instances of business operations interruption.

The Executive and Crisis Management Teams continue to refine the Company's back-to-office plan. The Company has proven to operate effectively through remote access, and, as a result, any return to offices will be gradual and measured keeping the safety of its employees, clients and communities top of mind.

Note 4: Investments

The following table presents a breakdown of investments:

(in thousands of dollars)		February 28, 2021		November 30, 2020
Fair value through profit or loss				
AGF mutual funds and other	$	17,161	$	17,248
Fair value through other comprehensive income				
Equity securities		641		610
Amortized cost				
Canadian government debt – Federal		311		311
	$	18,113	$	18,169

During the three months ended February 28, 2021 and February 29, 2020, no impairment charges were recognized.

Note 5: Investment in Joint Ventures and Long-term Investments

(a) Investment in Joint Ventures

The Company has ownership in joint ventures that manage our private alternative funds. These joint ventures include Stream Asset Financial GP (SAF GP), SAFM LP, SAFJM LP, and InstarAGF and are accounted for using the equity method of accounting. The Company, through its interest in joint ventures, may be entitled to performance-based fees or carried interest distributions. These amounts are recognized by the Company and its joint ventures when the fund exceeds the related performance thresholds and when the risk of reversal is low.

The Company also has an ownership interest in AGFWave Asset Management Inc. (AGFWave), which was a new joint venture with WaveFront Global Asset Management Corp. (Wavefront) and provides asset management services and products in China and South Korea.

The continuity for the three months ended February 28, 2021 and February 29, 2020 is as follows:

	Three months ended			
(in thousands of dollars)		February 28, 2021		February 29, 2020
Balance, beginning of the period	$	1,780	$	2,626
Investment in joint venture		276		–
Share of profit		754		79
Distributions received		(1,455)		(2,000)
Balance, end of the period	$	1,355	$	705

For the three months ended February 28, 2021, the Company recognized earnings of $0.8 million (2020 – $0.1 million) and received distributions of $1.5 million (2020 – $2.0 million) from its private alternative business.

For one of these joint ventures, the Company has recorded losses only to the extent of its initial investment, which has a carrying value of nil, because it is not contractually obligated to fund the losses. As at February 28, 2021, the Company has accumulated unrecognized losses of $3.4 million (November 30, 2020 – $3.3 million), which includes an accrual for future compensation for which the ultimate amount that may be paid will depend on carried interest realized in the future. The compensation accrual represents a non-cash liability that will be funded through carried interest payments from the funds.

AGF has agreed to advance up to $5.0 million to InstarAGF on an as-needed basis as a working capital loan facility. The loan facility is non-interest bearing and is repayable on a priority basis. As at February 28, 2021, the Company had recorded a receivable of $0.1 million (November 30, 2020 – $0.1 million) included in accounts receivable, prepaid expenses and other assets on the consolidated interim statement of financial position. In addition, as at February 28, 2021, the Company had recorded a $0.6 million promissory note receivable from Instar (November 30, 2020 – $0.6 million). The note bears interest at prime and has been included in accounts receivable, prepaid expenses and other assets on the consolidated interim statement of financial position.

(b) Investment in Long-term Investments

Fair value adjustments and income distributions related to the Company's long-term investments in private alternatives are included in fair value adjustments and other income in the consolidated statement of income.

The continuity for the Company's long-term investments, accounted for at fair value through profit or loss (FVTPL), for the three months ended February 28, 2021 and February 29, 2020 is as follows:

(in thousands of dollars)		February 28, 2021		February 29, 2020
Balance, beginning of the period	$	151,949	$	136,664
Purchase of long-term investments		–		9,000
Return of capital		(12,250)		(1,363)
Fair value adjustment[1]		(92)		653
Balance, end of the period	$	139,607	$	144,954

[1] Fair value adjustment is based on the net assets of the fund less the Company's portion of the carried interest that would be payable by the fund upon crystallization.

As at February 28, 2021, the Company has funded $137.0 million (November 30, 2020 – $149.2 million) in funds and investments associated with the private alternatives business and has $70.2 million (November 30, 2020 – $70.2 million) remaining committed capital to be invested. The Company may temporarily provide capital to warehouse investments prior to formation of a fund. Upon closing of a fund with external investors, the Company receives a return of its capital in excess of its proportionate participation in the fund.

During the three months ended February 28, 2021, the Company recognized $2.4 million (2020 – $2.7 million) in fair value adjustment and distributions related to its long-term investments.

As at February 28, 2021, the carrying value of the Company's long-term investments in the private alternatives business was $139.6 million (November 30, 2020 – $151.9 million).

Note 6: Leases

The following shows the carrying amounts of the Company's right-of-use assets and lease liabilities by class and the movements during the three months ended February 28, 2021:

	Right-of-use assets			Lease liabilities
(in thousands of dollars)	Property leases	Equipment	Total	
As at December 1, 2020	$ 80,181	$ 958	$ 81,139	$ 85,663
Depreciation expense	(1,544)	(71)	(1,615)	–
Lease modification and reassessment	1,092	(5)	1,087	1,078
Interest expense	–	–	–	550
Payments	–	–	–	(1,154)
As at February 28, 2021	**$ 79,729**	**$ 882**	**$ 80,611**	**$ 86,137**

During the three months ended February 28, 2021, the Company incurred lease modification and reassessment of $1.1 million, resulting in right-of-use assets of $80.6 million and total lease liabilities of $86.1 million recorded on the consolidated interim statement of financial position.

Note 7: Accounts Payable

(in thousands of dollars)	February 28, 2021	November 30, 2020
Compensation related payable	$ 19,742	$ 37,533
HST payable	8,405	8,900
Other	19,343	21,404
Accounts payable and accrued liabilities	$ 47,490	$ 67,837

Note 8: Long-term Debt

As at February 28, 2021, AGF had drawn nil (November 30, 2020 – nil) against the unsecured revolving credit facility (the Facility). During the three months ended February 28, 2021, the Company did not borrow against the Facility (2020 – borrowed $9.5 million). For the three months ended February 28, 2021, AGF incurred $0.6 million (November 30, 2020 – $0.7 million) of transaction fees on the Facility, which was capitalized over the term of the Facility. The Company's revolving credit facility has a maximum aggregate principal amount of $140.0 million and a $10.0 million swingline facility commitment. As at February 28, 2021, $150.0 million was available to be drawn from the revolving credit facility and swingline facility commitment.

Note 9: 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, 2021		February 29, 2020	
(in thousands of 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	69,868,569	$ 425,460	78,223,104	$ 474,178
Issued through dividend reinvestment plan	13,143	79	12,120	77
Stock options exercised	40,000	231	53,190	321
Treasury stock released for employee benefit trust	297,384	1,175	255,262	1,718
Balance, end of the period	70,219,096	$ 426,945	78,543,676	$ 476,294

(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 5,067,167 shares for the period from February 8, 2021 to February 7, 2022 and up to 5,947,786 shares for the period from February 6, 2020 to February 5, 2021. During the three months ended February 28, 2021 and February 29, 2020, AGF did not repurchase any shares under its normal course issuer bid.

(d) Class B Non-Voting Shares Purchased as Treasury Stock for Employee Benefit Trust

During the three months ended February 28, 2021 and February 29, 2020, AGF did not purchase any Class B Non-Voting shares for the employee benefit trust. Shares purchased for the trust are purchased under the Company's normal course issuer bid and recorded as a reduction to capital stock. During the three months ended February 28, 2021, 297,384 (2020 – 255,262) Class B Non-Voting shares purchased as treasury stock were released. As at February 28, 2021, 548,044 (November 30, 2020 – 845,428) Class B Non-Voting shares were held as treasury stock.

Note 10: Accumulated Other Comprehensive Income

(in thousands of dollars)	Foreign currency translation	Fair value through OCI	Fair value on derivative instrument	Total
Opening composition of accumulated other comprehensive income at December 1, 2019				
Other comprehensive income (loss)	$ 8,243	$ 4,085	$ (1,062)	$ 11,266
Income tax expense	–	(8)	–	(8)
Balance, December 1, 2019	8,243	4,077	(1,062)	11,258
Transactions during the year ended November 30, 2020				
Other comprehensive income (loss)	(32)	74	–	42
Reclassification of AOCI to net income from the sale of asset classified as held for sale	(5,926)	(3,786)	1,062	(8,650)
Income tax expense	–	(10)	–	(10)
Balance, November 30, 2020	2,285	355	–	2,640
Transactions during the period ended February 28, 2021				
Other comprehensive income	–	31	–	31
Income tax expense	–	(4)	–	(4)
Balance, February 28, 2021	$ 2,285	$ 382	$ –	$ 2,667

Note 11: Management, Advisory and Administration Fees

	Three months ended	
(in thousands of dollars)	February 28, 2021	February 29, 2020
Management, advisory and administration fees	$ 103,502	$ 99,806
Fund expenses and waivers	(2,231)	(2,025)
	$ 101,271	$ 97,781

Note 12: Fair Value Adjustments and Other Income

	Three months ended	
(in thousands of dollars)	February 28, 2021	February 29, 2020
Fair value adjustment related to investment gain (loss) classified as FVTPL (Note 4)	$ 1,124	$ (619)
Fair value adjustment and distributions relate to long-term investments (Note 5(b))	2,397	2,745
Interest income	139	164
Other	(86)	415
	$ 3,574	$ 2,705

Note 13: Expenses by Nature

	Three months ended			
(in thousands of dollars)		February 28, 2021		February 29, 2020
Selling, general and administrative				
Salaries, benefits and performance-based compensation	$	32,426	$	30,037
Stock-based compensation		3,326		1,612
Sales and marketing		1,650		2,505
Information technology and facilities		6,807		7,033
Professional fees		3,008		3,610
Other fund costs (recovery)		244		(257)
Other		519		724
	$	47,980	$	45,264

Note 14: Stock-based Compensation and Other Stock-based Payments

(a) Stock Option Plans

Under the Company's stock option plans, an additional maximum of 951,576 Class B Non-Voting shares could have been granted as at February 28, 2021 (November 30, 2020 – 608,085).

The change in stock options during the three months ended February 28, 2021 and February 29, 2020 is summarized as follows:

	Three months ended					
	February 28, 2021			February 29, 2020		
	Options		Weighted average exercise price	Options		Weighted average exercise price
Class B Non-Voting share options						
Balance, beginning of the period	7,214,162	$	6.64	7,416,929	$	6.91
Options forfeited	(48,100)		8.32	–		–
Options expired	(295,391)		11.43	(329,493)		10.76
Options exercised	(40,000)		5.15	(53,190)		5.35
Balance, end of the period	6,830,671	$	6.43	7,034,246	$	6.74

During the three months ended February 28, 2021 and February 29, 2020, nil stock options were granted and compensation expense and contributed surplus of $0.1 million was recorded (2020 – $0.2 million).

(b) Other Stock-based Compensation

Other stock-based compensation includes Restricted Share Units (RSUs) and Deferred Share Units (DSUs). Compensation expense related to cash-settled stock-based compensation for the three months ended February 28, 2021 was $2.2 million (2020 – $0.3 million) and the liability recorded as at February 28, 2021 related to cash-settled stock-based compensation was $7.9 million (November 30, 2020 – $5.9 million). Compensation expense related to equity-settled RSUs for the three months ended February 28, 2021 was $0.7 million (2020 – $0.8 million) and contributed surplus related to equity-settled RSUs, net of tax, as at February 28, 2021 was $2.7 million (November 30, 2020 – $5.5 million).

The change in share units of RSUs and DSUs during the three months ended February 28, 2021 and February 29, 2020 is as follows:

	Three months ended	
	February 28, 2021	**February 29, 2020**
	Number of share units	**Number of share units**
Outstanding, beginning of the period, non-vested	3,510,057	3,216,960
Issued		
Initial grant	232,624	16,278
In lieu of dividends	35,505	31,303
Settled in cash	(376,677)	(329,477)
Settled in equity	(297,384)	(255,262)
Forfeited and cancelled	(13,288)	(38,380)
Outstanding, end of the period, non-vested	3,090,837	2,641,422

Note 15: Income Tax Expense

Income tax expense is recognized based on management's best estimate of weighted average annual income tax rate expected for the full financial year. The effective tax rate for the three months ended February 28, 2021 was 28.2% (2020 – 20.7%).

The main items impacting the effective tax rate in the period relates to tax-exempt investment income, gains from investment subject to different tax rates and temporary differences for which no deferred tax assets were recognized. The effective tax rate for the three months ended February 28, 2021 is higher than the previous period's effective tax rate due to tax-exempt investment income from S&WHL in the previous period. Excluding the tax-exempt investment income from S&WHL, the effective tax rate for the previous period was 28.5%.

Note 16: Earnings per Share

	Three months ended	
(in thousands of dollars, except per share amounts)	**February 28, 2021**	**February 29, 2020**
Numerator		
Net income for the period	$ 5,611	$ 10,796
Denominator		
Weighted average number of shares – basic	70,147,427	78,570,122
Dilutive effect of employee stock-based compensation awards	1,405,778	1,960,163
Weighted average number of shares – diluted	71,553,205	80,530,285
Earnings per share for the period		
Basic	$ 0.08	$ 0.14
Diluted	$ 0.08	$ 0.13

Note 17: Dividends

During the three months ended February 28, 2021, the Company paid dividends of $0.08 (2020 – $0.08) per share. Total dividends paid, including dividends reinvested, in the three months ended February 28, 2021 were $5.6 million (2020 – $6.3 million). On March 30, 2021, 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 $0.08 per share in respect of the three months ended February 28, 2021, amounting to a total dividend of approximately $5.6 million. These condensed consolidated interim financial statements do not reflect this dividend.

Note 18: Related Party Transactions

The Company is controlled by Blake C. Goldring, Executive Chairman, 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 dollars)	**February 28, 2021**	**February 29, 2020**
Salaries and other short-term employee benefits	$ 1,888	$ 2,129
Share-based compensation	2,118	692
	$ 4,006	$ 2,821

Note 19: Fair Value of Financial Instruments

The carrying value of accounts receivable and other assets, accounts payable and accrued liabilities approximate fair value due to their short-term nature. Long-term debt approximates fair value as a result of the floating rate portion of the effective interest rate.

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets and liabilities,

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the group's assets and liabilities that are measured at fair value at February 28, 2021:

(in thousands of dollars) **February 28, 2021**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit or loss				
Cash and cash equivalents	$ 60,181	$ –	$ –	$ 60,181
AGF mutual funds and other	17,161	–	–	17,161
Long-term investments	–	–	139,607	139,607
Financial assets at fair value through other comprehensive income				
Equity securities	641	–	–	641
Amortized cost				
Canadian government debt – Federal	–	311	–	311
Total financial assets	$ 77,983	$ 311	$ 139,607	$ 217,901

The following table presents the group's assets and liabilities that were measured at fair value at November 30, 2020:

(in thousands of dollars) **November 30, 2020**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit or loss				
Cash and cash equivalents	$ 94,009	$ –	$ –	$ 94,009
AGF mutual funds and other	17,248	–	–	17,248
Long-term investments	–	–	151,949	151,949
Financial assets at fair value through other comprehensive income				
Equity securities	610	–	–	610
Amortized cost				
Canadian government debt – Federal	–	311	–	311
Total financial assets	$ 111,867	$ 311	$ 151,949	$ 264,127

The fair value of financial instruments traded in active markets is determined using the quoted prices where they represent those at which regularly and recently occurring transactions take place.

Level 1 instruments include investments in AGF mutual funds as well as highly liquid temporary deposits with an Irish bank.

Level 2 instruments include derivative instruments with major Canadian chartered banks and Canadian federal government debt. Canadian federal government debt is measured at amortized cost and its fair value approximates its carrying value due to its short-term nature.

Level 3 instruments include long-term investments related to the alternatives asset management business. Instruments classified in this category have a parameter input or inputs that are unobservable and that have a more than insignificant impact on either the fair value of the instrument or the profit or loss of the instrument. The fair value of the long-term investments is calculated using the Company's percentage ownership and the fair market value of the investment derived from financial information provided by investees. The fair value of the Company's long-term investments as at February 28, 2021 has been estimated using the net asset value (NAV) as calculated by the asset manager of the fund. If the NAV were to increase or decrease by 10%, the fair value of the Company's long-term investment and pre-tax income would increase or decrease by $14.0 million. Refer to Note 5(b) for additional information.

The following table presents changes in level 3 instruments for the three months ended February 28, 2021:

(in thousands of dollars)	**Long-term investments**
Balance at December 1, 2020	$ 151,949
Return of capital	(12,250)
Fair value adjustment recognized in profit or loss[1]	(92)
Balance at February 28, 2021	$ 139,607

[1] The change in unrealized loss in investments currently held included in level 3 of the fair value hierarchy is $92 (2020 – gain of $653) for the three months ended February 28, 2021.

The following table presents changes in level 3 instruments for the three months ended February 29, 2020:

(in thousands of dollars)		Long-term investments
Balance at December 1, 2019	$	136,664
Purchase of investment		9,000
Return of capital		(1,363)
Fair value adjustment recognized in profit or loss		653
Balance at February 29, 2020	$	144,954

There were no transfers into or out of level 1 and level 2 during the three months ended February 28, 2021.

Note 20: Contingencies

There are certain claims and potential claims against the Company. None of these claims are expected to have a material adverse effect on the consolidated financial position of the Company.

The Company believes that it has adequately provided for income taxes based on all of the information that is currently available. The calculation of income taxes in many cases, however, requires significant judgement in interpreting tax rules and regulations. The Company's tax filings are subject to audits, which could materially change the amount of the current and deferred income tax assets and liabilities, and could, in certain circumstances, result in the assessment of interest and penalties.

The final result of the audit and appeals process may vary and may be materially different compared to the estimates and assumptions used by management in determining the Company's consolidated income tax provision and in determining the amounts of its income tax assets and liabilities.

CRA Audit – Acquisition of Tax-related Benefits

As previously disclosed in prior years' Annual Consolidated Financial Statements, the Company received correspondences from the CRA and Ministry of Finance (Ontario) confirming that the Company's objection had been allowed in full in respect to tax-related benefits acquired and utilized by the Company in the 2005 fiscal year. In 2020, the Company recorded $1.1 million of interest income in the consolidated statement of income and received a substantial portion of the expected tax refunds. During Q1 2021, the Company received a tax refund from the Ministry of Finance (Alberta). The Company is awaiting correspondence from the Quebec tax authority in respect to this matter.

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.

Invested in Discipline

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