AGF MANAGEMENT LIMITED | SECOND QUARTER REPORT 2020

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Financial Highlights

(from continuing operations)

(in millions of dollars, except share data) Three months ended	May 31, 2020[1]	Feb. 29, 2020[1]	Nov. 30, 2019[2]	Aug. 31, 2019[2]	May 31, 2019[2]	Feb. 28, 2019[2]	Nov. 30, 2018	Aug. 31, 2018
Assets under management	$ 36,336	$ 37,426	$ 38,781	$ 37,421	$ 38,338	$ 38,824	$ 37,712	$ 38,818
Mutual fund								
net sales (redemptions)	(93)	(344)	(181)	(103)	(498)	(104)	111	(9)
Income	89.0	106.7	114.5	107.4	109.8	105.0	108.5	116.5
Selling, general &								
administrative	40.2	45.3	45.4	47.3	48.6	48.0	48.8	51.0
EBITDA before commissions[3]	21.2	30.2	38.7	29.0	29.2	12.9	28.7	32.2
Adjusted EBITDA								
before commissions[4]	21.2	30.2	35.8	30.2	30.4	28.5	28.4	33.3
Net income (loss) before tax	7.0	13.6	27.5	16.9	14.1	(1.3)	17.2	19.8
Net income (loss)	5.3	10.8	22.2	14.4	11.5	(0.2)	14.7	20.7
Adjusted net income[4]	5.3	10.8	19.4	14.6	11.7	11.3	13.3	16.3
Earnings per share								
Basic	$ 0.07	$ 0.14	$ 0.28	$ 0.18	$ 0.15	$ –	$ 0.19	$ 0.26
Diluted	0.07	0.13	0.28	0.18	0.14	–	0.19	0.26
Adjusted diluted[4]	0.07	0.13	0.24	0.18	0.14	0.14	0.17	0.20
Free cash flow[4]	6.1	14.5	18.3	9.7	8.2	16.6	16.1	12.8
Dividends per share	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
Long-term debt[4]	199.9	216.9	207.3	158.9	164.9	168.7	188.6	168.7
Average basic shares	78,393,086	78,570,122	78,503,480	78,715,118	78,699,275	78,664,067	78,996,510	79,318,325
Average fully diluted shares	79,058,740	80,530,285	79,624,609	79,818,712	79,771,774	79,836,248	79,900,283	80,885,103

1 Refer to Note 3 in the 2020 Interim 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 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.
4 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.

AGF Management Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended May 31, 2020 and 2019

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 2019 Annual MD&A.

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) is as of June 23, 2020 and presents an analysis of the financial condition of AGF Management Limited (AGF or the Company) and its subsidiaries for the three- and six-month periods ended May 31, 2020, compared to the three- and six-month periods ended May 31, 2019. The MD&A should be read in conjunction with our unaudited Condensed Consolidated Interim Financial Statements for the three and six months ended May 31, 2020 and our 2019 Annual Report. The financial statements for the three and six months ended May 31, 2020, 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.

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 because of 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.'

There have been no material changes to the information discussed in the following sections of the 2019 Annual MD&A: 'Contractual Obligations' and 'Intercompany and Related Party Transactions.'

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 its 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 its subsidiary AGF Investments LLC.

AGF holds a 30.3% interest in Smith & Williamson Holdings Limited (S&WHL), a leading independent private client investment management, financial advisory and accounting group based in the U.K. S&WHL is one of the top 10 largest chartered accountancy firms in the U.K. and its investment management business has over $36.4 billion (£21.4 billion) of funds under management and advice as at May 31, 2020.

Smith & Williamson Sale

On September 19, 2019, the Company confirmed a merger between S&WHL and Tilney Group (Tilney) to create one of the U.K.'s leading integrated wealth management and professional services groups with over £45 billion in assets under management. On January 20, 2020, the Company announced that the Financial Conduct Authority (FCA) informed Tilney Group that the proposed transaction structure for the merger of Smith & Williamson and Tilney Group had not met with its approval. On June 1, 2020, the Company confirmed a revised transaction structure. Based on the terms of the revised transaction structure, the Company estimates that it will receive total cash of approximately £177 million (approximately C$297 million[1]), excluding tax and one-time expenses

[1]All Canadian dollar figures assume an exchange rate of 1.68.

subject to closing adjustments. Net cash after tax and one-time expenses will be approximately £164 million (approximately C$275 million[1]). Total cash includes dividends and distributions of up to £28 million (approximately C$47 million[1]) comprised of an interim dividend of £2.7 million (C$4.5 million) that was received February 7, 2020, an interim dividend of approximately £5 million (approximately C$9 million[1]) payable on June 26, 2020 and, immediately before closing, an estimated special distribution of approximately £20 million (approximately C$33 million[1]). On closing, AGF is expected to receive cash proceeds of approximately £149 million (approximately C$250 million[1]) compared to a book value as at May 31, 2020 of $145.4 million. Not included in the total cash are further distributions of £0.7 million (approximately C$1 million[1]) per month, beginning September 1, 2020, in the event that the transaction has not completed. In the revised transaction structure, AGF will no longer retain any equity consideration in the merged group. The company has entered into a forward contract to secure AGF's cash consideration at an exchange rate of 1.68. The forward contract expires on November 30, 2020. The revised transaction structure is subject to regulatory and shareholder approvals.

COVID-19

While the precise impact of the COVID-19 pandemic remains unknown, it has introduced uncertainty and volatility in global markets and economies. Governments around the world have responded with emergency measures, enforcing lockdowns, social distancing, and travel bans, which have resulted in material disruptions to business globally. While many governments have applied monetary and fiscal interventions to stabilize the economy, the impact of these measures as well as the length and severity of the pandemic remains unknown.

AGF is monitoring the impact of the pandemic and is managing expenses and capital position accordingly. The Company has a comprehensive business continuity plan and has taken specific measures to address and mitigate any business risks to ensure the protection of its employees and clients around the world.

AGF has experienced no impact to our business operations to date and no instances of business operations interruption as a result of the vast majority, 97%, of its workforce operating from remote locations. As a result of COVID-19 and remote working arrangements, the Company has increased its lines of communication with its strategic partners, clients and prospects globally, delivering timely market updates and relevant information about its products through a variety of digital channels including AGF.com, weekly conference calls, webcasts and direct-to-client emails, to ensure they have the tools and resources they need to provide ongoing support to investors.

In parallel, AGF's Executive and Crisis Management Teams are refining the Company's back-to-office plan. AGF has proven to operate effectively through remote access, as a result any return to offices will be gradual and measured. While there is no definitive date for a return to each of its offices, the following guiding principles have been outlined, in priority order, as critical to the planning and preparation for the return:

- Employee physical safety will be paramount. AGF will ensure its facilities meet the recommendations of local Government and Public Health agencies before allowing a return.
- Employee mental health will be top of mind. AGF recognizes the diversity of the personal and family health, public transit, and child education/day care constraints and needs of its employees.
- 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.
- Culturally the Company 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.

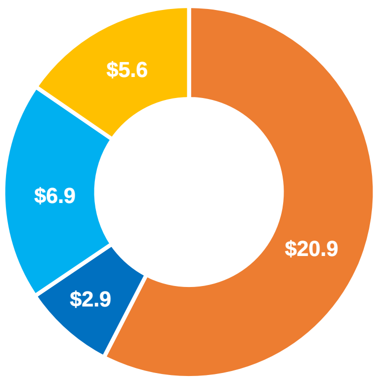
By embracing technology AGF has found new ways to do things finding efficiency and benefits in this current environment.

[1]All Canadian dollar figures assume an exchange rate of 1.68.

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 its clients by leveraging its 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, its motivation has remained consistent. AGF carries a deep sense of accountability to investors to deliver on its 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 its 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 its ability to advance the wealth accumulation and preservation goals of investors.

AGF has found that external, third-party systems are not keeping pace with its ideas, its 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

At AGF, our expertise and partnerships across the alternatives spectrum allows investors to have access to 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 its 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 $2.9 billion in AUM, includes a joint venture with Instar Group Inc. (Instar): InstarAGF Asset Management Inc. (InstarAGF). 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. AGF also has a partnership with Stream Asset Financial through Stream Asset Financial Management LP (SAFM LP) and SAF Jackson Management LP (SAFJM LP). Stream Asset Financial is a Canadian-based private equity and structured credit investment firm with expertise constructing bespoke financial products across the capital structure, providing opportunities linked to real assets including, but not limited to, the oil and gas sector, and metals and mining.

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:

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 its inclusion and diversity initiatives and is committed to employing a workforce through inclusive hiring and recruiting practices that reflects the diversity of its 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 its 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

*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, 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 through its employee-driven community engagement committee, the Making a Difference Committee, which aims to support local community organizations that matter most to its employees across its key pillars.

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

(in millions of dollars)	Three months ended May 31, 2020	Feb. 29, 2020	Nov. 30, 2019	Aug. 31, 2019	May 31, 2019
Mutual fund AUM beginning of the period[1]	$ 18,492	$ 19,346	$ 18,839	$ 18,725	$ 19,028
Gross sales	509	562	479	492	560
Redemptions	(602)	(906)	(660)	(595)	(1,058)
Net redemptions	(93)	(344)	(181)	(103)	(498)
Market appreciation (depreciation) of fund portfolios	$ (140)	$ (510)	$ 688	$ 217	$ 195
Mutual fund AUM end of the period[1]	$ 18,259	$ 18,492	$ 19,346	$ 18,839	$ 18,725
Average daily mutual fund AUM[1]	$ 17,386	$ 19,462	$ 19,015	$ 18,915	$ 19,250
Institutional, sub-advisory, ETF AUM beginning of period	$ 10,313	$ 10,755	$ 10,391	$ 11,712	$ 12,023
Net change including market performance	(722)	(442)	364	(1,321)	(311)
Institutional, sub-advisory, ETF AUM end of the period	$ 9,591	$ 10,313	$ 10,755	$ 10,391	$ 11,712
Private client AUM	$ 5,624	$ 5,905	$ 6,100	$ 5,778	$ 5,722
Subtotal before private alternatives AUM, end of the period	**$ 33,474**	**$ 34,710**	**$ 36,201**	**$ 35,008**	**$ 36,159**
Private alternatives AUM[2]	$ 2,862	$ 2,716	$ 2,580	$ 2,413	$ 2,179
Total AUM end of the period	**$ 36,336**	**$ 37,426**	**$ 38,781**	**$ 37,421**	**$ 38,338**

[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 commitment is $207.4 million, of which $146.1 million has been funded as at May 31, 2020. Of the $2.9 billion of AUM, 20% are non-fee earning assets.

Change in Assets Under Management

Total assets under management was $36.3 billion at May 31, 2020, compared to $38.3 billion at May 31, 2019. The decline in AUM is mainly due to partners repositioning their platforms and internalizing investment management capabilities throughout the 12-month period. The COVID-19 pandemic has introduced uncertainty in the global markets and they continue to exhibit high levels of volatility as investors await a clearer picture of the damage done to economies worldwide and the speed at which they are able to safely re-open and hopefully remain open for good. As the duration and severity of the COVID-19 pandemic remains uncertain, it may result in increased client redemptions due to general market declines and sentiment or investors need for cash.

Reported mutual funds net redemptions were $93.0 million for the three months ended May 31, 2020, compared to net redemptions of $498.0 million for the three months ended May 31, 2019. Excluding net flows from institutional clients invested in mutual funds[1], net redemptions were $93.0 million for the quarter compared to $169.0 million in the prior year.

Investment Performance

AGF aims to deliver consistent and repeatable investment performance. AGF measures mutual fund performance by comparing gross returns (before fees) relative to peers within the same category, with 1st percentile being best possible performance. AGF targets

[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.

an average percentile ranking versus peers of 50% over one year and 40% over three years. As at May 31, 2020, our average percentile over the past one year was 49% and our average percentile over the past three years was 56%.

Consolidated Operating Results

(in millions of dollars, except per share data)	Three months ended May 31, 2020	Three months ended February 29, 2020	Three months ended May 31, 2019	Six months ended May 31, 2020	Six months ended May 31, 2019
Income					
Management, advisory and administration fees	$ 87.5	$ 97.8	$ 99.2	$ 185.3	$ 190.2
Deferred sales charges	1.3	1.6	1.9	2.9	3.5
Share of profit of joint ventures	0.6	0.1	0.1	0.7	0.2
Share of profit of associate	–	–	6.5	–	10.9
Dividend income[1]	–	4.5	–	4.5	–
Fair value adjustments and other income (loss)	(0.4)	2.7	2.1	2.3	10.0
Total income	$ 89.0	$ 106.7	$ 109.8	$ 195.7	$ 214.8
Expenses					
Selling, general and administrative	40.2	45.3	48.6	85.5	96.6
Restructuring provision	–	–	–	–	14.4
Trailing commissions	27.4	30.8	31.3	58.2	60.3
Investment advisory fees	0.2	0.4	0.7	0.7	1.4
	$ 67.8	$ 76.5	$ 80.6	$ 144.4	$ 172.7
EBITDA before commission[2]	**$ 21.2**	**$ 30.2**	**$ 29.2**	**$ 51.3**	**$ 42.1**
Deferred selling commissions	10.3	12.5	12.2	22.8	23.3
Amortization, derecognition and depreciation	2.0	1.9	1.1	3.9	2.2
Interest expense	1.9	2.2	1.8	4.0	3.8
Net income before income taxes	$ 7.0	$ 13.6	$ 14.1	$ 20.6	$ 12.8
Income tax expense[3]	1.7	2.8	2.6	4.5	1.5
Net income for the period	**$ 5.3**	**$ 10.8**	**$ 11.5**	**$ 16.1**	**$ 11.3**
Basic earnings per share	$ 0.07	$ 0.14	$ 0.15	$ 0.21	$ 0.14
Diluted earnings per share	$ 0.07	$ 0.13	$ 0.14	$ 0.20	$ 0.14

[1] Three months ended February 29, 2020 and six months ended May 31, 2020 include $4.5 million of dividends from S&WHL recognized as income.
[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] Six months ended May 31, 2019 includes $3.1 million tax benefit related to the restructuring provision.

One-time Adjustments and Adoption of IFRS 16

	Three months ended			Six months ended	
(in millions of dollars, except per share data)	May 31, 2020	February 29, 2020	May 31, 2019	May 31, 2020	May 31, 2019
Selling, general and administrative	$ 40.2	$ 45.3	$ 48.6	$ 85.5	$ 96.6
Deduct:					
IFRS 16 adjustments to prior year for comparative purposes	–	–	(1.2)	–	(2.3)
Adjusted selling, general and administrative	**$ 40.2**	**$ 45.3**	**$ 47.4**	**$ 85.5**	**$ 94.3**
EBITDA before commissions[1]	**$ 21.2**	**$ 30.2**	**$ 29.2**	$ 51.3	$ 42.1
Add (deduct):					
One-time restructuring costs	–	–	–	–	14.4
IFRS 16 adjustments to prior year for comparative purposes	–	–	1.2	–	2.3
Adjusted EBITDA before commissions[1]	**$ 21.2**	**$ 30.2**	**$ 30.4**	**$ 51.3**	**$ 58.8**
Amortization, derecognition and depreciation	**$ 2.0**	**$ 1.9**	**$ 1.1**	**$ 3.9**	**$ 2.2**
Add:					
IFRS 16 adjustments to prior year for comparative purposes	–	–	0.8	–	1.7
Adjusted amortization, derecognition and depreciation	**$ 2.0**	**$ 1.9**	**$ 1.9**	**$ 3.9**	**$ 3.9**
Interest expense	**$ 1.9**	**$ 2.2**	**$ 1.8**	**$ 4.0**	**$ 3.8**
Add:					
IFRS 16 adjustments to prior year for comparative purposes	–	–	0.2	–	0.4
Adjusted interest expense	**$ 1.9**	**$ 2.2**	**$ 2.0**	**$ 4.0**	**$ 4.2**
Income tax expense	**$ 1.7**	**$ 2.8**	**$ 2.6**	**$ 4.5**	**$ 1.5**
Add:					
Tax impact on the one-time adjustments to EBITDA before commissions	–	–	–	–	3.1
Adjusted income tax expense	**$ 1.7**	**$ 2.8**	**$ 2.6**	**$ 4.5**	**$ 4.6**
Net income for the period before one-time adjustments	**$ 5.3**	**$ 10.8**	**$ 11.5**	**$ 16.1**	**$ 11.3**
Add (deduct):					
One-time adjustments to EBITDA before commissions from above	–	–	–	–	14.4
Tax impact on the one-time adjustments to EBITDA before commissions	–	–	–	–	(3.1)
IFRS 16 adjustments to prior year for comparative purposes	–	–	0.2	–	0.2
Adjusted net income for the period	**$ 5.3**	**$ 10.8**	**$ 11.7**	**$ 16.1**	**$ 22.8**
Adjusted diluted EPS[1]	**$ 0.07**	**$ 0.13**	**$ 0.15**	**$ 0.20**	**$ 0.28**

[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 and the Adoption of IFRS 16

The Company adopted IFRS 16 Leases, effective December 1, 2019. These changes were adopted in accordance with the application transitional provisions of the revised standard. Note 3 in the three and six months ended May 31, 2020 Condensed Consolidated Interim Financial Statements provides more information regarding the new accounting standard.

The below table shows results from operations adjusted for one-time items and prior year adjusted for IFRS 16.

	Three months ended			Six months ended	
(in millions of dollars, except per share data)	May 31, 2020	February 29, 2020	May 31, 2019	May 31, 2020	May 31, 2019
Income					
Management, advisory and administration fees	$ 87.5	$ 97.8	$ 99.2	$ 185.3	$ 190.2
Deferred sales charges	1.3	1.6	1.9	2.9	3.5
Share of profit of joint ventures	0.6	0.1	0.1	0.7	0.2
Share of profit of associate	–	–	6.5	–	10.9
Dividend income	–	4.5	–	4.5	–
Fair value adjustments and other income (loss)	(0.4)	2.7	2.1	2.3	10.0
Total income	$ 89.0	$ 106.7	$ 109.8	$ 195.7	$ 214.8
Expenses					
Adjusted selling, general and administrative	40.2	45.3	47.4	85.5	94.3
Restructuring provision	–	–	–	–	14.4
Trailing commissions	27.4	30.8	31.3	58.2	60.3
Investment advisory fees	0.2	0.4	0.7	0.7	1.4
	$ 67.8	$ 76.5	$ 79.4	$ 144.4	$ 170.4
Adjusted EBITDA before commissions[1]	**$ 21.2**	**$ 30.2**	**$ 30.4**	**$ 51.3**	**$ 58.8**
Deferred selling commissions	$ 10.3	$ 12.5	$ 12.2	$ 22.8	$ 23.3
Adjusted amortization, derecognition and depreciation	2.0	1.9	1.9	3.9	3.9
Adjusted interest expense	1.9	2.2	2.0	4.0	4.2
Adjusted income tax expense	1.7	2.8	2.6	4.5	4.6
Adjusted net income for the period	**$ 5.3**	**$ 10.8**	**$ 11.7**	**$ 16.1**	**$ 22.8**
Adjusted diluted earnings per share	**$ 0.07**	**$ 0.13**	**$ 0.15**	**$ 0.20**	**$ 0.28**

[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.

Financial Highlights

Total income for the three months ended May 31, 2020 was $89.0 million, a decrease of 18.9% and 16.6% compared to $109.8 million in the prior year and $106.7 million recorded in the three months ended February 29, 2020.

Management, advisory and administration fees decreased $11.7 million compared to the prior year and $10.3 million compared to the prior quarter, driven by lower average AUM associated with the recent market volatility experienced attributable to the pandemic.

Share of profit of joint venture increased $0.5 million compared to the prior year and $0.5 million compared to the prior quarter. The amounts relate to our interest in private alternative managers.

Share of profit of associate was nil during the three months ended May 31, 2020 compared to $6.5 million in the prior year and nil in the three months ended February 29, 2020, representing a change in accounting. Share of profit of associate relates to our interest in S&WHL, which was accounted for using the equity method of accounting through to September 18, 2019. Effective September 19, 2019, our investment in S&WHL was classified as 'held for sale' and equity accounting ceased. As a result, no equity earnings are recognized and dividends received subsequent to September 18, 2019 are recorded through dividend income. No dividends were received during the three months ended May 31, 2020. The three months ended February 29, 2020 included dividend income of $4.5 million.

Fair value adjustments and other income was a loss of $0.4 million in the quarter, a decrease of $2.5 million compared to the prior year and $3.1 million compared to the three months ended February 29, 2020. The loss in the quarter was driven by a negative fair value adjustment on one of our long-term investments in a private alternative fund. Our investments in our private alternative funds represent a long-term strategic priority to seed and support our private alternative business. The current quarter loss was impacted by the COVID-19 pandemic and the corresponding market uncertainty and volatility. The investments are accounted for under fair value through profit and loss (FVTPL), which can result in variability of income recorded over the life of the investment. Since inception, the alternative long-term investments have produced gross internal rates of return in excess of 12%.

Selling, general & administrative (SG&A) for the three months ended May 31, 2020 was $40.2 million, a decrease of $7.2 million compared to adjusted SG&A for the three months ended May 31, 2019, and $5.1 million compared to the three months ended February 29, 2020. The decrease is driven by expense savings initiatives as well as a decline in stock-based compensation and lower travel and entertainments costs attributable to the pandemic.

EBITDA before commissions for the three ended May 31, 2020 was $21.2 million compared to $30.4 million adjusted EBITDA before commissions in the three months ended May 31, 2019 and $30.2 million in the three months ended February 29, 2020.

For the three months ended May 31, 2020, AGF reported net income of $5.3 million ($0.07 per diluted share) compared to adjusted net income of $11.7 million ($0.15 per diluted share) in the corresponding periods in 2019 and net income of $10.8 million ($0.13 per diluted share) in the three months ended February 29, 2020.

Operating Highlights

- On June 1, AGF confirmed that a revised transaction structure has been agreed for the proposed merger between Tilney and Smith & Williamson to create one of the U.K.'s leading integrated wealth management and professional services group. Based on the terms of the revised transaction structure, the Company estimates that it will receive total cash of approximately £177 million (approximately C$297 million[1]), excluding tax and one-time expenses subject to closing adjustments. Net cash received after tax and one-time expenses will be approximately £164 million (approximately C$275 million[1]). Total cash includes dividends and distributions of up to £28 million (approximately C$47 million[1]) comprised of an interim dividend of £2.7 million (C$4.5 million) that was received on February 7, 2020, an interim dividend of approximately £5 million (approximately C$9 million[1]) payable on June 26, 2020 and, immediately before closing, an estimated special distribution of approximately £20 million (approximately C$33 million[1]). On closing, AGF is expected to receive cash proceeds of approximately £149 million (approximately C$250 million[1]) compared to a book value as at May 31, 2020 of $145.4 million. The Company entered into a forward contract to secure AGF's cash consideration at an exchange rate of 1.68. The forward contract expires on November 30, 2020. The revised structure is subject to regulatory and shareholders approval.
- InstarAGF Asset Management Inc. announced the final closing of the InstarAGF Essential Infrastructure Fund II, with approximately USD$1.2 billion in aggregate equity commitments.
- AGF is a finalist at the annual Wealth Professional Awards in four categories: CEO of the Year, Fund Provider of the Year, Employer of Choice and ETF Champion of the Year.
- During the quarter, AGF announced a number of changes and enhancements to its product suite, including fund mergers, a decrease in risk ratings and a name change.

[1]All Canadian dollar figures assume an exchange rate of 1.68.

- AGF has been hosting a weekly market call since the week of March 15th with consistent attendance of over 750+ attendees and a steady growth of institutional attendees week-over-week.
- Nearly all of AGF's global staff worked from home this quarter with no interruptions to business operations. AGF employees have proven they can effectively work from home and their engagement remains high as they have embraced technology, finding efficiency and benefits in this environment.

Consolidated Results of Operations

Income

For the three and six months ended May 31, 2020, income decreased by 18.9% and 8.9% over the previous year, with changes in the categories as follows:

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 and six months ended May 31, 2020, management, advisory and administration fees were $87.5 million and $185.3 million, a decrease of $11.7 million and $4.9 million or 11.8% and 2.6%, compared to $99.2 million and $190.2 million in the same periods in 2019. A breakdown of the change is as follows:

(in millions of dollars)	Three months ended May 31, 2020	Six months ended May 31, 2020
Decrease in management, advisory and administration fees	$ (12.1)	$ (6.3)
Decrease in fund expense and waivers	0.4	1.4
Total change in management, advisory and administration fees	**$ (11.7)**	**$ (4.9)**

Management, advisory and administration fees decreased by $12.1 million and $6.3 million for the three and six months ended May 31, 2020 driven by a decrease in year-to-date average mutual fund AUM of $426.0 million compared to the prior year and a lower average revenue rate as a result of a product mix. The decrease in fund expenses and waivers relate to fund mergers implemented in the second half of 2019.

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 $1.3 million and $2.9 million for the three and six months ended May 31, 2020, compared to $1.9 million and $3.5 million for the same periods in 2019.

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 for under the equity method. For the three and six months ended May 31, 2020, earnings were $0.6 million and $0.7 million (2019 – $0.1 million and $ 0.2 million). For additional information, see Note 5(a) of the Condensed Consolidated Interim Financial Statements.

Share of Profit of Associate

Share of profit of associate relates to our interest in S&WHL, which was accounted for using the equity method of accounting through to September 18, 2019.

On September 19, 2019, the Company confirmed a merger between S&WHL and Tilney to create one of the U.K.'s leading integrated wealth management and professional services groups with over £45 billion in assets under management. Effective September 19, 2019, the investment in S&WHL was classified as 'held for sale' and equity accounting ceased. Dividends received subsequent to September 18, 2019 are recorded as income and recognized through Dividend Income. Foreign exchange revaluation on the carrying value of S&WHL has continued to be recorded through other comprehensive income.

For the three and six months ended May 31, 2020, earnings from our 30.3% ownership (2019 – 33.6%) in S&WHL was nil and nil (2019 – $6.5 million and $10.9 million). During the three and six months ended May 31, 2020, the Company recorded dividend income of nil and $4.5 million.

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 business, which are accounted for at fair value through profit or loss. During the three and six months ended May 31, 2020, the Company recorded a loss of $1.1 million and income of $1.6 million (2019 – income of $1.7 million and $8.8 million) related to fair value adjustments and income distributions from our economic interest in the investments in our private alternatives businesses. The amounts recorded as income fluctuate primarily with the amount of capital invested, monetizations, and changes in fair value.

	Three months ended			Six months ended	
(in millions of dollars)	**May 31, 2020**	**February 29, 2020**	**May 31, 2019**	**May 31, 2020**	**May 31, 2019**
Fair value adjustment related to investment in AGF mutual funds	$ 0.2	$ (0.6)	$ 0.1	$ (0.4)	$ 0.5
Fair value adjustment and distributions related to long-term investments	(1.1)	2.7	1.7	1.6	8.8
Interest income	0.1	0.2	0.1	0.3	0.3
Other	0.4	0.4	0.2	0.8	0.4
	$ (0.4)	**$ 2.7**	**$ 2.1**	**$ 2.3**	**$ 10.0**

Expenses

For the three and six months ended May 31, 2020, expenses decreased by 15.9% and 16.4% from the same periods in 2019. Changes in specific categories are described in the discussion that follows:

Selling, General and Administrative Expenses (SG&A)

SG&A decreased by $8.4 million and $11.1 million or 17.3% and 11.5% for the three and six months ended May 31, 2020, compared to the same periods in 2019. A breakdown of the decrease is as follows:

(in millions of dollars)	**Three months ended May 31, 2020**	**Six months ended May 31, 2020**
Decrease in compensation expenses	$ (3.1)	$ (2.4)
Decrease in other expenses	(4.1)	(6.4)
Total SG&A decrease before IFRS 16	$ (7.2)	$ (8.8)
IFRS 16	(1.2)	(2.3)
Total decrease in SG&A	**$ (8.4)**	**$ (11.1)**

The following explains expense changes in the three and six months ended May 31, 2020, compared to the same periods in the prior year:

- Compensation expenses decreased by $3.1 million and $2.4 million as a result of expense savings initiatives and a decline in stock-based compensation.
- Other expenses decreased by $4.1 million and $6.4 million attributed to expense savings initiatives, timing of certain expenses and a decline in travel and entertainment costs attributable to the pandemic.
- As a result of the adoption of IFRS 16 on December 1, 2019, rent expenses related property and equipment leases will no longer be recognized in SG&A. Refer to Note 3 in the three and six months ended May 31, 2020 Condensed Consolidated Interim Financial Statements for more information regarding the new accounting standard.

Restructuring Provision

During the year ended November 30, 2019, the Company implemented a plan to achieve certain organizational and operational efficiencies, resulting in a restructuring charge of $14.4 million.

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 0.63% and 0.63% for the three and six months ended May 31, 2020, compared to 0.65% and 0.64% for the same periods in 2019. The decrease is primarily attributable to the impact of series mix changes.

Deferred Selling Commissions

Deferred selling commissions are expensed on an accrual basis. For the three and six months ended May 31, 2020, the total deferred selling commissions expense was $10.3 million and $22.8 million (2019 – $12.2 million and $23.3 million). The decrease in deferred selling commissions is driven by a decrease in mutual fund gross sales.

Amortization and Interest Expense

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

- Customer contracts amortization and derecognition decreased by nil and $0.1 million for the three and six months ended May 31, 2020, compared to the same periods in 2019. Customer contracts are immediately expensed upon redemption of the AUM.
- Other intangibles amortization and derecognition remained flat for the three and six months ended May 31, 2020, compared to the same periods in 2019.
- Depreciation increased by $0.8 million and $1.8 million for the three and six months ended May 31, 2020, compared to the same periods in 2019, as a result of the adoption of IFRS 16.
- Interest expense increased by $0.2 million and $0.3 million for the three and six months ended May 31, 2020, compared to the same periods in 2019, as a result of the adoption of IFRS 16.

Income Tax Expense

Income tax expense for the three and six months ended May 31, 2020 was an expense of $1.7 million and $4.5 million, as compared to $2.6 million and $1.5 million in the corresponding periods in 2019. A breakdown of income tax expense is as follows:

	Three months ended			Six months ended	
(in millions of dollars)	May 31, 2020	February 29, 2020	May 31, 2019	May 31, 2020	May 31, 2019
Income tax					
Total income tax on profits for the year	$ 1.6	$ 2.8	$ 2.6	$ 4.4	$ 4.6
Adjustment in respect of restructuring provision	–	–	–	–	(3.1)
Adoption of IFRS 16	0.1	–	–	0.1	–
Total income tax expense	**$ 1.7**	**$ 2.8**	**$ 2.6**	**$ 4.5**	**$ 1.5**

The effective tax rate for the six months ended May 31, 2020 was 21.7% (2019 – 11.9%). 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.

During the six months ended May 31, 2019, the Company recorded a tax benefit of $3.1 million related to the restructuring provision. Excluding the restructuring provision of $14.4 million and the related tax benefit of $3.1 million, the effective tax rate for the six months ended May 31, 2019 was 17.0%.

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 Company has an ongoing dispute with the CRA, of which 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.

(a) CRA Audit – Acquisition of Tax-related Benefits

In July 2015, the Company received a notice of reassessment (NOR) from the CRA denying $30.5 million of tax-related benefits acquired and utilized by the Company in the 2005 fiscal year. The NOR would increase the Company's taxes payable from its original tax filings by $10.9 million (before the application of interest and penalties of $9.0 million). The Company strongly disagrees with the CRA's position and has filed an objection to the NOR. As a result of receiving the NOR, the Company paid $13.9 million (including interest and penalties). The amount was recorded as income tax receivable on the consolidated statement of financial position. In consultation with its external advisors, the Company believes that its tax position is probable of being sustained and, as a result, has not recorded a provision in relation to this matter.

(b) CRA Audit – Transfer Pricing

As previously disclosed in the 2017 and 2018 Annual Consolidated Financial Statements, the Company reached a settlement with the CRA and the applicable tax authority in the relevant foreign jurisdiction on the allocation of income for tax purposes between one of the Company's Canadian legal entities and a foreign subsidiary relating to the 2005 to 2016 taxation years.

In 2018, the issue was resolved when the Company received tax reassessments reflecting the settlements, including the waiver of the transfer pricing penalties, and resolved the uncertainties in implementing the settlements with the CRA. As a result, the Company received a net refund of $18.2 million and released $24.1 million from its transfer pricing provision (including $21.9 million in tax expense and $2.2 million in reversal of interest expense) and recorded $1.5 million in interest income in 2018.

In 2019, the Company received $2.6 million of refund (including $0.3 million of interest) from the CRA. The Company expects to receive a further refund of approximately $1.2 million from the CRA, which is netted in the current tax receivable on the consolidated statement of financial position.

Net Income

The impact of the above income and expense items resulted in net income of $5.3 million and $16.1 million for the three and six months ended May 31, 2020 as compared to $11.5 million and $11.3 million in the corresponding periods in 2019. Adjusting for the one-time restructuring costs of $14.4 million that occurred during the six months ended May 31, 2019 and IFRS 16 adjustments, net income was $11.7 million and $22.8 million for the three and six months ended May 31, 2019. Refer to the 'One-time Adjustments and Adoption of IFRS 16' section of this MD&A for additional information about the one-time adjustments and the adoption of IFRS 16 for the three and six months ended May 31, 2020 and May 31, 2019.

Earnings per Share

Diluted earnings per share was $0.07 and $0.20 for the three and six months ended May 31, 2020, as compared to earnings per share of $0.14 and $0.14, which includes one-time items, in the corresponding periods of 2019. Adjusted diluted earnings per share was $0.07 and $0.20 per share for the three and six months ended May 31, 2020, as compared to earnings of $0.15 and $0.28 per share in the corresponding periods of 2019.

Liquidity and Capital Resources

As at May 31, 2020, the Company had total cash and cash equivalents of $26.9 million (November 30, 2019 – $51.7 million). Free cash flow, as defined in the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section of this MD&A, generated was $6.1 million and $20.6 million for the three and six months ended May 31, 2020, compared to $8.2 million and $24.8 million in the comparative prior periods. During the six months ended May 31, 2020, we used $24.7 million (2019 – $12.6 million) in cash as follows:

(in millions of dollars) **Six months ended**	**May 31, 2020**	**May 31, 2019**
Net cash provided by operating activities	$ 13.5	$ 19.4
Repurchase of shares under normal course issuer bid and purchase of treasury stock for employee benefit trust (EBT)	(2.6)	–
Dividends paid	(12.4)	(12.4)
Payment of long-term debt	(7.5)	(24.0)
Interest paid	(3.5)	(3.6)
Purchase of long-term investments, net of return on capital	(7.6)	(1.0)
Net proceeds from sale (purchase) of short-term investments, including seed capital	(0.7)	9.1
Other	(3.9)	(0.1)
Change in cash and cash equivalents	**$ (24.7)**	**$ (12.6)**

The Company's working capital decreased $21.6 million for the six months ended May 31, 2020, primarily due to the repayment to the loan facility and purchase of long-term investments.

Total long-term debt outstanding at May 31, 2020 was $199.9 million (November 30, 2019 – $207.3 million). On April 16, 2020, the Company, through its subsidiary AGF Investments Inc., amended and restated its loan agreement to reduce the size of the facility. The Company's unsecured revolving credit facility has a maximum aggregate principal amount of $280.0 million (November 30, 2019 – $320.0 million) and a $10.0 million swingline facility commitment. As at May 31, 2020, $83.9 million was available to be drawn from the revolving credit facility and swingline facility commitment. The loan facility will be available to meet future operational and investment needs. The Company has lease liabilities of $17.7 million recorded on the statement of financial position as at May 31, 2020. In addition, the Company also has commitments of $91.9 million related to service commitments not applicable under IFRS 16 as well as a commitment of $70.9 million related to a future lease obligation. As well, the Company has funded $146.1 million, net of capital returns, as at May 31, 2020 (November 30, 2019 – $138.5 million) in funds and investments associated with the private alternatives business and has $61.3 million (November 30, 2019 – $70.3 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 alternatives asset management business.

As part of our ongoing strategic and capital planning, the Company regularly reviews its 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 AGF's 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, 2020, 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 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
- Between February 6, 2019 and February 5, 2020, up to 5,980,078 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)

During the three and six months ended May 31, 2020 and 2019, AGF did not repurchase shares for cancellation under its NCIB.

During the three and six months ended May 31, 2020, AGF purchased 750,000 and 750,000 Class B Non-Voting shares for the EBT for a total consideration of $2.6 million and $2.6 million at an average price of $3.50 and $3.50 per share. During the three and six months ended May 31, 2019, AGF did not purchase 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	2020[1]	2019	2018	2017	2016
Per share	$ 0.24	$ 0.32	$ 0.32	$ 0.32	$ 0.32

[1] Represents the total dividends paid in January 2020, April 2020, and to be paid in July 2020.

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 April 20, 2020 was $0.08 per share.

On June 23, 2020, 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 May 31, 2020.

Outstanding Share Data

Set out below is our outstanding share data as at May 31, 2020 and May 31, 2019. For additional detail, see Notes 11 and 17 of the Condensed Consolidated Interim Financial Statements.

	May 31, 2020	May 31, 2019
Shares		
Class A Voting common shares	57,600	57,600
Class B Non-Voting shares	79,326,027	78,764,047
Stock Options		
Outstanding options	7,024,111	7,262,331
Exercisable options	5,059,704	4,969,776

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 based on a fixed transfer agency administration fee,

- DSC earned from investors when mutual fund securities are sold on a DSC basis are redeemed,
- 30.3% equity interest in S&WHL, and
- General partnership interest and long-term investments in the 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 as well as IFRS 16 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			Six months ended	
(in millions of dollars)	May 31, 2020	February 29, 2020	May 31, 2019	May 31, 2020	May 31, 2019
Net income	$ 5.3	$ 10.8	$ 11.5	$ 16.1	$ 11.3
Adjustments:					
Deferred selling commissions	10.3	12.5	12.2	22.8	23.3
Amortization, derecognition and depreciation	2.0	1.9	1.1	3.9	2.2
Interest expense	1.9	2.2	1.8	4.0	3.8
Income tax expense[1]	1.7	2.8	2.6	4.5	1.5
EBITDA before commissions	**$ 21.2**	**$ 30.2**	**$ 29.2**	**$ 51.3**	**$ 42.1**
Other one-time adjustments and adoption of IFRS 16:					
One-time restructuring costs	–	–	–	–	14.4
IFRS 16 adjustments to prior year for comparative purposes	–	–	1.2	–	2.3
Adjusted EBITDA before commissions	**$ 21.2**	**$ 30.2**	**$ 30.4**	**$ 51.3**	**$ 58.8**

[1] Six months ended May 31, 2019 includes $3.1 million tax benefit related to the restructuring provision.

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			Six months ended	
(in millions of dollars)	May 31, 2020	February 29, 2020	May 31, 2019	May 31, 2020	May 31, 2019
EBITDA before commissions	$ 21.2	$ 30.2	$ 29.2	$ 51.3	$ 42.1
Divided by income	89.0	106.7	109.8	195.7	214.8
EBITDA before commissions margin	**23.8%**	**28.3%**	**26.6%**	**26.2%**	**19.6%**

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			Six months ended	
(in millions of dollars)	May 31, 2020	February 29, 2020	May 31, 2019	May 31, 2020	May 31, 2019
Adjusted EBITDA before commissions	$ 21.2	$ 30.2	$ 30.4	$ 51.3	$ 58.8
Divided by adjusted income	89.0	106.7	109.8	195.7	214.8
Adjusted EBITDA before commissions margin	**23.8%**	**28.3%**	**27.7%**	**26.2%**	**27.4%**

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			Six months ended	
(in millions of dollars)	May 31, 2020	February 29, 2020	May 31, 2019	May 31, 2020	May 31, 2019
Net debt	$ 173.0	$ 186.9	$ 130.7	$ 173.0	$ 130.7
Divided by adjusted EBITDA before commissions (12-month trailing)	117.4	126.6	120.6	117.4	120.6
Net debt to adjusted EBITDA before commissions ratio	**147.3%**	**147.7%**	**108.4%**	**147.3%**	**108.4%**

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			Six months ended	
(in millions of dollars)	May 31, 2020	February 29, 2020	May 31, 2019	May 31, 2020	May 31, 2019
Net income for the period	$ 5.3	$ 10.8	$ 11.5	$ 16.1	$ 11.3
Adjusted for non-cash items and non-cash working capital balance	20.5	(23.1)	14.9	(2.5)	8.1
Net cash provided by (used in) operating activities	$ 25.8	$ (12.3)	$ 26.4	$ 13.6	$ 19.4
Adjusted for:					
Net changes in non-cash working capital balances related to operations	(14.0)	25.2	(15.4)	11.1	(6.4)
Interest paid	(1.4)	(2.1)	(1.7)	(3.5)	(3.6)
Prior years' cash taxes paid (refunded) and anticipated cash taxes to be refunded (paid) related to current year	(3.1)	4.9	(1.1)	1.8	4.1
Restructuring provision, net of anticipated cash tax to be refunded	–	–	–	–	11.3
Lease principal payments	(1.2)	(1.2)	–	(2.4)	–
Free cash flow	**$ 6.1**	**$ 14.5**	**$ 8.2**	**$ 20.6**	**$ 24.8**

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 2019 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 $295.1 million as compared to its recorded net assets of $916.9 million as at May 31, 2020. During the three months ended May 31, 2020, we completed an assessment to determine the fair value of AGF's cash-generating units (CGUs). Management determined the recent market volatility and uncertain economic environment attributable to the COVID-19 pandemic was considered an indicator of potential impairment that required an assessment. Based on the result of the assessment, the recoverable amount of each CGU exceeded its carrying value as at May 31, 2020. There have been no significant changes to the recoverable amount of each CGU as at May 31, 2020, 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.

Risk Factors and Management of Risk

Risk is the responsibility of the Executive Management Committee. The Executive Management Committee is made up of the Executive Chairman; the Chief Executive Officer (CEO) and Chief Investment Officer (CIO); the Chief Financial Officer (CFO); the Chief Operating Officer; and the President and Chief Administration Officer. The Executive Chairman is directly accountable to the Board of Directors for all risk-related activities. The Executive Management Committee reviews and discusses significant risks that arise in developing and executing the enterprise-wide strategy and ensures risk oversight and governance at the most senior levels of management. Each of the business units and shared services owns and assumes responsibility for managing its risk. They do this by ensuring that policies, processes and internal controls are in place and by escalating significant risks identified in the business units to the Executive Management Committee.

AGF operates an Enterprise Risk Management (ERM) program. Key risks are identified and evaluated by the Executive Management Committee and the Board of Directors. Plans for addressing the key risks are developed by management and agreed to and monitored by the Executive Management Committee and the Internal Audit Department. Quarterly, the Internal Audit Department provides a status report on ERM to the Board of Directors.

AGF's risk governance structure is designed to balance risk and reward and to promote business activities consistent with our standards and risk tolerance levels, with the objective of maximizing long-term shareholder value.

COVID-19, has introduced uncertainty and volatility in global markets and economies. Governments around the world have responded with emergency measures, enforcing lockdowns, social distancing, and travel bans, which have resulted in material disruptions to business globally. While many governments have applied monetary and fiscal interventions to stabilize the economy, the impact of these measures as well as the length and severity of the pandemic 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.

In addition to the risks identified below, AGF is subject to a number of other risk factors that may impact our operating and financial performance. These risks and the management of these risks are detailed in our 2019 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, such as foreign exchange rate, interest rates, and equity and commodity prices.

Price Risk

The Company is not exposed to commodity price risk. The Company is exposed to equity securities price risk on certain equity securities held by the Company and long-term investments in infrastructure funds. The Company's investments that have price risk include investments in investment funds managed by the Company, equity securities and long-term investments. As at May 31, 2020, the effect of a 10% decline or increase in the value of investments would have resulted in a $16.0 million pre-tax unrealized gain or loss in net income and a $0.1 million impact on pre-tax unrealized gain or loss to other comprehensive income.

Political and Market Risk in Assets Under Management

AGF performance and assets under management are impacted by financial markets and political conditions, including any political change in the United States, Europe and abroad. Changes in these areas may result in significant volatility and decline in the global economy or specific international, regional and domestic financial markets, which are beyond the control of AGF. A general economic downturn, market volatility and an overall lack of investor confidence could result in lower sales, higher redemption levels and lower AUM levels. In addition, market uncertainty could result in retail investors avoiding traditional equity funds in favour of money market funds. The COVID-19 pandemic has introduced uncertainty and volatility in the global markets and economies. Market risk in our AUM transfers 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. The Company does not quantify this risk in isolation; however, in general, for every $1.0 billion reduction of retail fund AUM, management fee revenues, net of trailer fees, would decline by approximately $15.0 million. The Company monitors this risk as it may impact earnings; however, it is at the discretion of the fund manager to decide on the appropriate risk-mitigating strategies for each fund.

Institutional and high-net-worth AUM are exposed to the same market risk as retail fund AUM. In general, for every $1.0 billion reduction of institutional and high-net-worth AUM, management fee revenues would decline by approximately $4.6 million.

Liquidity Risk

Liquidity risk is the risk that AGF may not be able to generate sufficient funds and within the time required to meet its obligations as they come due. The key liquidity requirements are the funding of deferred selling commissions paid on mutual funds, dividends paid to shareholders, obligations to taxation authorities, investment-related commitments in the private alternative asset management business, and the repayment of its long-term debt. While AGF currently has access to financing, unfavourable market conditions may affect its ability to obtain loans or make other arrangements on terms acceptable to AGF. The Company manages its liquidity risk through the management of its capital structure and financial leverage as outlined under Capital Management Activities. AGF manages its liquidity by monitoring actual and projected cash flows to ensure that it has sufficient liquidity through cash received from operations as well as borrowings under its revolving credit facility. Cash surpluses are invested in interest-bearing short-term deposits and investments with a maturity up to 90 days. AGF is subject to certain financial loan covenants under its revolving credit facility and has met all of these conditions.

Performance, Sales and Redemption Risk

Demand for our products depends on, among other things, the ability of our investment management team to deliver value in the form of strong investment returns, as well as the demand for specific investment products. Since this is a relative as well as an absolute measure, there is a risk that AGF may not perform as well as the market or its peers, or in line with our clients' expectations. A specific investment strategy may fall out of favour with the market, resulting in lower sales and/or higher redemptions.

Our future financial performance will be influenced by our ability to successfully execute our strategy and generate net sales. If sales do not materialize as planned or key personnel cannot be retained, margins may erode. As well, significant redemptions could adversely affect investment fund returns by impacting market values and increasing transaction costs or taxable distributions. Continued significant redemptions could negatively impact the prospects and operating results of AGF. As the duration and severity of the COVID-19 pandemic remains uncertain, it may result in increased client redemptions because of general market declines and sentiment or investors' need for cash.

Distribution Risk

Our retail AUM is obtained through third-party distribution channels including financial advisors and strategic partners that offer our products to investors along with similar products from our competitors. Our future success is dependent on continued access to these distribution channels that are independent of our company. Reduced access or the loss of key strategic partners could materially affect sales and revenue. As a result of COVID-19 and remote working arrangements, the Company has increased its lines of communication with its strategic partners, clients and prospects, delivering timely market updates and relevant information about its products through a variety of digital channels including AGF.com, weekly conference calls, webcasts, and direct-to-client emails, to ensure they have the tools and resources they need to provide ongoing support to investors.

Key Personnel Risk

AGF's success depends on its key personnel, and in particular senior management and portfolio managers. The investment management industry is highly competitive. Reliance on investment performance to sell financial products has increased the demand for experienced and high-performing portfolio managers. Compensation packages for these portfolio managers may increase at a rate well above the rates of increase observed in other industries. Losing key individuals or being unable to attract and retain such individuals could adversely affect AGF's business. AGF believes it has the resources necessary to hire and retain its key personnel.

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 its 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 are due July 6, 2020.

All members of the CSA will publish final amendments later in 2020 to ban trailing commission payments by fund organizations to dealers who do not make a suitability determination, such as order-execution-only (OEO) dealers. The CSA anticipates that there will be a transition period of at least two years; more information will be included in the final amendments, when published.

AGF, as an investment fund manufacturer, offers a wide range of mutual fund series and purchase options that align with industry norms. The Company continually reviews its line-up to ensure it has the best representation of its strengths, while providing its 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 its 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 its subsidiaries will continue to monitor the implementation of these initiatives throughout the industry, and will actively participate in engagement with the regulators as necessary.

Information Technology and Cybersecurity Risk

The Company uses information technology and the internet to streamline business operations and to improve client and advisor experience. However, with the use of information technology and the internet, the Company (and each of its affiliates, subsidiaries and the Funds) are exposed to information technology events, through cybersecurity breaches, which could potentially have an adverse impact on their business. In general, a cybersecurity breach can result from either a deliberate attack or an unintentional event, and may arise from external or internal sources. As a result of COVID-19, the increased use of electronic and remote communication tools and services may lead to heightened cybersecurity risk.

Cybersecurity breaches include, but are not limited to, unauthorized access to the Company's digital information systems (e.g., through 'hacking' or other malicious software code) for the purpose of misappropriating assets or sensitive information (e.g., personal securityholder information), corrupting data, equipment or systems, or causing operational disruption. Cybersecurity breaches could cause the Company or the Funds to be in violation of applicable privacy and other laws, and incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures or reimbursement, and/or financial loss. In addition, substantial costs may be incurred to prevent any cyber incidents in the future.

Cyber incidents affecting the Funds and/or their service providers (including, but not limited to, an AGF fund's portfolio manager, sub-advisor(s), transfer agent, and custodian) have the ability to interfere with the Funds' ability to calculate their net asset value, and impede trading, the ability of securityholders to transact business with the Funds, and the ability of the Funds to process transactions including redemptions. Similar adverse consequences could result from cyber incidents affecting the issuers of securities in which the Funds invest and counterparties with which the Funds engage in transactions.

While the Funds and the Company have established business continuity plans and risk management systems designed to prevent or reduce the impact of cybersecurity attacks, there are inherent limitations in such plans and systems due to the ever-changing nature of technology and cybersecurity attack tactics, and the possibility that certain risks have not been identified. Furthermore, although the Company has vendor oversight policies and procedures, it cannot control the cybersecurity plans and systems put in place by its service providers or any other third party whose operations may affect the Company, the Funds or their securityholders. As a result, the Company, the Funds and their securityholders could be negatively affected.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, human interaction or external risks. AGF is exposed to a broad range of operational risk, including information technology and system failures, processing and execution errors, third-party service failures, business disruption, theft and fraud. Operational risks can result in significant financial loss, reputational damage or regulatory action.

AGF's business leaders are responsible for the management of the day-to-day operational risks. Operational risks related to people and processes are mitigated through internal policies and controls. Oversight of risks and the ongoing evaluation of effectiveness of controls are provided by AGF's Compliance and Internal Audit Departments. The Company has business continuity plans and vendor oversight policies in place to support the sustainment, management and recovery of critical operations and processes in the event of a business disruption.

The Company has a comprehensive business continuity plan and has taken specific measures to address and mitigate any business risks to ensure the protection of our employees and clients around the world.

AGF has experienced no impact to its business operations to date and no instances of business operations interruption as a result of the vast majority, 97%, of its workforce operating from remote locations. As a result of COVID-19 and remote working arrangements, the Company has increased its lines of communication with its strategic partners, clients and prospects globally, delivering timely market updates and relevant information about its products through a variety of digital channels including AGF.com, weekly conference calls, webcasts and direct-to-client emails, to ensure they have the tools and resources they need to provide ongoing support to investors.

In parallel, our Executive and Crisis Management Teams are refining the Company's back-to-office plan. AGF has proven to operate effectively through remote access so there is no need to rush back and any return will be gradual and measured keeping the safety of its employees, clients and communities top of mind.

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 and six months ended May 31, 2020 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 and six months ended May 31, 2020, the Company's 2019 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 and six months ended May 31, 2020 and 2019

(unaudited) **(in thousands of dollars)**	**Note**	**May 31, 2020**	**November 30, 2019**
Assets			
Current assets			
Cash and cash equivalents		$ 26,919	$ 51,660
Investments	4	21,742	21,245
Accounts receivable, prepaid expenses and other assets	5	42,277	45,502
Derivative instrument	7	–	4,787
		90,938	123,194
Investment in joint ventures	5	688	2,626
Long-term investments	5	143,295	136,664
Management contracts		689,759	689,759
Customer contracts, net of accumulated amortization and derecognition		–	195
Goodwill	8	250,830	250,830
Other intangibles, net of accumulated amortization and derecognition		700	766
Right-of-use assets	3	13,878	–
Property, equipment and computer software, net of accumulated depreciation		8,717	8,889
Deferred income tax assets	3	9,155	5,122
Income tax receivable	18, 23	13,919	13,919
Other assets		2,115	1,523
		1,223,994	1,233,487
Assets classified as held for sale	6	145,371	146,812
Total assets		**$ 1,369,365**	**$ 1,380,299**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	9, 17	$ 69,839	$ 80,651
Provision for Elements Advantage		717	652
Current lease liability	3	4,670	–
Income tax liability	18, 23	4,314	6,154
		79,540	87,457
Long-term lease liability	3	12,981	–
Long-term debt	10	199,905	207,283
Deferred income tax liabilities		152,196	151,038
Provision for Elements Advantage		488	798
Other long-term liabilities	17	7,335	8,947
Total liabilities		452,445	455,523
Equity			
Equity attributable to owners of the Company			
Capital stock	11	473,785	474,178
Contributed surplus	17	39,340	40,781
Retained earnings	3	398,613	398,559
Accumulated other comprehensive income	12	5,182	11,258
Total equity		916,920	924,776
Total liabilities and equity		**$ 1,369,365**	**$ 1,380,299**

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

(unaudited)		Three months ended	
(in thousands of dollars, except per share amounts)	**Note**	**May 31, 2020**	**May 31, 2019**
Income			
Management, advisory and administration fees	13	$ 87,509	$ 99,148
Deferred sales charges		1,281	1,897
Share of profit of joint ventures	5	624	71
Share of profit of associate	6	–	6,554
Fair value adjustments and other income	5, 14	(365)	2,135
		89,049	109,805
Expenses			
Selling, general and administrative	3, 15, 21	40,228	48,597
Trailing commissions		27,396	31,303
Investment advisory fees		240	704
Deferred selling commissions		10,323	12,225
Amortization and derecognition of customer contracts and other intangibles		164	151
Depreciation of property, equipment and computer software		961	921
Depreciation of right-of-use asset	3	838	–
Interest expense	3	1,920	1,762
		82,070	95,663
Income before income taxes		**6,979**	**14,142**
Income tax expense (benefit)			
Current	18	3,137	2,271
Deferred	3, 18	(1,487)	395
		1,650	2,666
Net income for the period		**$ 5,329**	**$ 11,476**
Earnings per share			
Basic	19	$ 0.07	$ 0.15
Diluted	19	$ 0.07	$ 0.14

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

AGF MANAGEMENT LIMITED
CONSOLIDATED INTERIM STATEMENT OF INCOME

(unaudited)		Six months ended	
(in thousands of dollars, except per share amounts)	**Note**	**May 31, 2020**	**May 31, 2019**
Income			
Management, advisory and administration fees	13	$ 185,292	$ 190,145
Deferred sales charges		2,921	3,506
Share of profit of joint ventures	5	703	163
Share of profit of associate	6	12	10,943
Dividend income	6	4,493	–
Fair value adjustments and other income	5, 14	2,340	10,043
		195,761	214,800
Expenses			
Selling, general and administrative	3, 15, 21	85,492	96,632
Restructuring provision	16	–	14,361
Trailing commissions		58,189	60,281
Investment advisory fees		653	1,399
Deferred selling commissions		22,776	23,298
Amortization and derecognition of customer contracts and other intangibles		261	384
Depreciation of property, equipment and computer software		1,987	1,847
Depreciation of right-of-use asset	3	1,674	–
Interest expense	3	4,135	3,804
		175,167	202,006
Income before income taxes		**20,594**	**12,794**
Income tax expense (benefit)			
Current	18	6,364	207
Deferred	3, 18	(1,895)	1,319
		4,469	1,526
Net income for the period		**$ 16,125**	**$ 11,268**
Earnings per share			
Basic	19	$ 0.21	$ 0.14
Diluted	19	$ 0.20	$ 0.14

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

AGF MANAGEMENT LIMITED
CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(unaudited)		Three months ended		Six months ended	
(in thousands of dollars)	**Note**	**May 31, 2020**	**May 31, 2019**	**May 31, 2020**	**May 31, 2019**
Net income for the period		$ 5,329	$ 11,476	$ 16,125	$ 11,268
Other comprehensive income, net of tax					
Cumulative translation adjustment					
Other comprehensive loss arising from assets classified as held for sale		(1,608)	–	(1,453)	–
Foreign currency translation adjustments related to net investments in foreign operations		85	(2,912)	110	682
		(1,523)	(2,912)	(1,343)	682
Net unrealized gain on investments					
Unrealized gain		64	–	54	–
		64	–	54	–
Net unrealized loss on derivative instrument					
Unrealized loss	7	(6)	–	(4,787)	–
		(6)	–	(4,787)	–
Total other comprehensive income (loss), net of tax		$ (1,465)	$ (2,912)	$ (6,076)	$ 682
Net comprehensive income		**$ 3,864**	**$ 8,564**	**$ 10,049**	**$ 11,950**

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.)

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, 2018	$ 474,319	$ 41,277	$ 376,133	$ 9,767	**$ 901,496**
Net income for the period	–	–	11,268	–	**11,268**
Other comprehensive income (net of tax)	–	–	–	682	**682**
Comprehensive income for the period	–	–	11,268	682	**11,950**
AGF Class B Non-Voting shares issued through dividend reinvestment plan	161	–	–	–	**161**
Stock options	682	62	–	–	**744**
Dividends on AGF Class A Voting common shares and AGF Class B Non-Voting shares, including tax of $0.2 million	–	–	(12,759)	–	**(12,759)**
Equity-settled Restricted Share Units and Partner Points, net of tax	–	(2,490)	–	–	**(2,490)**
Treasury stock released	2,309	–	–	–	**2,309**
Balance, May 31, 2019	**$ 477,471**	**$ 38,849**	**$ 374,642**	**$ 10,449**	**$ 901,411**
Balance, November 30, 2019	$ 474,178	$ 40,781	$ 398,559	$ 11,258	**$ 924,776**
Change in accounting policy (Note 3) IFRS 16	–	–	(3,134)	–	**(3,134)**
Balance, December 1, 2019	474,178	40,781	395,425	11,258	**921,642**
Net income for the period	–	–	16,125	–	**16,125**
Other comprehensive loss (net of tax)	–	–	–	(6,076)	**(6,076)**
Comprehensive income (loss) for the period	–	–	16,125	(6,076)	**10,049**
AGF Class B Non-Voting shares issued through dividend reinvestment plan	158	–	–	–	**158**
Stock options	321	247	–	–	**568**
Dividends on AGF Class A Voting common shares and AGF Class B Non-Voting shares, including tax of $0.2 million	–	–	(12,721)	–	**(12,721)**
Equity-settled Restricted Share Units and Partner Points, net of tax	–	(1,688)	–	–	**(1,688)**
Treasury stock purchased	(2,628)	–	–	–	**(2,628)**
Treasury stock released	1,756	–	(216)	–	**1,540**
Balance, May 31, 2020	**$ 473,785**	**$ 39,340**	**$ 398,613**	**$ 5,182**	**$ 916,920**

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

AGF MANAGEMENT LIMITED
CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

(unaudited)		Six months ended	
(in thousands of dollars)	Note	May 31, 2020	May 31, 2019
Operating Activities			
Net income for the period		$ 16,125	$ 11,268
Adjustments for			
Amortization, derecognition and depreciation		3,922	2,231
Interest expense		4,135	3,804
Income tax expense	18	4,469	1,526
Income taxes paid		(8,357)	(4,550)
Stock-based compensation	17	899	2,552
Share of profit of associate and joint ventures	5	(715)	(10,943)
Distributions from associate and joint ventures	5	2,641	2,798
Fair value adjustment on long-term investments	5	1,006	4,913
Net realized and unrealized gain (loss) on short-term investments		539	(397)
Other		(38)	(72)
		24,626	13,130
Net change in non-cash working capital balances related to operations			
Accounts receivable and other current assets		2,985	10,130
Other assets		(593)	(56)
Accounts payable and accrued liabilities		(12,256)	(2,155)
Other liabilities		(1,257)	(1,496)
		(11,121)	6,423
Net cash provided by operating activities		13,505	19,553
Financing Activities			
Issue of Class B Non-Voting shares	11	321	682
Purchase of treasury stock	11	(2,628)	–
Dividends paid	20	(12,400)	(12,435)
Repayment of long-term debt	10	(7,500)	(24,000)
Interest paid		(3,463)	(3,552)
Lease principal payments	3	(2,389)	–
Net cash used in financing activities		(28,059)	(39,305)
Investing Activities			
Purchase of long-term investments	5	(9,000)	(27,650)
Return of capital from long-term investments	5	1,363	26,661
Purchase of property, equipment and computer software, net of disposals		(1,815)	(879)
Purchase of short-term investments	4	(1,197)	(9,894)
Proceeds from sale of short-term investments	4	462	19,042
Net cash provided by (used in) investing activities		(10,187)	7,280
Decrease in cash and cash equivalents		(24,741)	(12,472)
Balance of cash and cash equivalents, beginning of the period		51,660	46,791
Balance of cash and cash equivalents, end of the period		$ 26,919	$ 34,319

(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 and six months ended May 31, 2020 and May 31, 2019 (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 June 23, 2020.

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 reflect the adoption of IFRS 16 and are otherwise consistent with those disclosed in the Company's annual consolidated financial statements for the year ended November 30, 2019. 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, 2019, 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: Changes in Accounting Policies

Adoption of New and Revised Accounting Standards

The Company has adopted the following new and revised standards, effective December 1, 2019. These changes were adopted in accordance with the application transitional provisions of each new or revised standard.

IFRS 16 Leases:

Effective December 1, 2019, the Company has adopted IFRS 16 Leases (IFRS 16), which replaced prior guidance, IAS 17 Leases, and related interpretations. The new standard provides guidance for the recognition, measurement and disclosure of the leases and requires a lessee to recognize right-of-use assets and lease liabilities for all qualified lease contracts, effectively eliminating the concept of an operating lease from a lessee perspective. A lessee recognizes depreciation expense on the right-of-use asset and interest expense on the lease liability.

The Company adopted the new standard under the modified retrospective approach and has elected not to restate its comparative financial information for the effect of applying IFRS 16, as permitted by the transitional provisions within IFRS 16. Under this approach, the Company recognized lease liabilities at the present value of the remaining lease payments discounted using the Company's incremental borrowing rate as at December 1, 2019. Right-of-use assets for property leases were measured at their carrying value on transition as if IFRS 16 had been applied since the inception of the lease but discounted using the Company's incremental borrowing rate as at December 1, 2019. All other right-of-use assets were measured at the amount of the lease liabilities on adoption. In addition, the Company assessed the classification of its sub-leased property with reference to the IFRS 16 guidance and concluded that it should be classified as an operating lease under the new standard. The transitional adjustments were recognized as a reduction in opening retained earnings of $3.1 million on December 1, 2019.

The Company has elected the following practical expedients:

- Apply a single discount rate to a portfolio of assets that share the same characteristics.
- Use hindsight in areas for which the standard would otherwise require the lessee to reconstruct historical judgements and estimates.
- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application.
- Not recognize leases with a term of 12 months or less and with no purchase option.
- Not recognize leases of low value.

The application of IFRS 16 results in a reduction to selling, general and administrative expenses and an increase in depreciation and interest expense. There is not a significant impact on net income. Cash provided by operating activities increased and financing cash flows decreased as a result of the adoption of IFRS 16 as the lease payments moved from an operating activity to a financing activity. Total cash flows remained unchanged.

Impact of Adopting IFRS 16 Leases:

The application as at December 1, 2019 resulted in the following changes to the consolidated statement of financial position:

(in thousands of dollars)		**November 30, 2019**		**IFRS 16 Transitional Adjustments**		**December 1, 2019**
Assets						
Current Assets	$	123,194	$	–	$	123,194
Right-of-use assets		–		15,757		15,757
Deferred income tax assets		5,122		989		6,111
Other long-term assets		1,105,171		–		1,105,171
Assets classified as held for sale		146,812		–		146,812
Total assets	$	1,380,299	$	16,746	$	1,397,045
Liabilities						
Current lease liabilities	$	–	$	4,653	$	4,653
Other current liabilities		87,457		–		87,457
		87,457		4,653		92,110
Long-term lease liabilities		–		15,227		15,227
Other long-term liabilities		368,066		–		368,066
Total liabilities		455,523		19,880		475,403
Equity						
Capital stock		474,178		–		474,178
Contributed surplus		40,781		–		40,781
Retained earnings		398,559		(3,134)		395,425
Accumulated other comprehensive income		11,258		–		11,258
Total equity		924,776		(3,134)		921,642
Total liabilities and equity	$	1,380,299	$	16,746	$	1,397,045

The lease liabilities recognized as at December 1, 2019 can be reconciled to the operating lease commitments as at November 30, 2019 as follows:

(in thousands of dollars)		
Commitment as at November 30, 2019	$	178,311
Less:		
Service commitments not applicable under IFRS 16		(91,905)
Future commitment where control is not yet obtained as at December 1, 2019[1]		(70,863)
Add:		
Optional renewal period payments considered reasonably certain to be exercised		7,041
Gross lease liability as at December 1, 2019	**$**	**22,584**
Incremental borrowing rate as at December 1, 2019		3.71%
Present value of lease liability as at December 1, 2019	**$**	**19,880**
Current lease liability		4,653
Long-term lease liability		15,227

[1] This commitment represents a future lease obligation that will increase the Company's right-of-use asset and lease liability at the time the Company obtains right of use.

The following shows the carrying amounts of the Company's right-of-use assets and lease liabilities by class and the movements during the six months ended May 31, 2020.

	Right-of-use assets			Lease liabilities
(in thousands of dollars)	**Property leases**	**Equipment**	**Total**	
As at December 1, 2019	$ 14,569	$ 1,188	$ 15,757	$ 19,880
Depreciation expense	(1,542)	(132)	(1,674)	–
Lease modification	(205)	–	(205)	(205)
Interest expense	–	–	–	365
Payments	–	–	–	(2,389)
As at May 31, 2020	**$ 12,822**	**$ 1,056**	**$ 13,878**	**$ 17,651**

The Company has lease liabilities of $17.7 million recorded on the consolidated statement of financial position as at May 31, 2020. In addition, the Company also has commitments of $91.9 million related to service commitments not applicable under IFRS 16 as well as a commitment of $70.9 million related to a future lease obligation.

The following are the new accounting policies under IFRS 16:

A contract is determined to contain a lease under IFRS 16 if all the following criteria are met:

- The contract contains an identifiable asset
- The lessee obtains the right of direct use of the asset
- The lessee obtains substantially all the economic benefits of the asset

Recognition of eligible leases

Right-of-use asset and lease liability are recognized at the lease commencement date, which is defined as the date on which the lessor makes the underlying asset available for use by the lessee. The right-of-use asset is initially measured at cost less indirect costs, removal and restoration costs, prepaid lease payments and lease incentive received and subsequently amortized, on a straight-line basis, over the earlier of the useful life of the right-of-use asset or the term of the lease. The lease term includes the noncancellable period of the lease and periods covered by an option to extend or terminate the lease if the Company is reasonably certain to exercise the option.

The lease liability is measured based on the present value of the fixed lease payments using either the implicit interest rate of the lease or the incremental borrowing rate. Subsequently, the lease liability is reduced by the lease payments made, partially offset by an increase in accretion interest expense using the effective interest rate method.

Any lease with variable lease payments that do not depend on an index or rate, a lease term less than 12 months or deemed as low value are exempt from IFRS 16 and will continue to be expensed on an accrual basis. The exempted leases do not have a material impact on the consolidated financial statements.

Subsequent lease modification

The right-of-use asset and lease liability are remeasured if a modification occurs. A modification includes increasing the scope of the lease by adding the right to use to one or more underlying assets, increasing the scope of the lease by extending the contractual lease term and changing the consideration in the lease by increasing or decreasing the lease payment. When the lease liability is remeasured due to a modification, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

Note 4: Investments

The following table presents a breakdown of investments:

(in thousands of dollars)		May 31, 2020		November 30, 2019
Fair value through profit or loss				
AGF mutual funds and other	$	17,002	$	16,356
Term deposits		3,832		4,045
		20,834		20,401
Fair value through other comprehensive income				
Equity securities		598		536
Amortized cost				
Canadian government debt – Federal		310		308
	$	21,742	$	21,245

During the three and six months ended May 31, 2020 and May 31, 2019, 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 alternatives funds. These 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 related performance thresholds are met and when the risk of reversal is low. The continuity for the six months ended May 31, 2020 and May 31, 2019 is as follows:

	Six months ended			
(in thousands of dollars)		May 31, 2020		May 31, 2019
Balance, beginning of the period	$	2,626	$	2,325
Share of profit		703		163
Dividends received		(2,641)		–
Balance, end of the period	$	688	$	2,488

For the three and six months ended May 31, 2020, the Company recognized earnings of $0.6 million and $0.7 million (2019 – $0.1 million and $0.2 million) and received dividends of $0.6 million and $2.6 million (2019 – nil and nil) from its private alternatives 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 May 31, 2020, the Company has accumulated unrecognized losses of $4.8 million (November 30, 2019 – $4.9 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 May 31, 2020, the Company had recorded a receivable of nil (November 30, 2019 – $4.5 million) included in accounts receivable, prepaid expenses and other assets on the consolidated interim statement of financial position. In addition, as at May 31, 2020, the Company had recorded a $0.6 million promissory note receivable from InstarAGF (November 30, 2019 – $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 six months ended May 31, 2020 and May 31, 2019 is as follows:

	Six months ended			
(in thousands of dollars)		May 31, 2020		May 31, 2019
Balance, beginning of the period	$	136,664	$	105,377
Purchase of long-term investments		9,000		27,650
Return of capital		(1,363)		(26,661)
Fair value adjustment[1]		(1,006)		(4,913)
Balance, end of the period	$	143,295	$	101,453

[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 May 31, 2020, the Company has funded $146.1 million, net of capital returns (November 30, 2019 – $138.5 million) in funds and investments associated with the private alternatives business and has $61.3 million (November 30, 2019 – $70.3 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 and six months ended May 31, 2020, the Company recognized a loss of $1.1 million and income of $1.6 million (2019 – income of $1.7 million and $8.9 million) in fair value adjustment and distributions related to its long-term investments.

As at May 31, 2020, the carrying value of the Company's long-term investments in the private alternatives business was $143.3 million (November 30, 2019 – $136.7 million).

Note 6: Assets Classified as Held for Sale

The Company holds a 30.3% (November 30, 2019 – 35.0%) investment in S&WHL. On September 19, 2019, the Company confirmed a merger between S&WHL and Tilney. The change in ownership percentage was related to the structuring of the transaction. On June 1, 2020, the Company confirmed a revised transaction structure. Based on the terms of the revised transaction structure, the Company estimates that it will receive total cash of approximately £177 million (approximately C$297 million[1]), excluding tax and one-time expenses subject to closing adjustments. Net cash received after tax and one-time expenses will be approximately £164 million (approximately C$275 million[1]). Total cash includes dividends and distributions of up to £28 million (approximately C$47 million[1]) comprised of an interim dividend of £2.7 million (C$4.5 million) that was received on February 7, 2020, an interim dividend of approximately £5 million (approximately C$9 million[1]) payable on June 26, 2020 and, immediately before closing, an estimated special distribution of approximately £20 million (approximately C$33 million[1]). On closing, AGF is expected to receive cash proceeds of approximately £149 million (approximately C$250 million[1]) compared to a book value as at May 31, 2020 of $145.4 million. Not included in the total cash are further distributions of £0.7 million (approximately C$1 million[1]) per month, beginning September 1, 2020, in the event that the transaction has not completed. In the revised transaction structure, AGF will no longer retain any equity consideration in the merged group. On June 23, 2020, the Company entered into a forward contract to secure AGF's cash consideration at an exchange rate of 1.68. The forward contract expires on November 30, 2020. The revised transaction structure is subject to regulatory and shareholder approvals.

The investment in S&WHL was accounted for using the equity method through to September 18, 2019. Effective September 19, 2019, the long-term investment in S&WHL was classified as 'held for sale' and equity accounting ceased. Assets classified as 'held for sale' are measured at the lower of their carrying amount and fair value less costs to sell. Dividends received when S&WHL is classified as held for sale are recorded as dividend income and do not reduce the carrying value of the investment. Foreign exchange revaluation on the carrying value of S&WHL is recorded through other comprehensive income. As at May 31, 2020, the carrying value was $145.4 million (November 30, 2019 – $146.8 million). During the three and six months ended May 31, 2020, the Company received nil and $4.5 million in dividends after the long-term asset was classified as 'held for sale' which was recorded as dividend income. During the three and six months ended May 31, 2019, $6.5 million and $10.9 million was recorded as equity earnings from S&WHL and the Company received nil and $2.8 million in dividends from S&WHL.

Note 7: Derivative Instrument

To reduce the Company's foreign exchange risk on the transaction value of the sale of S&WHL from the time of announcement until the initial estimated closing date, the Company purchased a put option, which gave the Company the right, but not the obligation, to sell £167.1 million at a strike price of 1.6130. The put option protected AGF's cash consideration if the British pound declined below 1.6130. The put option expired on March 31, 2020.

[1]All Canadian dollar figures assume an exchange rate of 1.68.

The foreign currency put option was designated as a cash flow hedging instrument. As at May 31, 2020, the value of the put option was nil (November 30, 2019 – $4.8 million). During the six months ended May 31, 2020, the fair value adjustment on the put option was an unrealized loss of $4.8 million (May 31, 2019 – nil), which has been recognized in other comprehensive income. At closing, the fair value adjustment on the put option will be reclassified to the Consolidated Interim Statement of Income and netted against the gain of the long-term investment.

Note 8: Intangible Assets

In accordance with IAS 36 Impairment of Assets, entities must review whether there is any indication that assets are impaired at the end of each reporting date. An impairment loss is recognized when the recoverable amount of the cash-generating units (CGUs) is less than the carrying amount of the CGUs. Management determined the recent market volatility and uncertain economic environment attributable to the COVID-19 pandemic was considered an indicator that required an assessment. As a result, during the three months ended May 31, 2020, the Company completed an impairment test on its goodwill and indefinite life intangibles.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable CGUs. The following is a summary of the goodwill and management contracts allocation by CGU:

(in thousands of dollars)		Investment Management – Retail		Investment Management – Institutional		Cypress Capital Management Ltd.		Doherty & Associates Ltd.		Total
Year ended November 30, 2019										
Goodwill	$	157,313	$	76,762	$	12,548	$	4,207	$	250,830
Management contracts		689,759		–		–		–		689,759
Closing net book amount	$	847,072	$	76,762	$	12,548	$	4,207	$	940,589
For the period ended May 31, 2020										
Goodwill	$	157,313	$	76,762	$	12,548	$	4,207	$	250,830
Management contracts		689,759		–		–		–		689,759
Closing net book amount	$	847,072	$	76,762	$	12,548	$	4,207	$	940,589

The total carrying value, net of deferred tax liability, for all CGUs as at May 31, 2020 was $788,680 (November 30, 2019 – $788,832), of which $694,392 was in the Retail CGU (November 30, 2019 – $694,397).

Based on the results of the impairment test, the Company concluded that no goodwill or intangible assets were impaired as at May 31, 2020. The recoverable amounts determined in accordance with fair value less costs to sell (FVLCTS) are categorized within level 3 in the fair value hierarchy. The recoverable amount is further supported by AUM multiples from recent transactions for similar assets within the same industry.

Impairment test approach and results:

The discounted cash flow analysis was based on projected cash flows expected over the next three fiscal years and thereafter based on an assumed terminal growth rate all discounted to present value at a market participant discount rate. Future cash flow projections are based on assets under management of which key drivers are assumptions about gross sales, redemptions, market growth, and revenue rate.

To arrive at a discount rate specific to each CGU, a base rate for the total Company was determined and a specific risk premium was applied for each CGU to reflect the CGU's non-systematic risk characteristics. The inputs for the base rate were derived based on observable market information and/or empirical studies. The specific risk premium took into consideration factors specific to each CGU, including but not limited to historical sales and redemption trends, fund performance, asset mix, and potential changes to the regulatory environment.

The terminal growth rate was selected taking into consideration the AUM composition within each CGU and long-term expected market returns, net of management expenses.

Market participant synergies were estimated based on the Company's experience with prior acquisitions and giving consideration to the attributes of a likely purchaser of each CGU. A strategic purchaser would be able to realize synergies related to sales distribution and marketing activities, certain back office and support functions and other general and administrative costs. The estimated synergies were 65% of total costs in the Retail CGU and 65% of total costs in the Institutional CGU. These synergies were further discounted by the synergies' inclusion rate of 50%, resulting in synergies of approximately 33% included in the FVLCTS valuation. No synergies were assumed for the Cypress CGU and Doherty CGU, given the nature of private client businesses.

The following is a summary of the impairment test results for the Company's most significant CGU as at May 31, 2020:

(in thousands of dollars)		Investment Management – Retail
Recoverable amount applied – overall	$	791,901
Carrying amount		694,392
Excess	**$**	**97,509**
AUM	$	16,614,803
AUM multiple		4.80%
FVLCTS approach		
Discount rate		10.25%
Terminal growth rate		3.50%
Synergies inclusion rate		50.00%

The following is a summary of a sensitivity analysis performed based on alternative assumptions as at May 31, 2020:

(in thousands of dollars)	Investment Management – Retail
FVLCTS approach	
Discount rate	9.80%
Terminal growth rate	4.00%
Synergies inclusion rate	70.0%
Recoverable amount – high	$848,034 – $854,766
Discount rate	10.70%
Terminal growth rate	3.00%
Synergies inclusion rate	30.00%
Recoverable amount – low	$664,290 – $742,797

Note 9: Accounts Payable

(in thousands of dollars)		May 31, 2020		November 30, 2019
Compensation related payable	$	26,232	$	42,609
HST payable		21,051		10,131
Other		22,556		27,911
Accounts payable and accrued liabilities	$	69,839	$	80,651

Note 10: Long-term Debt

On April 16, 2020, the Company, through its subsidiary AGF Investments Inc., amended and restated its loan agreement to reduce the size of the facility. The Company's unsecured revolving credit facility (the Facility) has a maximum aggregate principal amount of $280.0 million (November 30, 2019 – $320.0 million) and a $10.0 million swingline facility commitment. During the six months ended May 31, 2020, the Company repaid $7.5 million (2019 – $24.0 million). As at May 31, 2020, AGF had drawn $201.0 million (November 30, 2019 – $208.5 million) against the unsecured revolving credit facility in the form of a one-month banker's acceptance (BA) at an effective average interest rate of 2.3% (November 30, 2019 – 3.7%) per annum and had a $5.1 million (November 30, 2019 – $5.1 million) letter of credit. Of the $201.0 million drawn (November 30, 2019 – $208.5 million), $1.1 million (November 30, 2019 – $1.2 million) has been deducted related to the transaction and stamping fees incurred on the Facility. As at May 31, 2020, $83.9 million was available to be drawn from the revolving credit facility and swingline facility commitment.

Note 11: 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:

	Six months ended					
	May 31, 2020			May 31, 2019		
(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	78,223,104	$	474,178	78,260,674	$	474,319
Issued through dividend reinvestment plan	38,883		158	30,871		161
Stock options exercised	53,190		321	129,390		682
Treasury stock purchased for employee benefit trust	(750,000)		(2,628)	–		–
Treasury stock released for employee benefit trust	260,850		1,756	343,112		2,309
Balance, end of the period	77,826,027	$	473,785	78,764,047	$	477,471

(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 5,947,786 shares for the period from February 6, 2020 to February 5, 2021 and up to 5,980,078 shares for the period from February 6, 2019 to February 5, 2020. During the three and six months ended May 31, 2020 and May 31, 2019, AGF did not repurchase any shares for cancellation under its normal course issuer bid.

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

During the three and six months ended May 31, 2020, AGF purchased 750,000 and 750,000 (2019 – nil and nil) Class B Non-Voting shares for the employee benefit trust at a cost of $2.6 million and $2.6 million (2019 – nil and nil). Shares purchased for the trust are also purchased under the Company's normal course issuer bid and recorded as a reduction to capital stock. During the three and six months ended May 31, 2020, 5,588 and 260,850 (2019 – 5,294 and 343,112) Class B Non-Voting shares purchased as treasury stock were released. As at May 31, 2020, 868,758 (November 30, 2019 – 379,606) Class B Non-Voting shares were held as treasury stock.

Note 12: Accumulated Other Comprehensive Income

(in thousands of dollars)	Foreign currency translation	Fair value through OCI	Derivative instrument	Total
Opening composition of accumulated other comprehensive income at December 1, 2018				
Other comprehensive income	$ 5,753	$ 4,022	$ –	$ 9,775
Income tax expense	–	(8)	–	(8)
Balance, December 1, 2018	5,753	4,014	–	9,767
Transactions during the year ended November 30, 2019				
Other comprehensive income (loss)	2,490	71	(1,062)	1,499
Income tax expense	–	(8)	–	(8)
Balance, November 30, 2019	8,243	4,077	(1,062)	11,258
Transactions during the period ended May 31, 2020				
Other comprehensive income (loss)	(1,343)	62	(4,787)	(6,068)
Income tax expense	–	(8)	–	(8)
Balance, May 31, 2020	$ 6,900	$ 4,131	$ (5,849)	$ 5,182

Note 13: Management, Advisory and Administration Fees

(in thousands of dollars)	Three months ended May 31, 2020	Three months ended May 31, 2019	Six months ended May 31, 2020	Six months ended May 31, 2019
Management, advisory and administration fees	$ 89,512	$ 101,587	$ 189,320	$ 195,585
Fund expenses and waivers	(2,003)	(2,438)	(4,028)	(5,441)
	$ 87,509	$ 99,148	$ 185,292	$ 190,145

Note 14: Fair Value Adjustments and Other Income

(in thousands of dollars)	Three months ended May 31, 2020	Three months ended May 31, 2019	Six months ended May 31, 2020	Six months ended May 31, 2019
Fair value adjustment related to investment gain (loss) in OCI to earnings (Note 4)	$ 179	$ 194	$ (440)	$ 465
Fair value adjustment and distributions related to long-term investments (Note 5(b))	(1,117)	1,655	1,627	8,854
Interest income	140	112	304	307
Other	433	174	849	417
	$ (365)	$ 2,135	$ 2,340	$ 10,043

Note 15: Expenses by Nature

(in thousands of dollars)	Three months ended May 31, 2020	Three months ended May 31, 2019	Six months ended May 31, 2020	Six months ended May 31, 2019
Selling, general and administrative				
Employee benefit expense	$ 28,429	$ 31,483	$ 60,077	$ 62,493
Sales and marketing	1,689	3,657	4,195	6,392
Information technology and facilities (Note 3)	7,120	7,976	14,153	16,729
Professional fees	2,099	3,890	5,709	8,277
Other fund costs (recovery)	99	618	(158)	844
Other	792	973	1,516	1,897
	$ 40,228	$ 48,597	$ 85,492	$ 96,632

Note 16: Restructuring Provision

During the year ended November 30, 2019, the Company implemented a plan to achieve certain organizational and operational efficiencies, resulting in a restructuring charge of $14.4 million.

Note 17: Stock-based Compensation and Other Stock-based Payments

(a) Stock Option Plans

Under the Company's stock option plans, an additional maximum of 805,528 Class B Non-Voting shares could have been granted as at May 31, 2020 (November 30, 2019 – 465,900).

The change in stock options during the six months ended May 31, 2020 and May 31, 2019 is summarized as follows:

Six months ended	May 31, 2020			May 31, 2019		
	Options		Weighted average exercise price	Options		Weighted average exercise price
Class B Non-Voting share options						
Balance, beginning of the period	7,416,929	$	6.91	7,854,300	$	7.52
Options forfeited	–		–	(10,135)		8.00
Options expired	(339,628)		10.67	(452,444)		14.23
Options exercised	(53,190)		5.35	(129,390)		4.72
Balance, end of the period	7,024,111	$	6.74	7,262,331	$	7.15

During the three and six months ended May 31, 2020, nil and nil (2019 – nil and nil) stock options were granted and contributed surplus of $0.1 million and $0.3 million (2019 – $0.1 million and $0.1 million) was recorded.

(b) Other Stock-based Compensation

Other stock-based compensation includes Restricted Share Units (RSUs), Deferred Share Units (DSUs) and Partners Incentive Plan (PIP). Compensation related to cash-settled stock-based compensation for the three and six months ended May 31, 2020 was a recovery of $1.4 million and $1.1 million (2019 – expense of $0.2 million and $0.6 million) and the liability recorded as at May 31, 2020 related to cash-settled stock-based compensation was $3.3 million (November 30, 2019 – $4.6 million). Compensation expense related to equity-settled RSUs and PIP for the three months ended May 31, 2020 was $0.9 million and $1.7 million (2019 – $0.9 million and $1.9 million) and contributed surplus related to equity-settled RSUs and PIP, net of tax, as at May 31, 2020 was $3.8 million (November 30, 2019 – $5.5 million).

The change in share units of RSUs and DSUs during the six months ended May 31, 2020 and May 31, 2019 is as follows:

Six months ended	May 31, 2020	May 31, 2019
	Number of share units	Number of share units
Outstanding, beginning of the period, non-vested	3,216,960	3,259,769
Issued		
Initial grant	187,475	82,331
In lieu of dividends	87,164	76,760
Settled in cash	(335,918)	(454,371)
Settled in equity	(260,850)	(343,112)
Forfeited and cancelled	(47,508)	(62,005)
Outstanding, end of the period, non-vested	2,847,323	2,559,372

Note 18: Income Tax Expense

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The effective tax rate for the six months ended May 31, 2020 was 21.7% (2019 – 11.9%). The main items impacting the effective tax rate in the period relate to tax-exempt investment income, gains from investment subject to different tax rates and temporary differences for which no deferred tax assets were recognized.

During the six months ended May 31, 2019, the company recorded a tax benefit of $3.1 million related to the restructuring provision. Excluding the restructuring provision of $14.4 million and the related tax benefit of $3.1 million, the effective tax rate for the six months ended May 31, 2019 was 17.0%. A breakdown of income tax expense is as follows:

	Three months ended		Six months ended	
(in thousands of dollars)	May 31, 2020	May 31, 2019	May 31, 2020	May 31, 2019
Income tax				
Total income tax on profits for the year	$ 1,608	$ 2,666	$ 4,390	$ 4,657
Adjustment in respect of restructuring provision	–	–	–	(3,131)
Adoption of IFRS 16	42	–	79	–
Total income tax expense	$ 1,650	$ 2,666	$ 4,469	$ 1,526

Note 19: Earnings per Share

	Three months ended		Six months ended	
(in thousands of dollars, except per share amounts)	May 31, 2020	May 31, 2019	May 31, 2020	May 31, 2019
Numerator				
Net income for the period	$ 5,329	$ 11,476	$ 16,125	$ 11,268
Denominator				
Weighted average number of shares – basic	78,393,086	78,699,275	78,393,086	78,730,948
Dilutive effect of employee stock-based compensation awards	665,654	1,072,499	1,201,457	1,181,747
Weighted average number of shares – diluted	79,058,740	79,771,774	79,594,543	79,912,695
Earnings per share for the period				
Basic	$ 0.07	$ 0.15	$ 0.21	$ 0.14
Diluted	$ 0.07	$ 0.14	$ 0.20	$ 0.14

Note 20: Dividends

During the three and six months ended May 31, 2020, the Company paid dividends of $0.08 and $0.16 (2019 – $0.08 and $0.16) per share. Total dividends paid, including dividends reinvested, in the three and six months ended May 31, 2020 were $6.3 million and $12.6 million (2019 – $6.3 million and $12.7 million). On June 23, 2020, 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 May 31, 2020, amounting to a total dividend of approximately $6.3 million. These condensed consolidated interim financial statements do not reflect this dividend.

Note 21: 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:

(in thousands of dollars)	Three months ended May 31, 2020	Three months ended May 31, 2019	Six months ended May 31, 2020	Six months ended May 31, 2019
Salaries and other short-term employee benefits	$ 1,835	$ 1,941	$ 3,964	$ 3,890
Share-based compensation	(983)	587	(291)	1,272
	$ 852	$ 2,528	$ 3,673	$ 5,162

Note 22: Fair Value of Financial Instruments

The carrying value of accounts receivable and other assets, accounts payable and accrued liabilities approximate fair value because of 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 May 31, 2020:

(in thousands of dollars) **May 31, 2020**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit or loss				
Cash and cash equivalents	$ 26,919	$ –	$ –	$ 26,919
AGF mutual funds and other	17,002	–	–	17,002
Term deposits	3,832	–	–	3,832
Long-term investments	–	–	143,295	143,295
Financial assets at fair value through other comprehensive income				
Derivative instrument	–	–	–	–
Equity securities	598	–	–	598
Amortized cost				
Canadian government debt – Federal	–	310	–	310
Total financial assets	$ 48,351	$ 310	$ 143,295	$ 191,956

The following table presents the group's assets and liabilities that were measured at fair value at November 30, 2019:

(in thousands of dollars) **November 30, 2019**		**Level 1**		**Level 2**		**Level 3**		**Total**
Assets								
Financial assets at fair value through profit or loss								
Cash and cash equivalents	$	51,660	$	–	$	–	$	51,660
AGF mutual funds and other		16,356		–		–		16,356
Equity securities		4,045		–		–		4,045
Long-term investments		–		–		136,664		136,664
Financial assets at fair value through other comprehensive income								
Derivative instrument		–		4,787		–		4,787
Equity securities		536		–		–		536
Amortized cost								
Canadian government debt – Federal		–		308		–		308
Total financial assets	$	72,597	$	5,095	$	136,664	$	214,356

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, highly liquid temporary deposits with an Irish bank and non-Irish banks in Ireland, as well as Singapore bank term deposits.

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 because of 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 while taking into consideration the economic environment surrounding the long-term investments. The fair value of the Company's long-term investments as at May 31, 2020 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 $14.3 million. Refer to Note 5(b) for additional information.

The following table presents changes in level 3 instruments for the six months ended May 31, 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		(1,006)
Balance at May 31, 2020	$	143,295

The following table presents changes in level 3 instruments for the six months ended May 31, 2019:

(in thousands of dollars)		Long-term investments
Balance at December 1, 2018	$	105,377
Purchase of investment		27,650
Return of capital		(26,661)
Fair value adjustment recognized in profit or loss		(4,913)
Balance at May 31, 2019	$	101,453

There were no transfers into or out of level 1 and level 2 during the six months ended May 31, 2020 and 2019.

Note 23: Contingencies

There are certain general tax claims against the Company, none of which 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 Company has an ongoing dispute with the CRA, of which 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.

(a) CRA Audit – Acquisition of Tax-related Benefits

In July 2015, the Company received a notice of reassessment (NOR) from the CRA denying $30.5 million of tax-related benefits acquired and utilized by the Company in the 2005 fiscal year. The NOR would increase the Company's taxes payable from its original tax filings by $10.9 million (before the application of interest and penalties of $9.0 million). The Company strongly disagrees with the CRA's position and has filed an objection to the NOR. As a result of receiving the NOR, the Company paid $13.9 million (including interest and penalties). The amount was recorded as income tax receivable on the consolidated statement of financial position. In consultation with its external advisors, the Company believes that its tax position is probable of being sustained and, as a result, has not recorded a provision in relation to this matter.

(b) CRA Audit – Transfer Pricing

As previously disclosed in the 2017 and 2018 Annual Consolidated Financial Statements, the Company reached a settlement with the CRA and the applicable tax authority in the relevant foreign jurisdiction on the allocation of income for tax purposes between one of the Company's Canadian legal entities and a foreign subsidiary relating to the 2005 to 2016 taxation years.

In 2018, the issue was resolved when the Company received tax reassessments reflecting the settlements, including the waiver of the transfer pricing penalties and resolved the uncertainties in implementing the settlements with the CRA. As a result, the Company received a net refund of $18.2 million and released $24.1 million from its transfer pricing provision (including $21.9 million in tax expense and $2.2 million in reversal of interest expense) and recorded $1.5 million in interest income in 2018.

In 2019, the Company received $2.6 million of refund (including $0.3 million of interest) from the CRA. The Company expects to receive a further refund of approximately $1.2 million from the CRA, which is netted in the current tax receivable on the consolidated statement of financial position.

Note 24: COVID-19 Impact

COVID-19 has introduced uncertainty and volatility in global markets and economies. Governments around the world have responded with emergency measures, enforcing lockdowns, social distancing, and travel bans, which have resulted in material disruptions to businesses globally. While many governments have applied monetary and fiscal interventions to stabilize the economy, the impact of these measures as well as the length and severity of the pandemic 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.

Sustained and material volatility in the financial markets has the potential to create market risk to the Company's capital position and profitability. 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, net of trailer fees, would decline by approximately $7.5 million.

AGF is monitoring the impact of the pandemic and is managing expenses and capital position accordingly. The Company has a comprehensive business continuity plan and has taken specific measures to address and mitigate any business risks to ensure the protection of its clients and employees around the world.

AGF has experienced no impact to our business operations to date and no instances of business operations interruption as a result of the vast majority, 97%, of its workforce operating outside its offices from remote locations. As a result of COVID-19 and remote working arrangements, the Company has increased its lines of communication with its strategic partners, clients and prospects globally, delivering timely market updates and relevant information about its products through a variety of digital channels including AGF.com, weekly conference calls, webcasts and direct-to-client emails, to ensure they have the tools and resources they need to provide ongoing support to investors.

In parallel, AGF's Executive and Crisis Management Teams are refining the Company's back-to-office plan. AGF has proven to operate effectively through remote access, 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 25: Subsequent Event

On June 23, 2020, the Company entered into a forward contract to secure AGF's cash consideration from the S&WHL sale at an exchange rate of 1.68. The forward contract expires on November 30, 2020. Refer to Note 6 for more information on the sale of the Company's investment in S&WHL.

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.

AGF™
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