AGF Management Limited

SECOND QUARTER REPORT

2022

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Financial Highlights

(in millions of dollars, except share data) **Three months ended**	**May 31, 2022**	**Feb. 28, 2022**	**Nov. 30, 2021**	**Aug. 31, 2021**	**May 31, 2021**	**Feb. 28, 2021**	**Nov. 30, 2020[1,2]**	**Aug. 31, 2020[1,3]**
AUM & fee-earning assets[4]	$ 40,277	$ 41,955	42,635	$ 43,360	$ 40,809	$ 39,251	$ 38,268	$ 36,464
Mutual fund								
net sales (redemptions)	132	330	352	288	408	385	88	(22)
Income	117.5	124.9	121.9	123.1	109.5	107.3	209.4	138.7
Selling, general & administrative	47.3	49.3	49.9	50.1	47.1	48.0	43.1	46.1
Selling, general & administrative								
excluding severance	47.1	47.9	49.8	50.0	47.1	47.9	43.4	46.1
EBITDA before commissions[5]	35.4	40.0	35.5	37.5	28.2	26.8	137.0	62.6
Adjusted EBITDA								
before commissions[6]	35.4	40.0	35.5	37.5	28.2	26.8	31.6	30.1
Deferred selling commissions	17.8	19.3	15.3	14.1	17.7	15.5	10.3	8.9
Adjusted EBITDA[6]	17.6	20.7	20.2	23.4	10.5	11.3	21.3	21.2
Net income before tax	13.5	17.6	16.9	20.0	7.1	7.8	123.1	50.6
Net income	10.1	12.9	13.8	14.9	5.0	5.6	110.4	47.3
Adjusted net income[6]	10.1	12.9	13.8	14.9	5.0	5.6	15.0	14.8
Earnings per share								
Basic	$ 0.15	$ 0.18	0.20	$ 0.21	$ 0.07	$ 0.08	$ 1.46	$ 0.61
Diluted	0.14	0.18	0.19	0.21	0.07	0.08	1.43	0.60
Adjusted diluted[6]	0.14	0.18	0.19	0.21	0.07	0.08	0.19	0.19
Free cash flow[6]	12.3	13.3	12.5	21.5	10.4	10.5	9.9	15.5
Dividends per share	0.10	0.09	0.09	0.09	0.08	0.08	0.08	0.08
Long-term debt[6]	–	–	–	–	–	–	–	194.3
Average basic shares	68,270,570	69,778,674	69,831,890	69,840,774	70,014,806	70,147,427	75,882,292	77,803,877
Average fully diluted shares	70,020,635	71,714,425	71,598,548	72,287,249	72,138,793	71,553,205	77,022,549	78,904,921

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

[2] November 30, 2020 includes $104.4 million related to gain on sale of Smith & Williamson Holdings Limited (S&WHL), net of currency hedge, and $1.0 million of restructuring release.

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

[4] AUM represents assets under management. Fee-earning assets represents assets in which AGF has carried interest ownership and earns recurring fees but does not have ownership interest in the managers.

[5] 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.

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

Selected Quarterly Information

(in millions of dollars, except share data)	Three months ended May 31, 2022	Three months ended Feb. 28, 2022	Three months ended May 31, 2021	Six months ended May 31, 2022	Six months ended May 31, 2021
AUM end of the period					
Mutual Funds	$ 22,849	$ 23,625	$ 22,290	$ 22,849	$ 22,290
Institutional, sub-advisory, ETFs	8,372	9,059	9,713	8,372	9,713
Private Client	6,946	7,102	6,689	6,946	6,689
Private Alternatives AUM	58	69	134	58	134
Total AUM	**$ 38,225**	**$ 39,855**	**$ 38,826**	**$ 38,225**	**$ 38,826**
Private alternatives fee-earning assets[5]	2,052	2,100	1,983	2,052	1,983
Total AUM and fee-earning assets[5] end of period	**$ 40,277**	**$ 41,955**	**$ 40,809**	**$ 40,277**	**$ 40,809**
Mutual Fund net sales	$ 132.0	$ 330.0	$ 408.0	$ 461.0	$ 792.0
EBITDA before commissions[1]	35.4	40.0	28.2	75.4	54.7
Deferred selling commissions	17.8	19.3	17.7	37.1	33.3
Net income	10.1	12.9	5.0	23.0	10.6
Diluted earnings per share	0.14	0.18	0.07	0.32	0.15
Free cash flow[2]	12.3	13.3	10.4	25.6	20.9
SUPPLEMENTARY FINANCIAL INFORMATION					
EBITDA before commissions					
EBITDA before Private Alternatives	$ 30.1	$ 32.4	$ 28.2	$ 62.5	$ 51.5
From Private Alternative Managers[3]	0.6	0.4	0.5	1.0	1.3
From Private Alternative Long-term Investments[4]	4.7	7.2	(0.5)	11.9	1.9
EBITDA before commissions	**$ 35.4**	**$ 40.0**	**$ 28.2**	**$ 75.4**	**$ 54.7**
EBITDA					
EBITDA before Private Alternatives	$ 12.3	$ 13.1	$ 10.5	$ 25.4	$ 18.2
From Private Alternative Managers[3]	0.6	0.4	0.5	1.0	1.3
From Private Alternative Long-term Investments[4]	4.7	7.2	(0.5)	11.9	1.9
EBITDA	**$ 17.6**	**$ 20.7**	**$ 10.5**	**$ 38.3**	**$ 21.4**
Diluted earnings per share before Private Alternatives	0.09	0.11	0.07	0.20	0.11
From Private Alternative Managers[3]	–	–	–	–	0.02
From Private Alternative Long-term Investments[4]	0.05	0.07	–	0.12	0.02
Diluted earnings per share	**$ 0.14**	**$ 0.18**	**$ 0.07**	**$ 0.32**	**$ 0.15**

[1] Refer to Note 5 on page 3.

[2] Refer to Note 6 on page 3.

[3] Private Alternative Manager earnings represents share of profit of joint ventures, which are recorded under equity accounting and recorded after tax and income from other fee-earning arrangements related to other Private Alternative fee-earning assets. Other fee-earning assets represent private alternative assets in which AGF has carried interest ownership and earns recurring fees but does not have ownership interest in the managers.

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

[5] Fee-earnings assets represents assets in which AGF has carried interest ownership and earns recurring fees but does not have ownership interest in the managers.

Second Quarter in Review

With the threat of an economic recession, continued concerns about the COVID-19 pandemic, the conflict between Russia and Ukraine and rising interest rates along with the ongoing rise in inflation, the second quarter of 2022 saw increased volatility and a downturn in the markets. AGF continues to monitor the impact of the pandemic and is managing its expenses and capital position accordingly. Despite the market volatility, AGF maintained a positive sales momentum throughout the second quarter of 2022. Below is a summary of the key highlights for the second quarter of 2022.

AUM and Sales

AGF reported $40.3 billion in assets under management and fee-earning assets as at May 31, 2022, compared to $42.0 billion as at February 28, 2022 and $40.8 billion as at May 31, 2021. Excluding Private Alternatives, AUM was $38.2 billion as at May 31, 2022, as compared to $39.8 billion as at February 28, 2022 and $38.7 billion as at May 31, 2021.

During the three months ended May 31, 2022, AGF reported mutual fund net sales of $132.0 million compared to $330.0 million for the three months ended February 28, 2022 and $408.0 million in the comparative prior year period. Retail mutual fund[1] net sales were $132.0 million for the quarter compared to $330.0 million for the three months ended February 28, 2022 and $431.0 million in the comparative prior year period.

Investment Performance

AGF aims to deliver consistent and repeatable investment performance with a target of 50% over one year and 40% over three years when looking at AGF's mutual fund gross returns (before fees) relative to peers within the same category, with 1st percentile being best possible performance. As at May 31, 2022, AGF's average percentile over the past one year was 41% (2021 – 53%) and the average percentile over the past three years was 39% (2021 – 52%). Across a broad range of categories and styles, AGF's fund performance improved relative to peers. Through AGF's disciplined investment processes across asset classes that includes an embedded focus on risk, AGF outperformed its one-year and three-year targets in an environment marked by significant market volatility.

Business Highlights

On April 18, AGF marked its 65th anniversary. The firm was founded in 1957 when C. Warren Goldring and Allan Manford had the innovative idea to pool the funds of Canadian investors to allow greater access to the U.S. equity market. Their fund – named the American Growth Fund – became the very first U.S. equity fund for Canadian investors, and its initials, AGF, were adopted as the firm's name.

In honour of our 65th anniversary and to mark Earth Week, AGF announced a partnership with Trees for Life to plant trees at the Claireville Conservation Area in Brampton, ON. There will be an opportunity for employees to participate in the planting onsite, building on AGF's commitment to supporting environmental initiatives.

Toronto-based employees moved into AGF's new head office at CIBC SQUARE. AGF is one of the first tenants in this iconic next-generation building, which has achieved WELL Health-Safety Rating and WiredScore Platinum accreditation, and is expected to attain LEED® Platinum Core & Shell certification and WELL Platinum Certification, making it the first triple-platinum building in Toronto.

At the same time, employees across the organization officially transitioned to a hybrid work environment that supports work-life balance while encouraging greater connection, communication, and heightened collaboration.

[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.

AGF recently finalized an agreement with SMArtX Advisory Solutions LLC and had its separately managed account (SMA) models approved to be added to their platform as the firm continues to provide U.S. clients access to in-demand SMA strategies as part of an ongoing effort to expand both its offering and client base in the U.S.

At the annual Wealth Professional Awards, AGF was named a finalist in the following categories: Employer of Choice, Alternative Investment Solutions Provider of the Year and Mutual Fund Provider of the Year.

The firm remains active under its Normal Course Issuer Bid (NCIB). During the quarter, AGF repurchased 692,634 AGF.B shares for cancellation.

On June 21, 2022, AGF's Board of Directors approved a quarterly dividend of $0.10 for shareholders of record on July 8, 2022.

Financial Highlights

Management, advisory and administration fees were $111.0 million for the three months ended May 31, 2022, compared to $112.6 million for the three months ended February 28, 2022 and $107.0 million for the comparative prior year period. The increase from comparative prior year period is attributable to higher average mutual fund AUM.

Fair value adjustments and other income were $3.9 million for the three months ended May 31, 2022, compared to $10.6 million for the three months ended February 28, 2022 and increased from $0.4 million for the comparative prior year period. The three months ended February 28, 2022 includes other income of $3.9 million related to interest relief received from the Canada Revenue Agency (CRA) for a portion of previously assessed interest in relation to the 2008 to 2015 taxation years on resolved transfer pricing issues.

Selling, general and administrative costs were $47.3 million for the three months ended May 31, 2022, down from $49.3 million for the three months ended February 28, 2022 and relatively flat at $47.1 million compared to the comparative prior year period.

For the three months ended May 31, 2022, AGF reported total EBITDA before commissions of $35.4 million, compared to $40.0 million for the three months ended February 28, 2022 and $28.2 million in the comparative prior year period. For the three months ended May 31, 2022, AGF reported EBITDA before commissions margin of 30.1% compared to 32.0% for the three months ended February 28. 2022 and 25.8% in the comparative prior year period.

Deferred selling commissions were $17.8 million for the three months ended May 31, 2022, a decrease from $19.3 million for the three months ended February 28, 2022 and comparable to the comparative prior year period. Effective June 1, 2022, deferred selling commissions options have been banned by the Ontario Securities Commission.

For the three months ended May 31, 2022, diluted earnings per share was $0.14 compared to $0.18 for the three months ended February 28, 2022 and $0.07 in the comparative prior year period.

AGF Private Alternatives

AGF's private alternatives business is central to the firm's mission to bring stability to the world of investing. The Company's strategic vision as a well-established participant in this ever-evolving industry is to continue to build a diversified best-in-class private alternatives business that will meet the needs of retail brokers, family offices and institutions. With a target of $5 billion in AUM, AGF is focused on expanding its existing relationships and continues to explore other unique opportunities to grow the Company's platform and product offerings.

Alternative investments can be key components in a well-constructed portfolio for all investor types, contributing to lower volatility and opportunities for better long-term risk-adjusted returns. AGF's expertise and partnerships across the spectrum, from alternative asset classes to alternatives strategies, allows investors to have access to and benefit from allocations to alternatives investments as part of a disciplined investment approach. AGF's alternative investment strategies range across structures and vehicles tailored to each client segment depending on their unique needs including liquidity and redemption privileges.

Private alternatives AUM and fee-earning assets and EBITDA from private alternative managers and long-term investments are presented in the table below.

	Three months ended				
(in millions of dollars)	**May 31, 2022**	**Feb. 28, 2022**	**Nov. 30, 2021**	**Aug. 31, 2021**	**May 31, 2021**
Private alternatives AUM	$ 58	$ 69	$ 73	$ 99	$ 134
Private alternatives fee-earning assets[1]	2,052	2,100	2,108	2,094	1,983
Total private alternatives AUM and fee-earning assets[1]	**$ 2,110**	**$ 2,169**	**$ 2,181**	**$ 2,193**	**$ 2,117**
Total AUM and fee-earning assets[1] end of the period	**40,277**	**41,955**	**42,635**	**43,360**	**40,809**
Percentage of total AUM and fee-earning assets[1]	**5.2%**	**5.2%**	**5.1%**	**5.1%**	**5.2%**
EBITDA from Private Alternative Managers & Long-term Investments	**$ 5.3**	**$ 7.6**	**$ 7.3**	**$ 8.3**	**$ –**

[1] Fee-earning assets represents assets in which AGF has carried interest ownership and earns recurring fees but does not have ownership interest in the managers.

AGF's private alternatives business delivers value to the firm across multiple streams: management fee-related earnings, carried interest, other fee arrangements, and invested capital.

Management Fee-Related Earnings, Carried Interest and Fee Arrangements

AGF earns management fees from the underlying investments managed through the manager. As successive funds are launched and assets grow, AGF's earnings from the manager will increase. AGF also earns ongoing annual fees on its private alternative fee-earning assets. As assets in this category increase through the expansion of partnerships, income from fee-earning arrangements will increase. In addition, through the achievement of attractive and sustainable investment returns, AGF will earn its proportionate share of carried interest.

Key financial highlights from AGF's interest in private alternative managers are presented in the table below.

	Three months ended				
(in millions of dollars)	May 31, 2022	Feb. 28, 2022	Nov. 30, 2021	Aug. 31, 2021	May 31, 2021
Manager earnings[1]	$ (0.1)	$ (0.4)	$ 0.1	$ –	$ 0.1
Income from fee-earning arrangements	0.7	0.8	0.8	0.7	0.4
Carried interest earnings	–	–	–	2.2	–
EBITDA from Private Alternative Managers[2]	**$ 0.6**	**$ 0.4**	**$ 0.9**	**$ 2.9**	**$ 0.5**

[1] Represents share of profit (loss) of joint ventures related to private alternative managers.

[2] EBITDA from Private Alternative Managers represents share of profit of joint ventures, which are recorded under equity accounting and recorded after tax and income from other fee-earning arrangements related to other Private Alternative fee-earning assets.

Invested Capital Value

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

Key financial highlights from AGF's investment in private alternative long-term investments are presented in the table below.

(in millions of dollars)	May 31, 2022	Feb. 28, 2022	Nov. 30, 2021	Aug. 31, 2021	May 31, 2021
Committed capital, end of period	$ 217.4	$ 225.8	$ 229.0	$ 232.8	$ 207.2
Funded capital, since inception	148.9	155.1	158.1	156.2	156.4
Remaining committed capital	**$ 68.5**	**$ 70.7**	**$ 70.9**	**$ 76.6**	**$ 50.8**
Fair value of investments	$ 159.1	$ 163.2	$ 160.7	$ 152.5	$ 158.1
EBITDA from private alternative long-term investments for the period	4.7	7.2	6.4	5.4	(0.5)

For the three months ended May 31, 2022, the private alternative business contributed $0.05 to diluted earnings per share compared to $0.07 for the three months ended February 28, 2022 and nil in the comparative prior year period.

AGF Management Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended May 31, 2022 and 2021

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 2021 Annual MD&A.

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) is as of June 21, 2022 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, 2022, compared to the three- and six-month periods ended May 31, 2021. 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, 2022 and our 2021 Annual Report. The financial statements for the three and six months ended May 31, 2022, 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 due to rounding. For purposes of this discussion, the operations of AGF and our subsidiary companies are referred to as 'we,' 'us,' 'our,' 'the firm' or 'the Company.'

Our Business and Strategy

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

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

COVID-19

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

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

- Offices have reopened and employees have transitioned to a hybrid mix of in-office and at-home work environment.
- Before coming into the office, employees are required to complete a self-screening on behalf of their households to continue to minimize the risk of COVIID-19 spreading within our offices.
- Existing business travel bans and bans on participation in external conferences and events remain in place in certain regions until further notice.

In-Office Guiding Principles

Below are AGF's in-office guiding principles, in priority order, as critical to our planning and activities.

1. Employee physical safety will be paramount, ensuring all of our facilities meet the recommendations of local Government and Public Health agencies before allowing return.

2. Employee mental health will be top of mind. As current capabilities are allowing the firm to operate effectively, any return is expected to be gradual and measured.

3. As an essential service AGF must maintain the ability to meet and exceed client service needs. Preference, priority and any declaration of mandatory presence in the office will consider these needs.

4. Culturally, AGF believes we must provide the capability to ensure ongoing collaboration and teamwork in a mixed at-home and at-work environment, so no employee feels disadvantaged by their present choice.

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.

Investment Capabilities

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

Fundamental

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

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

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

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

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

Quantitative

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

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

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

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

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

Private Alternatives

AGF's private alternatives platform combines diversified capabilities across multiple planks alongside participation as a core investor in bespoke and distinct opportunities that deliver added value for the firm's shareholders. AGF is continually looking to diversify its private alternative offerings.

Private Client

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

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

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

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

Corporate Responsibility

AGF Sustainability Council

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

Council Objectives Include:

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

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

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

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 launched its Diversity and Inclusion Committee with the mandate to develop, create organizational awareness around and promote best practices related to diversity and inclusion across the firm.

In addition, AGF rolled out a new and improved maternity and parental leave policy for employees in Canada to meet its commitment to an inclusive culture and meet the diverse needs of employees and their families.

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.

AGF was recognized as Employer of Choice at the 2021 Wealth Professional Awards for fostering a culture that embraces diversity and inclusion, flexibility and empathy, enabling AGF to best serve and support its colleagues, clients and communities.

Workforce Diversity

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

The Living Wage

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

CEO-to-Employee Pay Ratio

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

Clients

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

Environmental, Social, and Governance (ESG) Integration

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

Fundamental Analysis

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

ESG Risk Oversight

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

Active Ownership

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

ESG Thought Leadership

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

Signatory and member of:*

*AGF Management Limited is a member of the 30% Club and SASB Alliance. AGF Investments Inc. is a member/signatory of UNPRI, CERES, RIA, CDP and Climate Action 100. AGF International Advisors Company Limited is a signatory to the LGPS Code of Transparency and UK Stewardship Code.

Foundations of Investment Stewardship

Research and Analysis

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

Risk Oversight

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

Active Ownership

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

Engagement

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

Shareholders

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

Direct Ownership

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

Annual Assessment

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

Ethical Conduct

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

Board

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

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

As well, two directors recently completed the six-month ESG Competent Boards course.

Communities

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

Education

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

Environment

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

Diversity

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

Assets Under Management and Fee-earning Assets[1]

	Three months ended				
(in millions of dollars)	May 31, 2022	Feb. 28, 2022	Nov. 30, 2021	Aug. 31, 2021	May 31, 2021
Mutual fund AUM beginning of the period[2]	$ 23,625	$ 24,006	$ 23,792	$ 22,290	$ 21,394
Gross sales	818	989	914	790	1,060
Redemptions	(686)	(659)	(562)	(502)	(652)
Net sales	132	330	352	288	408
Market appreciation (depreciation) of fund portfolios	$ (908)	$ (711)	$ (138)	$ 1,214	$ 488
Mutual fund AUM end of the period[2]	$ 22,849	$ 23,625	$ 24,006	$ 23,792	$ 22,290
Average daily mutual fund AUM[2]	$ 23,183	$ 24,075	$ 23,896	$ 23,104	$ 22,011
Institutional, sub-advisory, ETF AUM beginning of period	$ 9,059	$ 9,371	$ 10,302	$ 9,713	$ 9,403
Net change including market performance	(687)	(312)	(931)	589	310
Institutional, sub-advisory, ETF AUM end of the period	$ 8,372	$ 9,059	$ 9,371	$ 10,302	$ 9,713
Private client AUM	$ 6,946	$ 7,102	$ 7,077	$ 7,073	$ 6,689
Subtotal excluding private alternatives AUM end of the period	**$ 38,167**	**$ 39,786**	**$ 40,454**	**$ 41,167**	**$ 38,692**
Private alternatives AUM	$ 58	$ 69	$ 73	$ 99	$ 134
Total AUM	**$ 38,225**	**$ 39,855**	**$ 40,527**	**$ 41,266**	**$ 38,826**
Private alternatives fee-earning assets[1]	$ 2,052	$ 2,100	$ 2,108	$ 2,094	$ 1,983
Total AUM and fee-earning assets[1] end of the period	**$ 40,277**	**$ 41,955**	**$ 42,635**	**$ 43,360**	**$ 40,809**

[1] Fee-earning assets represents assets in which AGF has carried interest ownership and earns recurring fees but does not have ownership interest in the managers.

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

Private Alternatives AUM and Fee-earning Assets

	Three months ended				
(in millions of dollars)	May 31, 2022	Feb. 28, 2022	Nov. 30, 2021	Aug. 31, 2021	May 31, 2021
Private alternatives AUM	$ 58	$ 69	$ 73	$ 99	$ 134
Private alternatives fee-earning assets[1]	2,052	2,100	2,108	2,094	1,983
Total private alternatives AUM and fee-earning assets[1]	**$ 2,110**	**$ 2,169**	**$ 2,181**	**$ 2,193**	**$ 2,117**

[1] Fee-earning assets represents assets in which AGF has carried interest ownership and earns recurring fees but does not have ownership interest in the managers.

Change in Assets Under Management

Total assets under management was $38.2 billion at May 31, 2022, compared to $38.8 billion at May 31, 2021.

Reported mutual funds net sales were $132.0 million for the three months ended May 31, 2022, compared to $408.0 million for the three months ended May 31, 2021. Excluding net flows from institutional clients invested in mutual funds[1], retail mutual fund net sales were $132.0 million for the quarter compared to $431.0 million in the prior year.

Consolidated Operating Results

(in millions of dollars, except per share data)	Three months ended May 31, 2022	Three months ended February 28, 2022	Three months ended May 31, 2021	Six months ended May 31, 2022	Six months ended May 31, 2021
Income					
Management, advisory and administration fees	$ 111.0	$ 112.6	$ 107.0	$ 223.6	$ 208.3
Deferred sales charges	2.1	1.5	1.6	3.6	3.2
Share of profit (loss) of joint ventures	(0.2)	(0.6)	0.1	(0.8)	0.9
Other income from fee-earning arrangements	0.7	0.8	0.4	1.5	0.4
Fair value adjustments and other income	3.9	10.6	0.4	14.5	3.9
Total income	$ 117.5	$ 124.9	$ 109.5	$ 242.4	$ 216.7
Expenses					
Selling, general and administrative[2]	47.3	49.3	47.1	96.6	95.1
Trailing commissions	34.7	35.5	34.0	70.2	66.4
Investment advisory fees	0.1	0.1	0.2	0.2	0.5
	$ 82.1	$ 84.9	$ 81.3	$ 167.0	$ 162.0
EBITDA before commissions[1]	**$ 35.4**	**$ 40.0**	**$ 28.2**	**$ 75.4**	**$ 54.7**
Deferred selling commissions	17.8	19.3	17.7	37.1	33.3
EBITDA	**$ 17.6**	**$ 20.7**	**$ 10.5**	**$ 38.3**	**$ 21.4**
Amortization, derecognition and depreciation	3.4	2.6	2.6	6.0	5.2
Interest expense	0.7	0.5	0.8	1.2	1.3
Net income before income taxes	$ 13.5	$ 17.6	$ 7.1	$ 31.1	$ 14.9
Income tax expense	3.4	4.7	2.1	8.1	4.3
Net income for the period	**$ 10.1**	**$ 12.9**	**$ 5.0**	**$ 23.0**	**$ 10.6**
Basic earnings per share	$ 0.15	$ 0.18	$ 0.07	$ 0.33	$ 0.15
Diluted earnings per share	$ 0.14	$ 0.18	$ 0.07	$ 0.32	$ 0.15

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

[2] Six months ended May 31, 2022 includes severance expenses of $1.7 million.

[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.

Commentary on Consolidated Results of Operations

Income

Management, Advisory and Administration Fees

Management, advisory fees and administration fees are directly related to our AUM levels and are recognized on an accrual basis. For the three and six months ended May 31, 2022, management, advisory and administration fees were $111.0 million and $223.6 million, an increase of $4.0 million and $15.3 million or 3.7% and 7.3%, compared to $107.0 million and $208.3 million in the same periods in 2021. A breakdown of the change is as follows:

(in millions of dollars)	Three months ended May 31, 2022	Six months ended May 31, 2022
Increase in management, advisory and administration fees	$ 2.8	$ 13.7
Decrease in fund expense and waivers	1.2	1.6
Total change in management, advisory and administration fees	**$ 4.0**	**$ 15.3**

Management, advisory and administration fees increased by $2.8 million and $13.7 million driven by a 5.3% and a 9.6% increase in average mutual fund AUM compared to the prior year. The decrease in fund expense and waivers was due to lower fund absorption costs.

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 $2.1 million and $3.6 million for the three and six months ended May 31, 2022, compared to $1.6 million and $3.2 million for the same periods in 2021.

Share of Profit of Joint Ventures

Share of profit of joint ventures refers to earnings related to our ownership in the joint ventures, which are recorded under the equity method. For the three and six months ended May 31, 2022, AGF recorded a loss of $0.2 million and $0.8 million (2021 – income of $0.1 million and $0.9 million). For additional information, see Note 6(a) of the Condensed Consolidated Interim Financial Statements.

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 as well as other income.

During the three and six months ended May 31, 2022, the Company recorded $3.9 million and $14.5 million (2021 – $0.4 million and $3.9 million) in fair value and other income. Fair value adjustments and income distributions related to investment in AGF mutual funds and long-term investments were $3.6 million and $9.6 million for the three and six months ended May 31, 2022 (2021 – loss of $0.4 million and income of $3.2 million). The amounts recorded as income fluctuate primarily with the amount of capital invested, monetizations, and changes in fair value. Other income was $0.2 million and $4.7 million for the three and six months ended May 31, 2022 (2021 – $0.7 million and $0.5 million). Other income for the six months ended May 31, 2022 included $3.9 million of interest relief received from the CRA for a portion of previously assessed interest in relation to the 2008 to 2015 taxation years on resolved transfer pricing issues.

	Three months ended			Six months ended	
(in millions of dollars)	May 31, 2022	February 28, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Fair value adjustment related to investment in AGF mutual funds	$ (1.1)	$ (1.1)	$ 0.1	$ (2.3)	$ 1.3
Fair value adjustment and distributions related to long-term investments	4.7	7.2	(0.5)	11.9	1.9
Interest income	0.1	0.1	0.1	0.2	0.2
Other	0.2	4.4	0.7	4.7	0.5
	$ 3.9	**$ 10.6**	**$ 0.4**	**$ 14.5**	**$ 3.9**

Expenses

Selling, General and Administrative Expenses (SG&A)

SG&A increased by $0.2 million and $1.5 million or 0.4% and 1.6% for the three and six months ended May 31, 2022, compared to the same period in 2021. A breakdown of the increase is as follows:

(in millions of dollars)	Three months ended May 31, 2022	Six months ended May 31, 2022
Decrease in performance-based compensation expenses	$ (2.2)	$ (2.6)
Decrease in stock-based compensation expenses	(0.3)	(2.2)
Increase in other expenses	2.5	4.8
	$ –	$ –
Increase in severance expenses	0.2	1.5
Total increase in SG&A	**$ 0.2**	**$ 1.5**

The following explains expense changes in the three and six months ended May 31, 2022, compared to the same period in the prior year:

- Performance-based compensation expenses decreased by $2.2 million and $2.6 million due to lower compensation related to sales volume and other performance-linked compensation plans.
- Stock-based compensation expenses decreased by $0.3 million and $2.2 million driven by a 2.4% and 11.2% decrease in the AGF.B share price, which impacts the mark to market liability of the Company's cash-settled RSUs and DSUs. Effective April 11, 2022, the Company entered into a cash-settled total return swap (TRS) to manage the share price exposure on the DSUs. The fair value adjustment of the TRS is netted against the DSU expense recorded under stock-based compensation expense. For additional information, see Note 15 of the Condensed Consolidated Interim Financial Statements.
- Severance expenses increased by $0.2 million and $1.5 million for the three- and six-month periods ended May 31, 2022.
- Other expenses increased by $2.5 million and $4.8 million attributed to an increase in employee costs related to cost of living increases, higher benefit usage and increased travel and entertainment activity as COVID restrictions ease and business travel returns.

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 0.59% and 0.60% for the three and six months ended May 31, 2022, compared to

0.61% and 0.62% for the same period in 2021. The decrease is primarily attributable to a decline in the ratio of trailing commission assets to average daily mutual fund AUM and a decline in mature higher paying trailing commission assets.

Deferred Selling Commissions

Deferred selling commissions are expensed on an accrual basis. For the three and six months ended May 31, 2022, the total deferred selling commissions expenses was $17.8 million and $37.1 million (2021 – $17.7 million and $33.3 million). The increase for the six months ended May 31, 2022 is driven by an increase in the proportion of sales that are deferred selling commissions based. Effective June 1, 2022, deferred selling commissions options have been banned by the Ontario Securities Commission.

Amortization and Interest Expense

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

- Depreciation increased by $0.8 million and $0.8 million for the three months ended May 31, 2022, compared to the same periods in 2021, primarily related to an increase in depreciation expense on property, equipment and computer software.
- Interest expense decreased by $0.1 million and $0.1 million for the three months ended May 31, 2022, compared to the same periods in 2021.

Income Tax Expense

Income tax expense for the three and six months ended May 31, 2022 was $3.4 million and $8.1 million, as compared to $2.1 million and $4.3 million in the corresponding period in 2021. The effective tax rate for the six months ended May 31, 2022 was 26.0% (2021 – 28.6%). The main items impacting the effective tax rate in the period relates to gains from investments subject to different tax rates, temporary differences for which no deferred tax assets were recognized, prior period tax adjustments and non-taxable interest refunds received from the CRA.

As disclosed in the notes of the Company's 2021 Annual Report, the Company received letters from the CRA providing relief for a portion of the previously assessed interest in relation to the 2008 to 2015 taxation years on the resolved transfer pricing issue as disclosed in the Annual Consolidated Financial Statements from 2013 to 2020. During the three months ended February 28, 2022, the Company received refunds from the CRA totaling approximately $3.9 million in relation to such interest. The interest relief, which is non-taxable, is recorded in 'Fair value adjustments and other income' on the consolidated interim statement of income.

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

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

Net Income

The impact of the above income and expense items resulted in net income of $10.1 million and $23.0 million for the three and six months ended May 31, 2022 as compared to $5.0 million and $10.6 million in the corresponding periods in 2021.

Earnings per Share

Diluted earnings per share was $0.14 and $0.32 for the three and six months ended May 31, 2022, as compared to earnings of $0.07 and $0.15 per share in the corresponding periods of 2021.

Liquidity and Capital Resources

As at May 31, 2022, the Company had total cash and cash equivalents of $35.6 million (November 30, 2021 – $86.5 million). Free cash flow, as defined in the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section of this MD&A, generated was $12.3 million and $25.6 million for the three and six months ended May 31, 2022, compared to $10.4 million and $20.9 million in the comparative prior periods. During the six months ended May 31, 2022, we used $50.9 million (2021 – $68.1 million) in cash as follows:

(in millions of dollars) **Six months ended**		**May 31, 2022**		**May 31, 2021**
Net cash used in operating activities	$	(10.9)	$	(39.8)
Repurchase of shares under normal course issuer bid and purchase of treasury stock for employee benefit trust (EBT)		(15.3)		(2.0)
Dividends paid		(12.9)		(11.1)
Interest paid		(0.2)		(0.1)
Purchase of long-term investments, net of return of capital		9.2		(7.1)
Purchase of property, equipment and computer software, net of disposals		(9.2)		(5.3)
Lease principal payments		(2.0)		(2.4)
Net proceeds from sale of short-term investments, including seed capital		(9.0)		0.1
Other		(0.6)		(0.4)
Change in cash and cash equivalents	**$**	**(50.9)**	**$**	**(68.1)**

The Company's working capital, as defined in the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section of this MD&A, increased $0.9 million as at May 31, 2022 compared to working capital as at February 28, 2022.

Total long-term debt outstanding as at May 31, 2022 was nil (November 30, 2021 – nil). As at May 31, 2022, $150.0 million was available to be drawn from the revolving credit facility and swingline facility commitment to meet future operational investment needs.

As at May 31, 2022, the Company has right-of-use assets of $72.9 million and total lease liabilities of $83.6 million recorded on the Consolidated Interim Statement of Financial Position. As well, as at May 31, 2022, the Company has funded $148.9 million (November 30, 2021 – $158.1 million) in funds and investments associated with the private alternatives business and has $68.5 million (November 30, 2021 – $70.9 million) remaining of committed capital to be invested.

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

Capital Management Activities

We actively manage our capital to maintain a strong and efficient capital base to maximize risk-adjusted returns to shareholders, to invest in future growth opportunities, while ensuring there is available capital to fund our capital commitments related to the alternative asset management business.

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

AGF capital consists of shareholders' equity and long-term debt. The Company reviews its three-year capital plan annually while detailing projected operating budgets and capital requirements. AGF is required to submit this plan to the Executive Management committee for approval prior to seeking Board approval. AGF's Executive Management committee consists of the Executive Chairman, Chief Executive Officer and Chief Investment Officer, President and Head of Global Distribution, Senior Vice President and CFO, Chief Operating Officer, and Senior Vice President and Head of Alternatives. 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 3, 2022, AGF announced that the TSX had approved AGF's notice of intention to renew its 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 subject to certain parameters. Shares purchased for the EBT are also purchased under the Company's NCIB and recorded as a reduction to capital stock. Under its NCIB, the Class B Non-Voting shares may be repurchased from time to time at prevailing market prices or such other price as may be permitted by the TSX for amounts as follows:

- Between February 8, 2022 and February 7, 2023, up to 4,889,630 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 8, 2021 and February 7, 2022, up to 5,067,167 Class B Non-Voting shares, or 10% of the public float for such shares, through the facilities of the TSX (or as otherwise permitted by the TSX).

During the three and six months ended May 31, 2022, AGF purchased 692,634 and 2,045,454 (2021 – 14,300 and 14,300) Class B Non-Voting shares for cancellation for a total consideration of \$5.1 million and \$15.3 million (2021 – \$0.1 million and \$0.1 million) at an average price of \$7.38 and \$7.49 (2021 – \$7.51 and \$7.51) per share under its NCIB.

During the three and six months ended May 31, 2022, AGF did not purchase Class B Non-Voting shares for the EBT. During the three and six months ended May 31, 2021, AGF purchased 250,000 and 250,000 Class B Non-Voting shares for cancellation under its NCIB for the EBT for a total consideration of \$1.9 million and \$1.9 million at an average price of \$7.46 and \$7.46 per share.

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	**2022[1]**	**2021**	**2020**	**2019**	**2018**
Per share	$ 0.29	$ 0.34	$ 0.32	$ 0.32	$ 0.32

[1] Represents the total dividends paid in January 2022, April 2022 and to be paid in July 2022.

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, 2022 was $0.10 per share.

On June 21, 2022, 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 $0.10 per share in respect of the three months ended May 31, 2022.

Outstanding Share Data

Set out below is our outstanding share data as at May 31, 2022 and 2021. For additional detail, see Notes 11 and 17 of the Condensed Consolidated Interim Financial Statements.

	May 31, 2022	**May 31, 2021**
Shares		
Class A Voting common shares	57,600	57,600
Class B Non-Voting shares	68,280,085	69,984,199
Stock Options		
Outstanding options	5,029,662	6,814,471
Exercisable options	3,893,478	5,180,491

Key Performance Indicators, Additional IFRS and Non-IFRS Measures

We measure the success of our business strategies using a number of key performance indicators (KPIs), 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, which are based on a fixed transfer agency administration fee;
- DSC earned from investors when mutual fund securities sold on a DSC basis are redeemed; and
- General partnership interest, fee arrangements, carried interest and long-term investments in the private alternatives asset management business.

EBITDA Before Commissions

We define EBITDA before commissions as earnings before interest, taxes, depreciation, amortization and deferred selling commissions. 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, 2022	February 28, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Net income	$ 10.1	$ 12.9	$ 5.0	$ 23.0	$ 10.6
Adjustments:					
Deferred selling commissions	17.8	19.3	17.7	37.1	33.3
Amortization, derecognition and depreciation	3.4	2.6	2.6	6.0	5.2
Interest expense	0.7	0.5	0.8	1.2	1.3
Income tax expense	3.4	4.7	2.1	8.1	4.3
EBITDA before commissions	**$ 35.4**	**$ 40.0**	**$ 28.2**	**$ 75.4**	**$ 54.7**

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, 2022	February 28, 2022	May 31, 2021	May 31, 2022	May 31, 2021
EBITDA before commissions	$ 35.4	$ 40.0	$ 28.2	$ 75.4	$ 54.7
Divided by income	117.5	124.9	109.5	242.4	216.7
EBITDA before commissions margin	**30.1%**	**32.0%**	**25.8%**	**31.1%**	**25.2%**

EBITDA

EBITDA is defined as earnings before interest, taxes, depreciation and amortization. EBITDA is a measure of performance utilized by management, investors and investment analysts to evaluate and analyze the Company's results.

The following table outlines how the EBITDA measure is determined:

	Three months ended			Six months ended	
(in millions of dollars)	May 31, 2022	February 28, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Net income	$ 10.1	$ 12.9	$ 5.0	$ 23.0	$ 10.6
Adjustments:					
Amortization, derecognition and depreciation	3.4	2.6	2.6	6.0	5.2
Interest expense	0.7	0.5	0.8	1.2	1.3
Income tax expense	3.4	4.7	2.1	8.1	4.3
EBITDA	**$ 17.6**	**$ 20.7**	**$ 10.5**	**$ 38.3**	**$ 21.4**

EBITDA Margin

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

	Three months ended			Six months ended	
(in millions of dollars)	May 31, 2022	February 28, 2022	May 31, 2021	May 31, 2022	May 31, 2021
EBITDA	$ 17.6	$ 20.7	$ 10.5	$ 38.3	$ 21.4
Divided by income	117.5	124.9	109.5	242.4	216.7
EBITDA margin	**15.0%**	**16.6%**	**9.6%**	**15.8%**	**9.9%**

Net Debt to 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. The Company does not have any outstanding long-term debt for the three and six months ended May 31, 2022 and 2021.

Net Debt to EBITDA Ratio

Net debt to adjusted EBITDA 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 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. The Company does not have any outstanding long-term debt for the three and six months ended May 31, 2022 and 2021.

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, 2022	February 28, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Net income for the period	$ 10.1	$ 12.9	$ 5.0	$ 23.0	$ 10.6
Adjusted for non-cash items and non-cash working capital balance	6.0	(39.9)	(7.0)	(33.9)	(50.4)
Net cash provided by (used in) operating activities	$ 16.1	$ (27.0)	$ (2.0)	$ (10.9)	$ (39.8)
Adjusted for:					
Net changes in non-cash working capital balances related to operations	(0.8)	40.1	7.8	39.3	36.1
	$ 15.3	$ 13.1	$ 5.8	$ 28.4	$ (3.7)
Income taxes paid during the year	3.7	5.0	8.2	8.7	31.4
	$ 19.0	$ 18.1	$ 14.0	$ 37.1	$ 27.7
Income taxes related to current period free cash flow	(5.5)	(3.7)	(2.3)	(9.2)	(4.3)
Interest and lease principal payments	(1.2)	(1.1)	(1.3)	(2.3)	(2.5)
Free cash flow	**$ 12.3**	**$ 13.3**	**$ 10.4**	**$ 25.6**	**$ 20.9**

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 2021 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 $473.6 million as compared to its recorded net assets of $1,024.9 million as at May 31, 2022. In 2021, we completed an assessment to determine the fair value of AGF's cash-generating units (CGUs). Based on the result of the assessment, the recoverable amount of each CGU exceeded its carrying value as at November 30, 2021. There have been no significant changes to the recoverable amount of each CGU as at May 31, 2022, 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.

Working Capital

Working capital, defined as current assets less current liabilities, is used as a measure to demonstrate AGF's liquidity and ability to generate cash to pay for its short-term financial obligations.

Managing Risk

AGF is subject to a number of risk factors that may impact our operating and financial performance. These risks and the management of these risks are detailed in our 2021 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. The Company is subjected to market risk as the management fee revenue is calculated as a percentage of the average net asset value of each retail fund or portfolio managed.

COVID-19 and the ongoing pandemic remain a source of volatility for global markets. As long as variants of concern continue to proliferate around the world, the virus will continue to impact the global economic recovery, including in countries like the United States and Canada.

Rising interest rates and the ongoing rise in inflation – for everything from groceries and wages to potentially taxes – may also be raising the spectre of higher volatility and could ultimately impact the trajectory of investment returns over the next 12 months. In fact, investors should expect market volatility to continue until it is better understood what impact tighter monetary policy will have on inflation and economic growth.

In February 2022, Russian forces entered the Ukraine and armed conflict commenced. It is uncertain how long the conflict, economic sanctions and market instability will continue and whether the conflict will escalate further. These current geopolitical tensions, together with international sanctions being imposed by many countries, may have a significant economic impact, not only on those with interest or exposures within Russia and Ukraine, but may also affect global market risk and could result in greater volatility and uncertainty globally and across many sectors.

Furthermore, with the recent volatility in the markets, AGF is monitoring the potential impact of market risk to its capital position and profitability if these levels were sustained or continued to decline. A significant portion of AGF's revenue is driven by its total average AUM excluding private alternatives. These AUM levels are impacted by both net sales and changes in the market. In general, for every $1.0 billion reduction in average AUM excluding private alternatives, management fee revenues, net of trailer fees, would decline by approximately $7.8 million. In addition, the uncertainty within the global markets may impact the level of merger and acquisition activity and is likely to create challenges in completing transactions.

Interest Rate Risk

The Company has exposure to the risk related to changes in interest rates on floating-rate debt and cash balances. As the Company does not have any outstanding debt as at May 31, 2022, there is no interest rate risk as of May 31, 2022. Using maximum available debt balance, the effect of a 1% change in variable interest rates on our floating-rate debt and cash balances would have resulted in a corresponding change of approximately $0.8 million in interest expense for the six months ended May 31, 2022.

At May 31, 2022, approximately 21% of AGF's retail assets under management were held in fixed-income securities, which are exposed to interest rate risk. An increase in interest rates causes market prices of fixed-income securities to fall, while a decrease in interest rates causes market prices to rise. A 1% change in interest rates would have resulted in a corresponding change of approximately $0.5 million in revenue for the six months ended May 31, 2022.

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. 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 $7.8 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.

To provide additional details on the Company's exposure to market risk, the following provides further information on our retail fund AUM by asset type as at May 31:

Percentage of total retail fund AUM	2022	2021
Domestic equity funds	17.8%	17.7%
U.S. and international equity funds	51.4%	50.2%
Domestic balanced funds	1.7%	1.8%
U.S. and international balanced funds	7.3%	6.8%
Domestic fixed-income funds	6.3%	7.1%
U.S. and international fixed-income funds	14.8%	15.8%
Domestic money market	0.6%	0.6%
Domestic Alternative Funds	0.1%	0.0%
	100.0%	100.0%

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 $4.7 million.

Regulatory Risk

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

On October 3, 2019, the Canadian Securities Administrators (the CSA) published final rule amendments (the CFR Amendments) aimed at enhancing the client-registrant relationship, as set out in National Instrument 31-103 (Registration Requirements, Exemptions and Ongoing Registrant Obligations) – dubbed the 'Client Focused Reforms'. Among other things, the CFR Amendments require registrants to promote the best interests of clients when addressing material conflicts of interest and to put clients' interests first when making suitability determinations. The CFR Amendments also enhance registrants' obligations with respect to know-your-client (KYC), know-your-product (KYP) and disclosure obligations, and 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 over a two-year period. All remaining CFR Amendments took effect as of December 31, 2021.

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). The OSC published similar final rule amendments on June 3, 2021 to also ban the DSC Option. The ban took effect on June 1, 2022 across Canada.

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

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

As a long-standing participant in the Canadian financial services industry, the Company and the Company's subsidiaries will continue to be an advocate for sound regulatory changes that are grounded in the needs of all investors. The Company strongly believes in upholding the value of advice, preserving investor choice, and limiting the negative effects of unintended consequences.

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 the Company's affiliates, subsidiaries and AGF Funds) is 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. The recent conflict in Ukraine along with COVID-19 and the increased use of electronic and remote communication tools and services may lead to heightened cybersecurity risk.

While AGF 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, the Company cannot control the cybersecurity plans and systems put in place by the Company's service providers or any other third party whose operations may affect the Company, AGF Funds or their securityholders. As a result, the Company, AGF Funds and their securityholders could be negatively affected.

Internal Controls 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, 2022 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, 2022, the Company's 2021 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, 2022 and 2021

AGF MANAGEMENT LIMITED
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

(unaudited) (in thousands of dollars)	Note	May 31, 2022	November 30, 2021
Assets			
Current assets			
Cash and cash equivalents		$ 35,606	$ 86,484
Investments	5	29,740	23,074
Accounts receivable, prepaid expenses and other assets		45,442	37,655
Income tax receivable	18, 23	5,363	5,803
Total current assets		116,151	153,016
Investment in joint ventures	6	479	783
Long-term investments	6	159,116	160,721
Management contracts		689,759	689,759
Goodwill		250,830	250,830
Other intangibles, net of accumulated amortization and derecognition		500	558
Right-of-use assets	7	72,939	76,065
Property, equipment and computer software, net of accumulated depreciation		25,421	19,009
Deferred income tax assets		8,169	6,085
Other assets	8	1,388	2,539
Total non-current assets		1,208,601	1,206,349
Total assets		**$ 1,324,752**	**$ 1,359,365**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	9, 16	$ 55,947	$ 82,247
Provision for Elements Advantage		153	651
Lease liability	7	1,515	3,919
Derivative financial instrument	15	362	–
Total current liabilities		57,977	86,817
Long-term lease liability	7	82,107	80,710
Deferred income tax liabilities		151,489	150,294
Other long-term liabilities	8, 16	8,284	10,421
Total liabilities		299,857	328,242
Equity			
Equity attributable to owners of the Company			
Capital stock	11	415,692	426,193
Contributed surplus	16	39,241	40,182
Retained earnings		567,180	561,794
Accumulated other comprehensive income	12	2,782	2,954
Total equity		1,024,895	1,031,123
Total liabilities and equity		**$ 1,324,752**	**$ 1,359,365**

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

AGF MANAGEMENT LIMITED
CONSOLIDATED INTERIM STATEMENT OF INCOME

(unaudited)		Three months ended			
			May 31,		May 31,
(in thousands of dollars, except per share amounts)	**Note**		**2022**		**2021**
Income					
Management, advisory and administration fees	13	$	111,043	$	107,026
Deferred sales charges			2,061		1,568
Share of profit (loss) of joint ventures	6		(248)		97
Other income from fee-earning arrangements	8		706		438
Fair value adjustments and other income	6, 14		3,903		360
			117,465		109,489
Expenses					
Selling, general and administrative	15, 17, 21		47,324		47,110
Trailing commissions			34,744		34,034
Investment advisory fees			91		230
Deferred selling commissions			17,761		17,745
Amortization and derecognition of customer contracts and other intangibles			13		15
Depreciation of property, equipment and computer software			1,811		981
Depreciation of right-of-use asset	7		1,572		1,600
Interest expense	7		652		694
			103,968		102,409
Income before income taxes			**13,497**		**7,080**
Income tax expense (benefit)					
Current	18		4,142		2,268
Deferred	18		(728)		(211)
			3,414		2,057
Net income for the period		**$**	**10,083**	**$**	**5,023**
Earnings per share equity owners of the Company					
Basic	19	$	0.15	$	0.07
Diluted	19	$	0.14	$	0.07

(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, 2022**	**May 31, 2021**
Income			
Management, advisory and administration fees	13	$ 223,608	$ 208,298
Deferred sales charges		3,582	3,204
Share of profit (loss) of joint ventures	6	(816)	851
Other income from fee-earning arrangements	8	1,463	438
Fair value adjustments and other income	6, 14, 18	14,524	3,934
Total income		242,361	216,725
Expenses			
Selling, general and administrative	15, 17, 21	96,615	95,090
Trailing commissions		70,241	66,366
Investment advisory fees		159	474
Deferred selling commissions		37,062	33,293
Amortization and derecognition of customer contracts and other intangibles		58	44
Depreciation of property, equipment and computer software		2,790	1,912
Depreciation of right-of-use asset	7	3,111	3,215
Interest expense	7	1,308	1,436
Total expenses		211,344	201,830
Income before income taxes		**31,017**	**14,895**
Income tax expense (benefit)			
Current	18	8,933	4,230
Deferred	18	(868)	31
Total income tax expense		8,065	4,261
Net income for the period		**$ 22,952**	**$ 10,634**
Earnings per share			
Basic	19	$ 0.33	$ 0.15
Diluted	19	$ 0.32	$ 0.15

(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)		**May 31, 2022**		**May 31, 2021**		**May 31, 2022**		**May 31, 2021**
Net income for the period	$	10,083	$	5,023	$	22,952	$	10,634
Other comprehensive income, net of tax								
Net unrealized gain (loss) on investments								
Unrealized gain (loss)		(57)		69		(172)		96
		(57)		69		(172)		96
Total other comprehensive income (loss), net of tax	$	(57)	$	69	$	(172)	$	96
Net comprehensive income	**$**	**10,026**	**$**	**5,092**	**$**	**22,780**	**$**	**10,730**

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

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

AGF MANAGEMENT LIMITED
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(unaudited)

(in thousands of dollars)	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total equity
Balance, December 1, 2020	$ 425,460	$ 40,465	$ 547,614	$ 2,640	**$ 1,016,179**
Net income for the period	–	–	10,634	–	**10,634**
Other comprehensive income (net of tax)	–	–	–	96	**96**
Comprehensive income for the period	–	–	10,634	96	**10,730**
AGF Class B Non-Voting shares issued through dividend reinvestment plan	157	–	–	–	**157**
Stock options	326	287	–	–	**613**
AGF Class B Non-Voting shares repurchased for cancellation	(87)	–	(56)	–	**(143)**
Dividends on AGF Class A Voting common shares and AGF Class B Non-Voting shares, including tax of $0.2 million	–	–	(11,392)	–	**(11,392)**
Equity-settled Restricted Share Units, net of tax	–	(2,008)	–	–	**(2,008)**
Treasury stock purchased	(1,864)	–	–	–	**(1,864)**
Treasury stock released	1,186	–	475	–	**1,661**
Balance, May 31, 2021	**$ 425,178**	**$ 38,744**	**$ 547,275**	**$ 2,736**	**$ 1,013,933**
Balance, December 1, 2021	$ 426,193	$ 40,182	$ 561,794	$ 2,954	**$ 1,031,123**
Net income for the period	–	–	22,952	–	**22,952**
Other comprehensive loss (net of tax)	–	–	–	(172)	**(172)**
Comprehensive income for the period	–	–	22,952	(172)	**22,780**
AGF Class B Non-Voting shares issued through dividend reinvestment plan	195	–	–	–	**195**
Stock options	29	247	–	–	**276**
AGF Class B Non-Voting shares repurchased for cancellation	(12,438)	–	(2,876)	–	**(15,314)**
Dividends on AGF Class A Voting common shares and AGF Class B Non-Voting shares, including tax of $0.2 million	–	–	(13,306)	–	**(13,306)**
Equity-settled Restricted Share Units, net of tax	–	(1,188)	–	–	**(1,188)**
Treasury stock released	1,713	–	(1,384)	–	**329**
Balance, May 31, 2022	**$ 415,692**	**$ 39,241**	**$ 567,180**	**$ 2,782**	**$ 1,024,895**

(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, 2022	May 31, 2021
Operating Activities			
Net income for the period		$ 22,952	$ 10,634
Adjustments for			
Amortization, derecognition and depreciation		5,959	5,171
Interest expense		1,308	1,436
Income tax expense	18	8,065	4,261
Income taxes paid		(8,655)	(31,446)
Stock-based compensation	15, 16	3,288	5,562
Share of loss (profit) of joint ventures	6	816	(851)
Distributions from joint ventures	6	38	2,055
Fair value adjustment on long-term investments	6	(7,639)	925
Net realized and unrealized gain on short-term investments	14	2,255	(1,511)
Other		23	(50)
		28,410	(3,814)
Net change in non-cash working capital balances related to operations			
Accounts receivable and other current assets		(7,874)	(15,574)
Other assets		1,151	(7)
Accounts payable and accrued liabilities		(30,225)	(19,700)
Other liabilities		(2,369)	(691)
		(39,317)	(35,972)
Net cash used in operating activities		(10,907)	(39,786)
Financing Activities			
Repurchase of Class B Non-Voting shares for cancellation	11	(15,314)	(107)
Issue of Class B Non-Voting shares	11	29	326
Purchase of treasury stock	11	–	(1,864)
Dividends paid	20	(12,944)	(11,085)
Interest paid		(252)	(226)
Lease principal payments	7	(1,989)	(2,308)
Net cash used in financing activities		(30,470)	(15,264)
Investing Activities			
Investment in joint venture	6	(550)	(776)
Purchase of long-term investments	6	(2,371)	(19,352)
Return of capital from long-term investments	6	11,615	12,250
Purchase of property, equipment and computer software, net of disposals		(9,201)	(5,271)
Purchase of short-term investments	5	(12,350)	(1,700)
Proceeds from sale of short-term investments	5	3,356	1,831
Net cash used in investing activities		(9,501)	(13,018)
Decrease in cash and cash equivalents		(50,878)	(68,068)
Balance of cash and cash equivalents, beginning of the period		86,484	94,009
Balance of cash and cash equivalents, end of the period		$ 35,606	$ 25,941
Cash and cash equivalents comprise of:			
Cash at bank and on hand		$ 31,102	$ 21,441
Term deposit		4,504	4,500
Total cash and cash equivalents		$ 35,606	$ 25,941

(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, 2022 and 2021 (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 CIBC Square, Tower One, 81 Bay Street, 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 Stream Asset Financial Management LP (SAFM LP) and AGF SAF Private Credit Management LP (PCMLP), and fee-earning arrangements with Instar Group Inc. (Instar) and First Ascent Ventures (First Ascent). The Company also has an ownership interest in AGFWave Asset Management Inc. (AGFWave), which provides asset management services and products in China and South Korea.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on June 21, 2022.

Note 2: Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to the preparation of interim financial statements, including International Accounting Standard 34 (IAS 34), Interim Financial Reporting. Amounts are expressed in Canadian dollars, unless otherwise stated. The accounting policies in these condensed consolidated interim financial statements are consistent with those disclosed in the Company's annual consolidated financial statements for the year ended November 30, 2021. 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, 2021, which have been prepared in accordance with IFRS as issued by the IASB.

Note 3: Adoption of New and Revised Accounting Standards

Interest Rate Benchmark Reform

The IASB issued amendments to various standards, including IFRS 9 Financial Instruments, IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leases, to address the accounting impacts and treatment in relation to the effects of transition from the benchmark interest rate. The amendments are applicable for financial years commencing on or after January 1, 2021. The Company has determined the amendments did not have a material impact on its consolidated interim financial statements.

Note 4: Risk Management

In February 2022, Russian forces entered the Ukraine and armed conflict commenced. It is uncertain how long the conflict, economic sanctions and market instability will continue and whether the conflict will escalate further. These current geopolitical tensions, together with international sanctions being imposed by many countries, may have a significant economic impact, not only on those with interest or exposures within Russia and Ukraine, but may also affect global market risk and could result in greater volatility and uncertainty globally and across many sectors. While there is no current or direct material exposure identified for the

Company, the ultimate impacts that could be seen are unknown, and management will continue to monitor these events closely to manage risk to the Company.

The COVID-19 pandemic remains a significant concern and source of volatility for the global markets along with rising interest rates and the ongoing rise of inflation. 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 $7.8 million.

Note 5: Investments

The following table presents a breakdown of investments:

(in thousands of dollars)	May 31, 2022	November 30, 2021
Fair value through profit or loss		
AGF mutual funds and other	$ 29,120	$ 21,836
Fair value through other comprehensive income		
Equity securities	620	913
Amortized cost		
Canadian government debt – Federal	–	325
	$ 29,740	$ 23,074

During the three and six months ended May 31, 2022 and 2021, no impairment charges were recognized.

Note 6: Investment in Joint Ventures and Long-term Investments

(a) Investment in Joint Ventures

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

The Company also has an ownership interest in AGFWave Asset Management Inc. (AGFWave), which provides asset management services and products in China and South Korea.

The continuity for the six months ended May 31, 2022 and 2021 is as follows:

	Six months ended	
(in thousands of dollars)	May 31, 2022	May 31, 2021
Balance, beginning of the period	$ 783	$ 1,780
Investment in joint venture	550	776
Share of profit (loss)	(816)	851
Distributions received	(38)	(2,055)
Balance, end of the period	$ 479	$ 1,352

For the three and six months ended May 31, 2022, the Company recognized a loss of $0.2 million and $0.8 million (2021 – earnings of $0.1 million and $0.9 million) and received distributions of nil and $0.1 million (2021 – $0.6 million and $2.1 million) from its private alternatives business.

(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, 2022 and 2021 is as follows:

	Six months ended	
(in thousands of dollars)	May 31, 2022	May 31, 2021
Balance, beginning of the period	$ 160,721	$ 151,949
Purchase of long-term investments	2,371	19,352
Return of capital	(11,615)	(12,250)
Fair value adjustment[1]	7,639	(925)
Balance, end of the period	$ 159,116	$ 158,126

[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. Refer to Note 14 for additional information.

As at May 31, 2022, the carrying value of the Company's long-term investments in the private alternatives business was $159.1 million (November 30, 2021 – $160.7 million).

The following shows the Company's commitment in funds and investments associated with the private alternatives business as at May 31, 2022 and 2021.

	Six months ended	
(in thousands of dollars)	May 31, 2022	May 31, 2021
Commitment, beginning of the period	$ 229,027	$ 219,477
Return of capital	(11,615)	(12,250)
Commitment, end of the period	$ 217,412	$ 207,227
Funded capital, since inception	(148,865)	(156,352)
Remaining commitment to be funded[1]	$ 68,547	$ 50,875

[1] Excludes anticipated commitment of US $50.0 million upon the successful launch of Instar's third fund, for the six months ended May 31, 2022.

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.

Note 7: Leases

The Company leases property and office equipment. As at May 31, 2022, the Company has right-of-use assets of $72.9 million and total lease liabilities of $83.6 million recorded on the consolidated interim statement of financial position. 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, 2022 and 2021:

	Right-of-use assets			Lease liabilities
(in thousands of dollars)	Property	Equipment	Total	
As at December 1, 2020	$ 80,181	$ 958	$ 81,139	$ 85,663
Depreciation expense	(3,077)	(138)	(3,215)	–
Lease modification and reassessment	1,311	(5)	1,306	1,298
Interest expense	–	–	–	1,101
Payments	–	–	–	(2,308)
As at May 31, 2021	**$ 78,415**	**$ 815**	**$ 79,230**	**$ 85,754**
As at December 1, 2021	$ 75,384	$ 681	$ 76,065	$ 84,629
Depreciation expense	(2,982)	(129)	(3,111)	–
Lease modification and reassessment	6	(21)	(15)	(64)
Interest expense	–	–	–	1,046
Payments	–	–	–	(1,989)
As at May 31, 2022	**$ 72,408**	**$ 531**	**$ 72,939**	**$ 83,622**

Note 8: Other Fee-earning Arrangements

InstarAGF Fee-earning Arrangement

On May 26, 2021, the Company announced changes to its relationship with Instar Group Inc. The joint venture relationship in InstarAGF Asset Management Inc. (InstarAGF) was concluded following the establishment of its two flagship funds, InstarAGF Essential Infrastructure Fund I and II (together, the InstarAGF Funds). Based on the terms of the agreements, the Company maintained its respective long-term investments, as well as the carried interest participation in the InstarAGF Funds (carried interest entities). In addition, the Company and Instar entered into a fee arrangement whereby AGF will earn ongoing annual fees of 14 bps on the assets under management of the InstarAGF Funds. As at May 31, 2022, the InstarAGF Funds fee-earning assets were $1.9 billion.

During the year ended November 30, 2021, the Company also announced an anticipated commitment of US$50.0 million upon the successful launch of Instar's third fund. Upon AGF's commitment to Instar's third fund, the Company will earn ongoing annual fees of 7 bps on the assets under management of Instar's third fund as well as participate in the carried interest.

The fee arrangement is classified as a contract with Instar under IFRS 15. Under IFRS 15, the annual fee will be recorded as income on an accrual basis over the remaining terms of each of the InstarAGF Funds. During the three and six months ended May 31, 2022, the Company recognized $0.7 million and $1.4 million (2021 – $0.4 million and $0.4 million) of income related to the fee arrangement.

The Company's carried interest participation in the InstarAGF Funds is classified as a financial instrument under IFRS 9, specifically an equity instrument, and is measured at fair value through profit and loss (FVTPL). The fair value of the carried interest investment as at May 31, 2022 is $1.2 million and is included in other assets in the consolidated statement of financial position. The Company has $1.2 million in long-term deferred income related to initial recognition of the carried interest entity, which will be recognized in the consolidated income statement as distributions are received. Fair value adjustment on the carried interest entities will result in changes to the asset with a corresponding change to deferred income. During the three and six months ended May 31, 2022, the Company did not recognize any fair value adjustments or income on the carried interest investments.

First Ascent Fee-earning Arrangement

In August 2021, AGF announced a strategic private equity partnership with First Ascent focused on investing in emerging technology companies. Based on the terms of the agreements, AGF has committed a $30.0 million cornerstone investment to First Ascent's second fund (First Ascent Fund) and will earn an annual fee of $0.2 million during the commitment period and 11.5 bps on the net invested capital after the commitment period. As at May 31, 2022, the First Ascent Fund fee-earning asset was $0.1 billion and during the three and six months ended May 31, 2022, the Company recognized nil and $0.1 million (2021 – nil and nil) of income related to the fee arrangement.

Note 9: Accounts Payable

(in thousands of dollars)		May 31, 2022		November 30, 2021
Compensation related payable	$	28,345	$	51,832
HST payable		7,152		10,053
Other		20,450		20,362
Accounts payable and accrued liabilities	$	55,947	$	82,247

Note 10: Long-term Debt

The Company's unsecured revolving credit facility (the Facility) has a maximum aggregate principal amount of $140.0 million and a $10.0 million swingline facility commitment. Advances under the Facility are made available by prime-rate loans in U.S. or Canadian dollars, under bankers' acceptance (BAs) or by issuance of letters of credit. The Facility is due in full on November 6, 2023. As at May 31, 2022, AGF had drawn nil (November 30, 2021 – nil) against the Facility. During the three and six months ended May 31, 2022, the Company did not borrow against the Facility (2021 – nil). AGF incurred $0.7 million of transaction fees, which is being amortized over the term of the Facility. As at May 31, 2022, the remaining balance of the transaction fee was $0.2 million. As at May 31, 2022, $150.0 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, 2022			May 31, 2021		
(in thousands of dollars, except share amounts)	Shares		Stated value	Shares		Stated value
Class A Voting common shares	57,600	$	–	57,600	$	–
Class B Non-Voting shares						
Balance, beginning of the period	69,956,884	$	426,193	69,868,569	$	425,460
Issued through dividend reinvestment plan	24,432		195	23,522		157
Stock options exercised	5,000		29	56,200		326
Repurchased for cancellation	(2,045,454)		(12,438)	(14,300)		(87)
Treasury stock purchased for employee benefit trust	–		–	(250,000)		(1,864)
Treasury stock released for employee benefit trust	339,223		1,713	300,208		1,186
Balance, end of the period	68,280,085	$	415,692	69,984,199	$	425,178

(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 subject to certain parameters. 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 4,889,630 shares for the period from February 8, 2022 to February 7, 2023 and up to 5,067,167 shares for the period from February 8, 2021 to February 7, 2022. During the three and six months ended May 31, 2022, AGF purchased 692,634 and 2,045,454 (2021 – 14,300 and 14,300) Class B Non-Voting shares under the normal course issuer bid at a cost of $5.1 million and $15.3 million (2021 $0.1 million and $0.1 million). During the three and six months ended May 31, 2022, the premium of $0.9 million and $2.9 million (2021 – $0.1 million and $0.1 million) over the recorded capital stock value of the shares purchased for cancellation was recorded in retained earnings.

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

During the three and six months ended May 31, 2022, AGF did not purchase Class B Non-Voting shares for the employee benefit trust. During the three and six months ended May 31, 2021, AGF purchased 250,000 and 250,000 Class B Non-Voting shares for the employee benefit trust at a cost of $1.9 million and $1.9 million. Shares purchased for the trust are purchased under the Company's normal course issuer bid and recorded as a reduction to capital stock. During the three and six months ended May 31, 2022, nil and 339,223 (2021 – 2,824 and 300,208) Class B Non-Voting shares purchased as treasury stock were released. As at May 31, 2022, 435,595 (November 30, 2021 – 774,818) 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	Total
Opening composition of accumulated other comprehensive income at December 1, 2020			
Other comprehensive income (loss)	$ (1,501)	$ 4,151	$ 2,650
Income tax expense	–	(10)	(10)
Balance, December 1, 2020	(1,501)	4,141	2,640
Transactions during the year ended November 30, 2021			
Other comprehensive income	–	362	362
Income tax expense	–	(48)	(48)
Balance, November 30, 2021	(1,501)	4,455	2,954
Transactions during the period ended May 31, 2022			
Other comprehensive loss	–	(198)	(198)
Income tax expense	–	26	26
Balance, May 31, 2022	$ (1,501)	$ 4,283	$ 2,782

Note 13: Management, Advisory and Administration Fees

	Three months ended		Six months ended	
(in thousands of dollars)	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Management, advisory and administration fees	$ 111,887	$ 109,068	$ 226,305	$ 212,571
Fund expenses and waivers	(844)	(2,042)	(2,697)	(4,273)
	$ 111,043	$ 107,026	$ 223,608	$ 208,298

Note 14: Fair Value Adjustments and Other Income

	Three months ended		Six months ended	
(in thousands of dollars)	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Fair value adjustment related to investment gain (loss) classified as FVTPL (Note 5)	$ (1,143)	$ 128	$ (2,252)	$ 1,252
Fair value adjustment and distributions related to long-term investments (Note 6(b))[1]	4,746	(482)	11,915	1,914
Interest income	89	69	200	208
Other[2]	211	645	4,661	560
	$ 3,903	$ 360	$ 14,524	$ 3,934

[1] For the three and six months ended May 31, 2022, the Company recorded fair value adjustment related to long-term investments of $2.2 million and $7.6 million (2021 – loss of $0.8 million and $0.9 million) and distributions related to long-term investments of $2.5 million and $4.3 million (2021 – $0.3 million and $2.8 million).

[2] For the six months ended May 31, 2022, the Company recorded other income of $3.9 million related to an interest refund received from the Canada Revenue Agency (CRA). See Note 18 for further information.

Note 15: Financial Instruments

Cash-settled Share Swap

On April 11, 2022, the Company entered into a Total Return Swap agreement (TRS) with a financial institution to manage its exposure to changes in the fair value of its Deferred Share Units (DSUs), which is based on the AGF.B share price. As at May 31, 2022, the Company had economically hedged 85.9% of its total DSUs for a total notional value of $9.1 million. The term of the TRS contract is one-year with the option to extend the contract at the same average price.

The Company has not designated the TRS agreement as a hedging instrument for accounting purposes. The Company presents the fair value changes in the TRS, which includes the benefit of reinvested dividends, along with the associated financing and execution costs of the TRS, together with the corresponding fair value changes of the DSUs within the stock-based compensation expense component of Selling, General and Administrative expenses in the Consolidated Interim Statement of Income.

The Company recognized a loss on the TRS as a result of fair value adjustment in the Consolidated Interim Statement of Income under Selling, General and Administrative expenses of $0.4 million and $0.4 million for the three and six months ended May 31, 2022.

The fair value of the total return swap is classified as level 2 under the fair value hierarchy, refer to Note 22 for additional information.

Note 16: Stock-based Compensation and Other Stock-based Payments

(a) Stock Option Plans

Under the Company's stock option plans, an additional maximum of 2,283,699 Class B Non-Voting shares could have been granted as at May 31, 2022 (November 30, 2021 – 1,289,537).

The change in stock options during the six months ended May 31, 2022 and 2021 is summarized as follows:

	Six months ended					
	May 31, 2022			May 31, 2021		
	Options		Weighted average exercise price	Options		Weighted average exercise price
Class B Non-Voting share options						
Balance, beginning of the period	6,028,824	$	6.12	7,214,162	$	6.64
Options forfeited	–		–	(48,100)		8.32
Options expired	(994,162)		8.02	(295,391)		11.43
Options exercised	(5,000)		5.15	(56,200)		5.17
Balance, end of the period	5,029,662	$	5.74	6,814,471	$	6.43

During the three and six months ended May 31, 2022, nil and nil (2021 – nil and nil) stock options were granted and compensation expense and contributed surplus of $0.1 million and $0.3 million was recorded (2021 – $0.1 million and $0.2 million).

(b) Other Stock-based Compensation

Other stock-based compensation includes Restricted Share Units (RSUs) and Deferred Share Units (DSUs). Compensation recovery related to cash-settled stock-based compensation for the three and six months ended May 31, 2022 was $0.5 million and $0.4 million (2021 – $1.6 million and $3.8 million) and the liability recorded as at May 31, 2022 related to cash-settled stock-based compensation was $9.6 million (November 30, 2021 – $11.0 million). Compensation expense related to equity-settled RSUs for the three and six months ended May 31, 2022 was $1.3 million and $2.3 million (2021 – $0.8 million and $1.6 million) and contributed surplus related to equity-settled RSUs, net of tax, as at May 31, 2022 was $4.1 million (November 30, 2021 – $5.3 million).

The change in share units of RSUs and DSUs during the six months ended May 31, 2022 and 2021 is as follows:

	Six months ended	
	May 31, 2022	**May 31, 2021**
	Number of share units	**Number of share units**
Outstanding, beginning of the period	3,926,196	3,510,057
Issued		
Initial grant	227,752	287,623
In lieu of dividends	75,463	68,359
Settled in cash	(611,068)	(428,789)
Settled in equity, net of tax	(339,223)	(300,208)
Forfeited and cancelled	(3,229)	(13,288)
Outstanding, end of the period	3,275,891	3,123,754
Cash-settled, end of the period	1,704,697	297,533
Equity-settled, end of the period	1,571,194	2,826,221

Note 17: Expenses by Nature

	Three months ended		Six months ended	
(in thousands of dollars)	**May 31, 2022**	**May 31, 2021**	**May 31, 2022**	**May 31, 2021**
Selling, general and administrative				
Salaries, benefits and performance-based compensation	$ 30,910	$ 31,944	$ 63,916	$ 64,263
Stock-based compensation	2,193	2,839	3,576	6,165
DSU derivative	362	–	362	–
Severance	222	40	1,664	147
Sales and marketing	2,093	1,442	3,866	3,091
Information technology and facilities	7,528	6,442	14,995	13,249
Professional fees	2,638	3,022	6,370	6,029
Other fund costs	667	660	673	903
Other	711	721	1,193	1,242
	$ 47,324	$ 47,110	$ 96,615	$ 95,089

Note 18: Income Tax Expense

Income tax expense is recognized based on management's best estimate of weighted average annual income tax rate expected for the full financial year. The effective tax rate for the six months ended May 31, 2022 was 26.0% (2021 – 28.6%).

The main items impacting the effective tax rate in the period relate to gains from investments subject to different tax rates, temporary differences for which no deferred tax assets were recognized, prior period tax adjustments and non-taxable interest refunds received from the CRA.

As disclosed in the notes of the Company's 2021 Annual Report, the Company received letters from the CRA providing relief for a portion of the previously assessed interest in relation to the 2008 to 2015 taxation years on the resolved transfer pricing issue as disclosed in the Annual Consolidated Financial Statements from 2013 to 2020. During the three months ended February 28, 2022, the Company received refunds from the CRA totaling approximately $3.9 million in relation to such interest. The interest relief, which is non-taxable, is recorded in "Fair value adjustments and other income" on the consolidated interim statement of income.

Note 19: Earnings per Share

	Three months ended		Six months ended	
(in thousands of dollars, except per share amounts)	**May 31, 2022**	**May 31, 2021**	**May 31, 2022**	**May 31, 2021**
Numerator				
Net income for the period	$ 10,083	$ 5,023	$ 22,952	$ 10,634
Denominator				
Weighted average number of shares – basic	68,270,570	70,014,806	69,133,684	70,145,731
Dilutive effect of employee stock-based compensation awards	1,750,065	2,123,987	1,764,303	1,823,646
Weighted average number of shares – diluted	70,020,635	72,138,793	70,897,987	71,969,377
Earnings per share for the period				
Basic	$ 0.15	$ 0.07	$ 0.33	$ 0.15
Diluted	$ 0.14	$ 0.07	$ 0.32	$ 0.15

Note 20: Dividends

During the three and six months ended May 31, 2022, the Company paid dividends of $0.10 and $0.19 (2021 – $0.08 and $0.16) per share. Total dividends paid, including dividends reinvested, in the three and six months ended May 31, 2022 were $6.9 million and $13.1 million (2021 – $5.6 million and $11.2 million). On June 21, 2022, 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 $0.10 per share in respect of the three months ended May 31, 2022, amounting to a total dividend of approximately $6.8 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:

	Three months ended		Six months ended	
(in thousands of dollars)	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Salaries and other short-term employee benefits	$ 2,225	$ 2,257	$ 4,427	$ 4,145
Share-based compensation	957	1,640	1,184	3,758
	$ 3,182	$ 3,897	$ 5,611	$ 7,903

Note 22: Fair Value of Financial Instruments

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

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

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

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

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

The following table presents the group's assets and liabilities that are measured at fair value at May 31, 2022:

(in thousands of dollars) **May 31, 2022**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit or loss				
Cash and cash equivalents	$ 35,606	$ –	$ –	$ 35,606
AGF mutual funds and other	29,120	–	–	29,120
Long-term investments	–	–	159,116	159,116
Carried interest	–	–	1,159	1,159
Financial assets at fair value through other comprehensive income				
Equity securities	620	–	–	620
Total financial assets	$ 65,346	$ –	$ 160,275	$ 225,621
Liabilities				
Financial liabilities at fair value through profit or loss				
Long-term deferred income on carried interest	$ –	$ –	$ 1,159	$ 1,159
Derivative financial instrument	–	362	–	362
Total financial liabilities	$ –	$ 362	$ 1,159	$ 1,521

The following table presents the group's assets and liabilities that were measured at fair value at November 30, 2021:

(in thousands of dollars) **November 30, 2021**		**Level 1**		**Level 2**		**Level 3**		**Total**
Assets								
Financial assets at fair value through profit or loss								
Cash and cash equivalents	$	86,484	$	–	$	–	$	86,484
AGF mutual funds and other		21,836		–		–		21,836
Long-term investments		–		–		160,721		160,721
Carried interest		–		–		1,159		1,159
Financial assets at fair value through other comprehensive income								
Equity securities		913		–		–		913
Amortized cost								
Canadian government debt – Federal		–		325		–		325
Total financial assets	$	109,233	$	325	$	161,880	$	271,438
Liabilities								
Financial liabilities at fair value through profit or loss								
Long-term deferred income on carried interest	$	–	$	–	$	1,159	$	1,159
Total financial liabilities	$	–	$	–	$	1,159	$	1,159

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

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

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

Level 3 instruments include long-term investments related to the alternatives asset management business and the fair value of the carried interest investments related to the InstarAGF Funds. 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 Company's long-term investments as at May 31, 2022 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 $15.9 million. Refer to Note 6(b) for additional information.

The fair value of the Company's interest related to the InstarAGF Funds has been estimated using the financial information and NAV provided by the investees with consideration over the timing, amount of expected future cash flows and appropriate discount rates used. Refer to Note 8 for additional information.

The following table presents changes in level 3 instruments for the six months ended May 31, 2022:

(in thousands of dollars)		Total
Long-term investments		
Balance at December 1, 2021	$	160,721
Purchase of investment		2,371
Return of capital		(11,615)
Fair value adjustment recognized in profit or loss[1]		7,639
Balance at May 31, 2022	**$**	**159,116**
Carried interest		
Balance at December 1, 2021	$	1,159
Balance at May 31, 2022	**$**	**1,159**

[1] The change in unrealized gain in investments currently held included in level 3 of the fair value hierarchy is $7,639 (2021 – loss of $925) for the six months ended May 31, 2022.

The following table presents changes in level 3 instruments for the six months ended May 31, 2021. There was no carried interest recorded for the six months ended May 31, 2021:

(in thousands of dollars)		Total
Long-term investments		
Balance at December 1, 2020	$	151,949
Purchase of investment		19,352
Return of capital		(12,250)
Fair value adjustment recognized in profit or loss		(925)
Balance at May 31, 2021	**$**	**158,126**
Carried interest		
Balance at December 1, 2020	$	–
Initial recognition		1,159
Balance at May 31, 2021	**$**	**1,159**

There were no transfers into or out of level 1 and level 2 during the six months ended May 31, 2022.

Note 23: Contingencies

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

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

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

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

Invested in Discipline

At AGF, our approach is defined by three principles; shared intelligence, measured approach and active accountability. Together, they create a disciplined process that is transparent, repeatable, and deeply woven into our DNA – delivering consistent outcomes for our clients, whatever tomorrow may bring.

It Takes a Tiger™

AGF® Invested in Discipline

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