AGF MANAGEMENT LIMITED

SECOND QUARTER REPORT 2023

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Financial Highlights

(in millions of dollars, except share data) Three months ended	May 31, 2023	Feb. 28, 2023	Nov. 30, 2022	Aug. 31, 2022	May 31, 2022	Feb. 28, 2022	Nov. 30, 2021	Aug. 31, 2021
AUM & fee-earning assets[1]	$ 41,204	$ 41,928	$ 41,819	$ 39,555	$ 40,277	$ 41,955	$ 42,635	$ 43,360
Mutual fund net sales	77	221	251	51	132	330	352	288
Total net revenue[2]	95.8	80.1	81.7	79.6	82.7	89.3	85.4	87.6
SG&A[3]	53.0	53.0	51.5	46.4	47.3	49.3	49.9	50.1
SG&A excluding severance and corporate development costs	51.9	52.8	49.0	46.2	47.1	47.9	49.8	48.7
EBITDA before commissions[2,4]	42.8	27.1	30.2	33.2	35.4	40.0	35.5	37.5
Deferred selling commissions[4]	–	–	–	–	17.8	19.3	15.3	14.1
EBITDA[2]	42.8	27.1	30.2	33.2	17.6	20.7	20.2	23.4
Net income before tax	39.0	23.7	27.3	29.0	13.5	17.6	16.9	20.0
Net income	30.3	17.6	21.6	22.1	10.1	12.9	13.8	14.9
Earnings per share								
Basic	$ 0.46	$ 0.27	$ 0.32	$ 0.33	$ 0.15	$ 0.18	$ 0.20	$ 0.21
Diluted	0.45	0.26	0.32	0.32	0.14	0.18	0.19	0.21
Free cash flow[2]	19.8	19.3	24.1	20.6	12.3	13.3	12.5	21.5
Dividends per share	0.11	0.10	0.10	0.10	0.10	0.09	0.09	0.09
Long-term debt	19.7	29.6	21.6	–	–	–	–	–
Average basic shares	65,365,263	64,869,861	66,854,462	67,758,818	68,270,570	69,778,674	69,831,890	69,840,774
Average fully diluted shares	67,270,375	66,861,361	67,464,947	69,268,495	70,020,635	71,714,425	71,598,548	72,287,249

[1] 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.
[2] Total net revenue, EBITDA before commissions, EBITDA and free cash flow 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. See the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section.
[3] Selling, general and administrative expenses.
[4] Effective June 1, 2022, deferred selling commissions options have been eliminated by the Canadian Securities Administrators.

Selected Quarterly Information

(in millions of dollars, except share data)	Three months ended May 31, 2023	Three months ended Feb. 28, 2023	Three months ended May 31, 2022	Six months ended May 31, 2023	Six months ended May 31, 2022
AUM end of the period					
AGF Investments					
Mutual Funds	$ 23,631	$ 24,029	$ 22,849	$ 23,631	$ 22,849
Institutional, sub-advisory, ETFs	8,276	8,439	8,039	8,276	8,039
Private Wealth	7,162	7,324	7,279	7,162	7,279
Private Capital	48	54	58	48	58
Total AUM	**$ 39,117**	**$ 39,846**	**$ 38,225**	**$ 39,117**	**$ 38,225**
Private Capital fee-earning assets[1]	2,087	2,082	2,052	2,087	2,052
Total AUM and fee-earning assets[1] end of period	**$ 41,204**	**$ 41,928**	**$ 40,277**	**$ 41,204**	**$ 40,277**
Mutual Fund net sales	$ 77	$ 221	$ 132	$ 298	$ 462
Retail mutual fund net sales[2]	77	227	132	303	462
EBITDA before commissions[3,4]	42.8	27.1	35.4	69.9	75.4
Deferred selling commissions[3]	–	–	17.8	–	37.1
Net income	30.3	17.6	10.1	47.9	23
Diluted earnings per share	0.45	0.26	0.14	0.71	0.32
Free cash flow[4]	19.8	19.3	12.3	39.1	25.6
SUPPLEMENTARY FINANCIAL INFORMATION					
EBITDA before commissions[3]					
EBITDA before Private Capital	$ 24.8	$ 23.1	$ 30.1	$ 47.9	$ 62.5
From Private Capital Managers[5]	1.7	1.1	0.6	2.8	1.0
From Private Capital Long-term Investments[6]	16.3	2.9	4.7	19.2	11.9
EBITDA before commissions	**$ 42.8**	**$ 27.1**	**$ 35.4**	**$ 69.9**	**$ 75.4**
EBITDA[4]					
EBITDA before Private Capital	$ 24.8	$ 23.1	$ 12.3	$ 47.9	$ 25.4
From Private Capital Managers[5]	1.7	1.1	0.6	2.8	1.0
From Private Capital Long-term Investments[6]	16.3	2.9	4.7	19.2	11.9
EBITDA	**$ 42.8**	**$ 27.1**	**$ 17.6**	**$ 69.9**	**$ 38.3**
Diluted earnings per share before Private Capital	$ 0.24	$ 0.22	$ 0.08	$ 0.45	$ 0.19
From Private Capital Managers[5]	0.02	0.01	0.01	0.04	0.01
From Private Capital Long-term Investments[6]	0.19	0.03	0.05	0.22	0.12
Diluted earnings per share	**$ 0.45**	**$ 0.26**	**$ 0.14**	**$ 0.71**	**$ 0.32**

[1] 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.
[2] 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.
[3] Effective June 1, 2022, deferred selling commissions options have been eliminated by the Canadian Securities Administrators.
[4] Refer to Note 2 on page 3.
[5] Private Capital Manager earnings represents share of profit of joint ventures, which are recorded under equity accounting, and income from other fee-earning arrangements.
[6] Private Capital Long-term Investments represents fair value adjustments and distributions related to long-term investments included in fair value adjustments and other income.

Second Quarter in Review

A summary of our strategic and financial highlights for the quarter is below.

AUM and Sales

AGF reported $41.2 billion in assets under management and fee-earning assets as at May 31, 2023, compared to $41.9 billion as at February 28, 2023, and $40.3 billion as at May 31, 2022. Excluding Private Capital, AUM was $39.1 billion as at May 31, 2023, as compared to $39.8 billion as at February 28, 2023, and $38.2 billion as at May 31, 2022.

During the three months ended May 31, 2023, AGF reported its 11th consecutive quarter of positive mutual fund sales, reporting net sales of $77.0 million compared to $221.0 million for the three months ended February 28, 2023, and $132.0 million in the comparative prior year period. Retail mutual fund net sales[1] were $77.0 million for the quarter compared to $227.0 million for the three months ended February 28, 2023, and $132.0 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, 2023, AGF's average percentile over the past one year was 63% (2022 – 41%) and the average percentile over the past three years was 44% (2022 – 39%). The quarter-over-quarter decline in our one-year performance was due to the weakness in year-to-date performance due to the very concentrated nature of the equity markets through these first five months of 2023.

Business Highlights

- AGF announced the appointment of industry veteran Ken Tsang to the position of Chief Financial Officer. He is a respected and seasoned leader with nearly 30 years of experience as a strategic finance and corporate development leader in Financial Services.
- As part of an ongoing product review and AGF's commitment to ensuring its lineup is responsive to market trends and regulatory changes, while also delivering competitive pricing, AGF Investments Inc. announced a host of product-related updates to its Canadian lineup, including selective pricing changes, preliminary prospectus filings for new funds and select fund/series closures.
- AGF's separately managed accounts (SMA) business continued to gain momentum over the quarter as the firm onboarded a sustainable investment strategy onto the U.S. SMA platform of a large global wealth management firm.
- The firm relocated its Boston office to 99 High Street. The expanded space will deliver the same seamless in-office and at-home working experience offered to employees at CIBC SQUARE and AGF's other locations while supporting the continued build-out of AGF's U.S. business.

Financial Highlights

Total net revenue was $95.8 million for the three months ended May 31, 2023, compared to $80.1 million for the three months ended February 28, 2023, and $82.7 million for the comparative prior year period. The increase was driven by higher income on Private

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.

Capital long-term investments, which can be variable quarter to quarter and impacted by the timing of monetizations and cash distributions.

Net management, advisory and administration fees were $75.7 million for the three months ended May 31, 2023, compared to $73.0 million for the three months ended February 28, 2023, and $76.2 million for the comparative prior year period. Net management, advisory and administration fees are directly related to our AUM levels, the proportion of AUM invested in various strategies (i.e., equity fund vs. fixed income fund) and commission fee structures (i.e., fee-based, front-end, or deferred sales commission basis). Annualized net management, advisory and administration fees as a percentage of average AUM was 0.76% for the three months ended May 31, 2023, compared to 0.75% for the three months ended February 28, 2023, and 0.78% for the same period in 2022.

SG&A was $53.0 million for the three months ended May 31, 2023, compared to $53.0 million for the three months ended February 28, 2023, and $47.3 million in the comparative prior year period. SG&A excluding severance costs was $51.9 million for the three months ended May 31, 2023, compared to $52.8 million for the three months ended February 28, 2023, and $47.1 million for the prior year period. The year-over-year increase in SG&A was impacted by higher incentive compensation as a result of our track record of investment outperformance and the successful execution of our sales strategy, which is to increase our presence in the investment dealer channel. In addition, the increase incorporates strategic investments made into the business to support our growth plan, including Private Capital, as well as increases driven by the market environment. AGF is committed to being an employer of choice, which means looking at responsible practices and initiatives to attract, develop and reward employees.

For the three months ended May 31, 2023, AGF reported total EBITDA before commissions of $42.8 million, compared to $27.1 million for the three months ended February 28, 2023, and $35.4 million in the comparative prior year period. For the three months ended May 31, 2023, AGF reported EBITDA before commissions margin of 33.0% compared to 23.8% for the three months ended February 28, 2023, and 30.1% in the comparative prior year period.

For the three months ended May 31, 2023, EBITDA from Private Capital was $18.0 million, compared to $4.0 million for the three months ended February 28, 2023, and $5.3 million for the comparative prior year period. Of the $18.0 million, $1.7 million was generated from AGF's interest in Private Capital Managers and $16.3 million was generated from AGF's investment in Private Capital long-term investments, compared to $1.1 million and $2.9 million for the three months ended February 28, 2023, and $0.6 million and $4.7 million in the comparative prior year period.

For the three months ended May 31, 2023, diluted earnings per share was $0.45 compared to $0.26 for the three months ended February 28, 2023, and $0.14 in the comparative prior year period.

AGF Management Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended May 31, 2023 and 2022

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 2022 Annual MD&A.

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) is as of June 21, 2023 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, 2023, compared to the three- and six- month periods ended May 31, 2022. 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, 2023, and our 2022 Annual Report. The financial statements for the three and six months ended May 31, 2023, 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 (AGF) is an independent and globally diverse asset management firm delivering excellence in investing in the public and private markets through its three distinct business lines: AGF Investments, AGF Private Capital and AGF Private Wealth.

AGF brings a disciplined approach focused on providing an exceptional client experience and incorporating sound responsible and sustainable practices. The firm's investment solutions, driven by its fundamental, quantitative and private investing capabilities, extends globally to a wide range of clients, from financial advisors and their clients to high-net-worth and institutional investors including pension plans, corporate plans, sovereign wealth funds, endowments and foundations.

Headquartered in Toronto, Canada, AGF has investment operations and client servicing teams on the ground in North America and Europe. With over $41 billion in total assets under management and fee-earning assets, AGF serves more than 800,000 investors. AGF trades on the Toronto Stock Exchange under the symbol AGF.B.

AGF Investments

AGF Investments is AGF's group of companies who manage and advise on a variety of investment solutions managed by its fundamental and quantitative investing teams. AGF services a wide range of clients from financial advisors and individual investors to institutional investors, including pension plans, corporate plans, sovereign wealth funds, and endowments and foundations.

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.

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

AGF's quantitative investment team is 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.

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.

AGF Private Wealth

AGF Private Wealth (Private Wealth) is AGF's private wealth platform – which includes Cypress Capital Management Ltd., Doherty & Associates Ltd. and Highstreet Asset Management Inc. – that 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.

AGF Private Capital

AGF Private Capital (Private Capital), AGF's private markets 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 markets business that will meet the needs of retail brokers, family offices and institutions. AGF is focused on expanding its existing relationships and continues to explore other unique opportunities to grow the Company's platform and product offerings.

Private market 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. Private Capital combines diversified private markets capabilities alongside participation as a core investor in bespoke and distinct opportunities that deliver added value for the firm's shareholders and clients. Private Capital 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 fees on its Private Capital business 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/performance fees.

Key financial highlights from AGF's interest in Private Capital Managers are presented in the table below.

	Three months ended			Six months ended	
(in millions of dollars)	May 31, 2023	Feb. 28, 2023	May 31, 2022	May 31, 2023	May 31, 2022
Manager earnings[1]	$ (0.1)	$ –	$ (0.1)	$ (0.1)	$ (0.5)
Income from fee-earning arrangements	0.9	0.7	0.7	1.6	1.5
Carried interest earnings and performance fees	0.9	0.4	–	1.3	–
EBITDA from Private Capital Managers[2]	**$ 1.7**	**$ 1.1**	**$ 0.6**	**$ 2.8**	**$ 1.0**

[1] Represents share of profit (loss) of joint ventures related to Private Capital Managers.
[2] EBITDA from Private Capital Managers represents share of profit (loss) of joint ventures, which are recorded under equity accounting, income from other fee-earning arrangements related to other Private Capital fee-earning arrangements, and carried interest earnings.

Invested Capital Value

AGF also participates as an investor in the units of the underlying funds it manages. 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 Capital long-term investments are presented in the table below.

	Three months ended			Six months ended	
(in millions of dollars)	May 31, 2023	Feb. 28, 2023	May 31, 2022	May 31, 2023	May 31, 2022
Committed capital, end of period	$ 237.5	$ 237.6	$ 217.4	$ 237.5	217.4
Funded capital, since inception	210.5	203.8	148.9	210.5	148.9
Remaining committed capital[1]	**$ 27.0**	**$ 33.8**	**$ 68.5**	**$ 27.0**	**68.5**
Fair value of investments	$ 247.3	$ 224.3	$ 159.1	$ 247.3	159.1
EBITDA from Private Capital long-term investments for the period	16.3	2.9	4.7	19.2	11.9

[1] Excludes anticipated commitment of US $50.0 million upon the successful launch of Instar's third fund.

For the three months ended May 31, 2023, Private Capital contributed $0.21 to diluted earnings per share compared to $0.04 for the three months ended February 28, 2023, and $0.05 in the comparative prior year period.

Corporate Sustainability

AGF has been bringing stability to the world of investing since 1957. And to ensure our own stability and the continued longevity of our firm, we recognize that responsible and sustainable practices must continue to shape our organization. That's why, in 2022, corporate sustainability was formally adopted as a strategic imperative for the firm.

Guided by the thinking, "Our Responsibility Today for a Sustainable Tomorrow," we have developed a detailed corporate responsibility framework that applies forward-thinking practices related to environmental, social and governance (ESG) factors to deliver long-term successful outcomes for each of our stakeholders.

We have identified the following key areas of focus that we believe are central to our firm's long-term success:

- **Sustainable Investing** – The continued advancement of responsible and sustainable investing practices across our investment management teams.
- **Talent, Culture & DEI** – Improving the employee experience by fostering high engagement, advancing diversity initiatives, ensuring equitable and inclusive practices, and attracting and nurturing talent with ongoing support and thoughtful succession planning.
- **Sustainable Operations & Governance** – Managing the risks and opportunities related to AGF's operations and governance as well as our community involvement.

Recognizing that client and market expectations continue to evolve, we remain committed to our guiding principles of shared intelligence, taking a measured approach and having active accountability. These principles will continue to guide us, shaping our practices and approach to managing material ESG risks while ensuring we continue to deliver and/or track toward successful outcomes in support of our stakeholders.

To learn more about Corporate Sustainability at AGF please refer to our Annual Report or visit AGF.com.

Assets Under Management and Fee-earning Assets[1]

	Three months ended				
(in millions of dollars)	May 31, 2023	Feb. 28, 2023	Nov. 30, 2022	Aug. 31, 2022	May 31, 2022
Mutual fund AUM beginning of the period[1]	$ 24,029	$ 23,898	$ 22,496	$ 22,849	$ 23,625
Gross sales	819	982	914	594	818
Redemptions	(742)	(761)	(663)	(543)	(686)
Net sales	77	221	251	51	132
Market appreciation (depreciation) of fund portfolios	$ (475)	$ (90)	$ 1,151	$ (404)	$ (908)
Mutual fund AUM end of the period[1]	$ 23,631	$ 24,029	$ 23,898	$ 22,496	$ 22,849
Average daily mutual fund AUM[1]	$ 24,017	$ 23,782	$ 22,504	$ 22,207	$ 23,183
Institutional, sub-advisory, ETF AUM beginning of period	$ 8,439	$ 8,440	$ 7,860	$ 8,039	$ 8,672
Net change including market performance	(163)	(1)	580	(179)	(633)
Institutional, sub-advisory, ETF AUM end of the period	$ 8,276	$ 8,439	$ 8,440	$ 7,860	$ 8,039
Total AGF Investments AUM	**$ 31,907**	**$ 32,468**	**$ 32,338**	**$ 30,356**	**$ 30,888**
Private Wealth AUM	$ 7,162	$ 7,324	$ 7,349	$ 7,072	$ 7,279
Subtotal excluding Private Capital AUM end of the period	**$ 39,069**	**$ 39,792**	**$ 39,687**	**$ 37,428**	**$ 38,167**
Private Capital AUM	$ 48	$ 54	$ 55	$ 60	$ 58
Total AUM	**$ 39,117**	**$ 39,846**	**$ 39,742**	**$ 37,488**	**$ 38,225**
Private Capital fee-earning assets[2]	$ 2,087	$ 2,082	$ 2,077	$ 2,067	$ 2,052
Total AUM and fee-earning assets[2] end of the period	**$ 41,204**	**$ 41,928**	**$ 41,819**	**$ 39,555**	**$ 40,277**

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

Private Capital AUM and Fee-earning Assets

	Three months ended				
(in millions of dollars)	May 31, 2023	Feb. 28, 2023	Nov. 30, 2022	Aug. 31, 2022	May 31, 2022
Private Capital AUM	$ 48	$ 54	$ 55	$ 60	$ 58
Private Capital fee-earning assets[1]	2,087	2,082	2,077	2,067	2,052
Total Private Capital AUM and fee-earning assets[1]	**$ 2,135**	**$ 2,136**	**$ 2,132**	**$ 2,127**	**$ 2,110**

[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.

Consolidated Operating Results

(in millions of dollars, except per share data)	Three months ended May 31, 2023	Three months ended February 28, 2023	Three months ended May 31, 2022	Six months ended May 31, 2023	Six months ended May 31, 2022
Revenues					
Management, advisory and administration fees	$ 109.8	$ 106.8	$ 111.0	$ 216.6	$ 223.6
Trailing commissions and investment advisory fees	(34.1)	(33.8)	(34.8)	(67.9)	(70.4)
Net management, advisory and administration fees[1]	75.7	73.0	76.2	148.7	153.2
Deferred sales charges	2.1	1.8	2.1	3.9	3.6
Share of profit (loss) of joint ventures	0.8	0.3	(0.2)	1.1	(0.8)
Other income from fee-earning arrangements	0.9	0.7	0.7	1.6	1.5
Fair value adjustments and other income	16.3	4.3	3.9	20.6	14.5
Total net revenue[1]	$ 95.8	$ 80.1	$ 82.7	$ 175.9	$ 172.0
Selling, general and administrative[2]	53.0	53.0	47.3	106.0	96.6
EBITDA before commissions[1]	**$ 42.8**	**$ 27.1**	**$ 35.4**	**$ 69.9**	**$ 75.4**
Deferred selling commissions	–	–	17.8	–	37.1
EBITDA[1]	**$ 42.8**	**$ 27.1**	**$ 17.6**	**$ 69.9**	**$ 38.3**
Amortization, derecognition and depreciation	2.3	2.2	3.4	4.5	6.0
Interest expense	1.5	1.2	0.7	2.7	1.2
Net income before income taxes	$ 39.0	$ 23.7	$ 13.5	$ 62.7	$ 31.1
Income tax expense	8.7	6.1	3.4	14.8	8.1
Net income for the period	**$ 30.3**	**$ 17.6**	**$ 10.1**	**$ 47.9**	**$ 23.0**
Basic earnings per share	$ 0.46	$ 0.27	$ 0.15	$ 0.73	$ 0.33
Diluted earnings per share	$ 0.45	$ 0.26	$ 0.14	$ 0.71	$ 0.32

[1] For the definition of net management, advisory and administration fees, total net revenue, EBITDA before commissions, and EBITDA, see the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section.
[2] Includes severance expenses of $1.1 million for the three months ended May 31, 2023, $0.2 million for the three months ended February 28, 2023, and $0.2 million for the three months ended May 31, 2022. Includes severance expenses of $1.4 million for the six months ended May 31, 2023, and $1.7 million for the six months ended May 31, 2022.

Commentary on Consolidated Operating Results

Net Management, Advisory and Administration Fees

Net management, advisory and administration fees is comprised of management, advisory and administration fees net of trailing commissions and investment advisory fees and is directly related to our AUM levels and depends on the proportion of AUM invested in various strategies (i.e., equity fund vs. fixed income fund) and commission fee structures (i.e., fee-based, front-end, or deferred sales commission basis). Net management, advisory and administration fees are recognized on an accrual basis.

For the three and six months ended May 31, 2023, net management, advisory and administration fees were $75.7 million and $148.7 million, a decrease of $0.5 million and $4.5 million or 3.7% and 0.7%, compared to $76.2 million and $153.2 million in the same periods in 2022. The decreases were due to a $1.2 million and $7.0 million decline in management, advisory and administration fees partially offset by a $0.7 million and $2.5 million decrease in trailing commissions. A lower revenue rate driven by mix of assets contributed to the decline. Annualized net management, advisory and administration fees as a percentage of average AUM was 0.76% and 0.75% for the three and six months ended May 31, 2023, compared to 0.78% and 0.77% for the same periods in 2022.

Deferred Sales Charges (DSC)

We receive deferred sales charges upon redemption of securities sold on the contingent DSC or low-load commission, for which we financed the selling commissions paid to the dealer (prior to June 1, 2022). 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 $3.9 million for the three and six months ended May 31, 2023, compared to $2.1 million and $3.6 million for the same periods in 2022. As a result of the DSC elimination effective June 1, 2022, DSC revenue will decline over time as assets move off the DSC schedule to front-end.

Share of Profit of Joint Ventures

Share of profit of joint ventures refers to earnings related to our ownership in joint ventures, which are recorded under the equity method. For the three and six months ended May 31, 2023, AGF recorded income of $0.8 million and $1.1 million (2022 – loss of $0.2 million and $0.8 million). For additional information, see Note 6(a) of the Condensed Consolidated Interim Financial Statements.

Other Income from Fee-earning Arrangements

The Company has a fee arrangement with Instar whereby AGF earns annual fees of 14 bps on the assets under management of the InstarAGF Essential Infrastructure Fund I and II (together, the InstarAGF Funds). For the three and six months ended May 31, 2023, the Company recognized income of $0.8 million and $1.5 million (2022 – $0.7 million and $1.4 million) related to the fee arrangement.

AGF has a strategic private equity partnership with First Ascent focused on investing in emerging technology companies. Based on the terms of the agreement, AGF earns an annual fee of $0.2 million during the commitment period and 11.5 bps on the net invested capital after the commitment period. During the three and six months ended May 31, 2023, the Company recognized nil and $0.1 million (2022 – nil and $0.1 million) of income related to the fee arrangement.

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, 2023, the Company recorded $16.3 million and $20.6 million (2022 – $3.9 million and $14.5 million) in fair value and other income. Fair value adjustments and income distributions related to investments in AGF mutual funds and long-term investments were $15.9 million and $19.3 million for the three and six months ended May 31, 2023 (2022 – $3.6 million and $9.6 million). The amounts recorded as income fluctuate with the amount of capital invested, monetizations, and changes in fair value. Other income was $0.1 million and $0.6 million for the three and six months ended May 31, 2023 (2022 – $0.2 million and $4.7 million).

	Three months ended			Six months ended	
(in millions of dollars)	**May 31, 2023**	**February 28, 2023**	**May 31, 2022**	**May 31, 2023**	**May 31, 2022**
Fair value adjustment related to investment in AGF mutual funds	$ (0.4)	$ 0.5	$ (1.1)	$ 0.1	$ (2.3)
Fair value adjustment and distributions related to long-term investments	16.3	2.9	4.7	19.2	11.9
Interest income	0.3	0.4	0.1	0.7	0.2
Other[1]	0.1	0.5	0.2	0.6	4.7
	$ 16.3	**$ 4.3**	**$ 3.9**	**$ 20.6**	**$ 14.5**

[1] For the three and six months ended May 31, 2022, the Company recorded other income of nil and $4.0 million related to an interest refund received from the Canada Revenue Agency (CRA).

Selling, General and Administrative Expenses (SG&A)

For the three and six months ended May 31, 2023, SG&A was $53.0 million and $106.0 million, an increase of $5.7 million and $9.4 million or 12.1% and 9.7% compared to $47.3 million and $96.6 million for the same periods in 2022. Excluding severance costs, SG&A expenses increased $4.8 million and $9.7 million for the three and six months ended May 31, 2023, compared to the same periods in 2022.

(in millions of dollars)	Three months ended May 31, 2023	Six months ended May 31, 2023
Increase in performance-based compensation expenses	$ 3.7	$ 4.3
Increase in non performance-based compensation expenses	0.7	2.4
Increase (decrease) in stock-based compensation expenses	(0.2)	1.5
Increase in other expenses	0.6	1.5
	$ 4.8	$ 9.7
Increase (decrease) in severance expenses	0.9	(0.3)
Total change in SG&A	**$ 5.7**	**$ 9.4**

The following explains expense changes in the three and six months ended May 31, 2023, compared to the same periods in the prior year:

- Performance-based compensation expenses increased by $3.7 million and $4.3 million driven by higher incentive compensation as a result of our track record of investment outperformance and the successful execution of our sales strategy, which is to increase our presence in the investment dealer channel.

- Non performance-based compensation expenses increased by $0.7 million and $2.4 million reflecting strategic investments made into the business to support our growth plan, including Private Capital, as well as increases driven by the market environment. AGF is committed to being an employer of choice, which means looking at responsible practices and initiatives to attract, develop and reward employees.

- Stock-based compensation expenses decreased by $0.2 million and increased by $1.5 million for the three and six months ended May 31, 2023. Increases or decreases in the AGF.B share price will create fluctuations in the fair value of unhedged cash-settled Restricted Share Units (RSUs) and Deferred Share Units (DSUs). 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 DSUs on April 11, 2022. As at May 31, 2023, 13.2% of the Company's cash-settled RSUs and vested DSUs were unhedged.

- Other expenses increased by $0.6 million and $1.5 million, driven by an increase in sales and marketing activities, and the impact of inflation.

Deferred Selling Commissions

Effective June 1, 2022, deferred selling commissions options have been eliminated by the Canadian Securities Administrators. Deferred selling commissions are expensed on an accrual basis. For the three and six months ended May 31, 2023, the total deferred selling commissions expense was nil and nil (2022 – $17.8 million and $37.1 million).

Amortization and Interest Expense

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

- Depreciation decreased by $1.2 million and $1.5 million for the three and six months ended May 31, 2023, compared to the same periods in 2022 driven by reduced depreciation on right-of-use assets.

- Interest expense increased by $0.9 million and $1.5 million for the three and six months ended May 31, 2023, compared to the same periods in 2022, due to higher borrowing levels.

Income Tax Expense

Income tax expense for the three and six months ended May 31, 2023 was $8.7 million and $14.8 million, as compared to $3.4 million and $8.1 million in the corresponding periods in 2022.

The effective tax rate for the six months ended May 31, 2023 was 23.6% (2022 – 26.0%). 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, and tax recoveries related to prior periods.

As disclosed in the notes of the Company's 2022 Annual Report, the Company received refunds from the CRA totaling approximately $4.0 million in relation to interest relief on a resolved transfer pricing issue. The interest relief, which was non-taxable, was recorded in Fair value adjustments and other income on the Consolidated Interim Statement of Income for the six months ended May 31, 2022.

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 $30.3 million and $47.9 million for the three and six months ended May 31, 2023, as compared to $10.1 million and $23.0 million in the corresponding periods in 2022.

Earnings per Share

Diluted earnings per share was $0.45 and $0.71 for the three and six months ended May 31, 2023, as compared to earnings of $0.14 and $0.32 per share in the corresponding periods in 2022.

Liquidity and Capital Resources

As at May 31, 2023, the Company had total cash and cash equivalents of $19.5 million (November 30, 2022 – $58.6 million). Free cash flow, as defined in the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section of this MD&A, generated was $19.8 million and $39.1 million for the three and six months ended May 31, 2023, compared to $12.3 million and $25.6 million in the comparative prior periods. During the six months ended May 31, 2023, we used $39.1 million (2022 – $50.9 million) in cash as follows:

(in millions of dollars) **Six months ended**		**May 31, 2023**		**May 31, 2022**
Net cash provided by operating activities	$	8.8	$	(10.9)
Repurchase of shares under normal course issuer bid		(6.7)		(15.3)
Issue of Class B non-voting shares		6.5		–
Dividends paid		(13.4)		(12.9)
Repayment of long-term debt		(2.0)		–
Interest paid		(1.0)		(0.2)
Lease principal payments		(2.9)		(2.0)
Net return of capital (purchase) of long-term investments		(29.1)		9.2
Purchase of property, equipment and computer software, net of disposals		(1.7)		(9.2)
Net proceeds of short-term investments, including seed capital		2.6		(9.0)
Other		(0.2)		(0.6)
Change in cash and cash equivalents	**$**	**(39.1)**	**$**	**(50.9)**

Total long-term debt outstanding as at May 31, 2023 was $19.7 million (November 30, 2022 – $22.0 million). As at May 31, 2023, $130.0 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, 2023, the Company had right-of-use assets of $73.4 million and total lease liabilities of $84.8 million recorded on the Consolidated Interim Statement of Financial Position. As well, as at May 31, 2023, the Company has funded $210.5 million (November 30, 2022 – $181.3 million) in funds and investments associated with the private capital business and has $27.0 million (November 30, 2022 – $42.9 million) remaining of committed capital to be invested. In addition, the Company has an anticipated commitment of US$50.0 million upon the successful launch of Instar's third fund.

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 private capital business commitments, 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 Private Capital 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, Chief Financial Officer, Chief Operating Officer, and Head of Private Capital. 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 6, 2023, 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, 2023 and February 7, 2024, up to 4,397,923 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, 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).

During the three and six months ended May 31, 2023, AGF purchased 500,000 and 905,652 (2022 – 692,634 and 2,045,454) Class B Non-Voting shares for cancellation for a total consideration of $4.0 million and $6.7 million (2022 – $5.1 million and $15.3 million) at an average price of $7.92 and $7.44 (2022 – $7.38 and $7.49) per share under its NCIB.

During the three and six months ended May 31, 2023, AGF did not purchase Class B Non-Voting shares for the EBT.

Dividends

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

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

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

Years ended November 30	2023[1]	2022	2021	2020	2019
Per share	$ 0.32	$ 0.40	$ 0.34	$ 0.32	$ 0.32

[1] Represents the total dividends paid in January 2023, April 2023, and to be paid in July 2023.

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 21, 2023 was $0.11 per share.

On June 20, 2023, 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 $0.11 per share in respect of the three months ended May 31, 2023.

Outstanding Share Data

Set out below is our outstanding share data as at May 31, 2023 and 2022. For additional detail, see Notes 11 and 17 of the Condensed Consolidated Interim Financial Statements.

	May 31, 2023	**May 31, 2022**
Shares		
Class A Voting common shares	57,600	57,600
Class B Non-Voting shares	65,125,966	68,280,085
Stock Options		
Outstanding options	3,414,535	5,029,662
Exercisable options	2,530,752	3,893,478

Key Performance Indicators, Additional IFRS and Non-IFRS Measures

We measure the success of our business strategies using key performance indicators (KPIs), which are outlined below. Except for 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.

Net Management, Advisory and Administration Fees

We define net management, advisory and administration fees as management, advisory and administration fees net of trailing commissions and investment advisory fees. Net management, advisory and administration fees is indicative of our potential to deliver cash flow.

We derive our net management, advisory and administration fees principally from a combination of:

- Management and advisory fees directly related to AUM from our retail, institutional and private wealth lines of businesses;
- Fund administration fees, which are based on a fixed transfer agency administration fee;
- Trailing commissions paid to distributors, which 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; and
- Investment advisory fees paid which depend on AUM.

Total Net Revenue

We define total net revenue as net management, advisory and administration fees, deferred sales charges, share of profit/loss of joint ventures, other income from fee-earning arrangements, and fair value adjustments and other income.

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, 2023	February 28, 2023	May 31, 2022	May 31, 2023	May 31, 2022
Net income	$ 30.3	$ 17.6	$ 10.1	$ 47.9	$ 23.0
Adjustments:					
Deferred selling commissions	–	–	17.8	–	37.1
Amortization, derecognition and depreciation	2.3	2.2	3.4	4.5	6.0
Interest expense	1.5	1.2	0.7	2.7	1.2
Income tax expense	8.7	6.1	3.4	14.8	8.1
EBITDA before commissions	**$ 42.8**	**$ 27.1**	**$ 35.4**	**$ 69.9**	**$ 75.4**

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, 2023	February 28, 2023	May 31, 2022	May 31, 2023	May 31, 2022
EBITDA before commissions	$ 42.8	$ 27.1	$ 35.4	$ 69.9	$ 75.4
Divided by income	129.8	113.9	117.5	243.7	242.4
EBITDA before commissions margin	**33.0%**	**23.8%**	**30.1%**	**28.7%**	**31.1%**

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, 2023	February 28, 2023	May 31, 2022	May 31, 2023	May 31, 2022
Net income	$ 30.3	$ 17.6	$ 10.1	$ 47.9	$ 23.0
Adjustments:					
Amortization, derecognition and depreciation	2.3	2.2	3.4	4.5	6.0
Interest expense	1.5	1.2	0.7	2.7	1.2
Income tax expense	8.7	6.1	3.4	14.8	8.1
EBITDA	**$ 42.8**	**$ 27.1**	**$ 17.6**	**$ 69.9**	**$ 38.3**

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, 2023**	**February 28, 2023**	**May 31, 2022**	**May 31, 2023**	**May 31, 2022**
EBITDA	$ 42.8	$ 27.1	$ 17.6	$ 69.9	$ 38.3
Divided by income	129.8	113.9	117.5	243.7	242.4
EBITDA margin	**33.0%**	**23.8%**	**15.0%**	**28.7%**	**15.8%**

Net Debt to EBITDA Ratio

Net debt to EBITDA ratio provides useful information to management and investors as an indicator of the Company's leverage capabilities. We define the net debt to 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 for the period.

	Three months ended			Six months ended	
(in millions of dollars)	**May 31, 2023**	**February 28, 2023**	**May 31, 2022**	**May 31, 2023**	**May 31, 2022**
Net debt	$ 0.2	$ 5.8	$ –	$ 0.2	$ –
Divided by EBITDA (12-month trailing)	133.2	108.0	81.9	133.2	81.9
Net debt to EBITDA ratio	**0.1%**	**5.4%**	**0.0%**	**0.1%**	**0.0%**

Net Debt to EBITDA Before Commissions Ratio

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

	Three months ended			Six months ended	
(in millions of dollars)	**May 31, 2023**	**February 28, 2023**	**May 31, 2022**	**May 31, 2023**	**May 31, 2022**
Net debt	$ 0.2	$ 5.8	$ –	$ 0.2	$ –
Divided by EBITDA before commissions (12-month trailing)	133.3	125.9	148.4	133.3	148.4
Net debt to EBITDA before commissions ratio	**0.1%**	**4.6%**	**0.0%**	**0.1%**	**0.0%**

Free Cash Flow

Free cash flow represents cash available for distribution to our shareholders, share buybacks, investment in the Private Capital 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, 2023**	**February 28, 2023**	**May 31, 2022**	**May 31, 2023**	**May 31, 2022**
Net income for the period	$ 30.3	$ 17.6	$ 10.1	$ 47.9	$ 23.0
Adjusted for non-cash items and non-cash working capital balance	(3.9)	(35.2)	6.0	(39.1)	(33.9)
Net cash provided by (used in) operating activities	$ 26.4	$ (17.6)	$ 16.1	$ 8.8	$ (10.9)
Adjusted for:					
Net changes in non-cash working capital balances related to operations	(5.5)	34.0	(0.8)	28.4	39.3
	$ 20.9	$ 16.4	$ 15.3	$ 37.2	$ 28.4
Income taxes paid during the period	7.5	11.0	3.7	18.5	8.7
	$ 28.4	$ 27.4	$ 19.0	$ 55.7	$ 37.1
Income taxes related to current period free cash flow	(6.6)	(6.1)	(5.5)	(12.7)	(9.2)
Interest and lease principal payments	(2.0)	(2.0)	(1.2)	(3.9)	(2.3)
Free cash flow	**$ 19.8**	**$ 19.3**	**$ 12.3**	**$ 39.1**	**$ 25.6**

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 wealth relationships and private capital 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.

Fee-earning Assets

The amount of fee-earning assets are important to our business as these are the drivers of the fee income from our strategic partnership with Instar and FAV through our Private Capital business. Fee-earning assets will fluctuate in value as a result of investment performance and crystallization of long-term investments.

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 2022 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 wealth and private capital businesses separately. We do not compute an average daily AUM figure for them.

Market Capitalization

AGF's market capitalization is $461.3 million as compared to its recorded net assets of $1,065.6 million as at May 31, 2023. In 2022, 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, 2022. There have been no significant changes to the recoverable amount of each CGU as at May 31, 2023, 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 2022 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.

Rising interest rates and the ongoing rise in inflation are also contributing to higher volatility and could ultimately impact the trajectory of investment returns over the next 12 months. In fact, investors are playing the waiting game right now in anticipation of market volatility continuing until it is better understood what impact tighter monetary policy will have on inflation and economic growth.

AGF continually monitors the potential impact of market risk to its capital position and profitability. A significant portion of AGF's net management, advisory and administration fees are driven by its total average AUM excluding Private Capital. 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 capital, net management, advisory and administration fees would decline by approximately $7.5 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. Using average balances for the quarter, the effect of a 1% change in variable interest rates on floating-rate debt and cash balances in the second quarter of 2023 would have resulted in a corresponding change of approximately $0.7 million in interest expense for the six months ended May 31, 2023. 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 $0.7 million in interest expense for the six months ended May 31, 2023.

At May 31, 2023, approximately 20.3% 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 $2.7 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. Global markets remain volatile due to rising interest rates and the ongoing rise of inflation. 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, net management fee revenues would decline by approximately $9.4 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	2023	2022
Domestic equity funds	15.6%	17.8%
U.S. and international equity funds	54.6%	51.4%
Domestic balanced funds	1.4%	1.7%
U.S. and international balanced funds	6.8%	7.3%
Domestic fixed-income funds	6.6%	6.3%
U.S. and international fixed-income funds	13.7%	14.8%
Domestic money market	0.9%	0.6%
Domestic Alternative Funds	0.2%	0.1%
U.S. and International Managed Solutions Funds	0.2%	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. As an example, among other regulatory risks, more recent regulatory developments in the area of environmental, social and governance factors relating to corporate and investment strategies has led regulators to take a targeted approach to the risk of 'greenwashing'.

All regulatory developments may 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.

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 advocates 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 possible 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 increased use of electronic and remote communication tools and services due to the implementation of hybrid work 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, 2023 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, 2023, the Company's 2022 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, 2023 and 2022

AGF MANAGEMENT LIMITED
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

(unaudited) (in thousands of dollars)	Note	May 31, 2023	November 30, 2022
Assets			
Current assets			
Cash and cash equivalents		$ 19,538	$ 58,620
Investments	5	18,159	20,681
Accounts receivable, prepaid expenses and other assets		45,396	40,729
Derivative financial instrument	15	372	–
Income tax receivable	18, 23	8,404	2,438
Total current assets		91,869	122,468
Investment in joint ventures	6	1,151	1,654
Long-term investments	6	247,342	199,067
Management contracts		689,759	689,759
Goodwill		250,830	250,830
Other intangibles, net of accumulated amortization and derecognition		448	474
Right-of-use assets	7	73,382	70,178
Property, equipment and computer software, net of accumulated depreciation		28,658	29,227
Deferred income tax assets		2,535	3,888
Other assets	8	1,444	1,444
Total non-current assets		1,295,549	1,246,521
Total assets		**$ 1,387,418**	**$ 1,368,989**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	9, 17	$ 57,695	$ 74,481
Lease liability	7	1,090	990
Derivative financial instrument	15	–	246
Total current liabilities		58,785	75,717
Long-term lease liability	7	83,686	80,279
Long-term debt	10	19,709	21,587
Deferred income tax liabilities		151,665	150,607
Other long-term liabilities	8, 17	8,019	10,253
Total liabilities		321,864	338,443
Equity			
Equity attributable to owners of the Company			
Capital stock	11	395,644	391,719
Contributed surplus	17	40,259	41,883
Retained earnings		626,794	593,949
Accumulated other comprehensive income	12	2,857	2,995
Total equity		1,065,554	1,030,546
Total liabilities and equity		**$ 1,387,418**	**$ 1,368,989**

(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	2023	2022
Income			
Management, advisory and administration fees	13	$ 109,759	$ 111,043
Deferred sales charges		2,059	2,061
Share of profit (loss) of joint ventures	6	796	(248)
Other income from fee-earning arrangements	8	867	706
Fair value adjustments and other income	6, 14	16,290	3,903
Total income		129,771	117,465
Expenses			
Selling, general and administrative	16	53,000	47,324
Trailing commissions		34,009	34,744
Investment advisory fees		70	91
Deferred selling commissions		–	17,761
Amortization and derecognition of customer contracts and other intangibles		13	13
Depreciation of property, equipment and computer software		1,166	1,811
Depreciation of right-of-use asset	7	1,060	1,572
Interest expense	7	1,462	652
Total expenses		90,780	103,968
Income before income taxes		**38,991**	**13,497**
Income tax expense (benefit)			
Current	18	6,569	4,142
Deferred	18	2,135	(728)
Total income tax expense		8,704	3,414
Net income for the period		**$ 30,287**	**$ 10,083**
Earnings per share equity owners of the Company			
Basic	19	$ 0.46	$ 0.15
Diluted	19	$ 0.45	$ 0.14

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

(unaudited)		Six months ended	
(in thousands of dollars, except per share amounts)	**Note**	**May 31, 2023**	**May 31, 2022**
Income			
Management, advisory and administration fees	13	$ 216,567	$ 223,608
Deferred sales charges		3,853	3,582
Share of profit (loss) of joint ventures	6	1,122	(816)
Other income from fee-earning arrangements	8	1,580	1,463
Fair value adjustments and other income	6, 14	20,565	14,524
Total income		243,687	242,361
Expenses			
Selling, general and administrative	16	106,003	96,615
Trailing commissions		67,776	70,241
Investment advisory fees		118	159
Deferred selling commissions		–	37,062
Amortization and derecognition of customer contracts and other intangibles		26	58
Depreciation of property, equipment and computer software		2,315	2,790
Depreciation of right-of-use asset	7	2,136	3,111
Interest expense	7	2,674	1,308
Total expenses		181,048	211,344
Income before income taxes		**62,639**	**31,017**
Income tax expense (benefit)			
Current	18	12,340	8,933
Deferred	18	2,443	(868)
Total income tax expense		14,783	8,065
Net income for the period		**$ 47,856**	**$ 22,952**
Earnings per share			
Basic	19	$ 0.73	$ 0.33
Diluted	19	$ 0.71	$ 0.32

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

(unaudited)	Three months ended		Six months ended	
(in thousands of dollars)	May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
Net income for the period	$ 30,287	$ 10,083	$ 47,856	$ 22,952
Other comprehensive income, net of tax				
Net unrealized loss on investments				
Unrealized loss	(15)	(57)	(138)	(172)
	(15)	(57)	(138)	(172)
Total other comprehensive loss, net of tax	$ (15)	$ (57)	$ (138)	$ (172)
Net comprehensive income	**$ 30,272**	**$ 10,026**	**$ 47,718**	**$ 22,780**

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.)

(unaudited) (in thousands of dollars)	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total equity
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 (loss) for the year	–	–	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**
Balance, December 1, 2022	$ 391,719	$ 41,883	$ 593,949	$ 2,995	**$ 1,030,546**
Net income for the period	–	–	47,856	–	**47,856**
Other comprehensive loss (net of tax)	–	–	–	(138)	**(138)**
Comprehensive income (loss) for the year	–	–	47,856	(138)	**47,718**
AGF Class B Non-Voting shares issued through dividend reinvestment plan	261	–	–	–	**261**
Stock options	7,403	(712)	–	–	**6,691**
AGF Class B Non-Voting shares repurchased for cancellation	(5,501)	–	(1,240)	–	**(6,741)**
Dividends on AGF Class A Voting common shares and AGF Class B Non-Voting shares, including tax of $0.2 million	–	–	(13,804)	–	**(13,804)**
Equity-settled Restricted Share Units, net of tax	–	(912)	–	–	**(912)**
Treasury stock released	1,762	–	33	–	**1,795**
Balance, May 31, 2023	**$ 395,644**	**$ 40,259**	**$ 626,794**	**$ 2,857**	**$ 1,065,554**

(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, 2023**	**May 31, 2022**
Operating Activities			
Net income for the period		$ 47,856	$ 22,952
Adjustments for			
Amortization, derecognition and depreciation		4,477	5,959
Interest expense	7	2,674	1,308
Income tax expense	18	14,783	8,065
Income taxes paid		(18,457)	(8,655)
Stock-based compensation	17	4,588	3,288
Share of loss (profit) of joint ventures	6	(1,122)	816
Distributions from joint ventures	6	1,678	38
Fair value adjustment on long-term investments	6	(19,131)	(7,639)
Net realized and unrealized (gain) loss on short-term investments	14	(100)	2,255
Other		21	23
		37,267	28,410
Net change in non-cash working capital balances related to operations			
Accounts receivable and other current assets		(10,136)	(7,874)
Other assets		122	1,151
Accounts payable and accrued liabilities		(22,210)	(30,225)
Other liabilities		3,786	(2,369)
		(28,438)	(39,317)
Net cash provided by (used in) operating activities		8,829	(10,907)
Financing Activities			
Repurchase of Class B Non-Voting shares for cancellation	11	(6,741)	(15,314)
Issue of Class B Non-Voting shares	11	6,544	29
Dividends paid	20	(13,373)	(12,944)
Issuance (repayment) of long-term debt	10	(2,000)	–
Interest paid		(1,045)	(252)
Lease principal payments	7	(2,933)	(1,989)
Net cash used in financing activities		(19,548)	(30,470)
Investing Activities			
Investment in joint venture	6	(53)	(550)
Purchase of long-term investments	6	(29,194)	(2,371)
Return of capital from long-term investments	6	50	11,615
Purchase of property, equipment and computer software, net of disposals		(1,745)	(9,201)
Purchase of short-term investments		(15,830)	(12,350)
Proceeds from sale of short-term investments		18,409	3,356
Net cash used in investing activities		(28,363)	(9,501)
Decrease in cash and cash equivalents		(39,082)	(50,878)
Balance of cash and cash equivalents, beginning of the period		58,620	86,484
Balance of cash and cash equivalents, end of the period		$ 19,538	$ 35,606
Cash and cash equivalents comprised of:			
Cash at bank and on hand		$ 16,166	$ 31,102
Term deposit		3,372	4,504
Total cash and cash equivalents		$ 19,538	$ 35,606

(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, 2023 and 2022 (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 independent and globally diverse asset management firm, whose principal subsidiaries provide investment management for mutual funds, factor-based exchange-traded funds (ETF), institutions and corporations, private wealth clients, and access to public and private markets through its three business lines: AGF Investments, AGF Private Wealth, and AGF Private Capital. The Company also provides fund administration services to the AGF mutual funds.

The Company's private capital 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 20, 2023.

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, 2022. 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, 2022, which have been prepared in accordance with IFRS as issued by the IASB.

Note 3: Adoption of New and Revised Accounting Standards

The Company continues to monitor future accounting standards and analyze the effect the standards may have on the Company's operations. There are no new or revised accounting standards deemed to have a material impact on the Company.

Note 4: Risk Management

With ongoing concerns about rising interest rates, high inflation, and the threat of a recession, markets are expected to remain volatile in the coming months. Investors may take a more cautious approach until it is better understood what impact tighter monetary policy will have on inflation and economic growth. 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 Capital. 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 Capital, management, advisory and administration fee revenues, net of trailer commissions and investment advisory fees, would decline by approximately $7.5 million.

Note 5: Investments

The following table presents a breakdown of investments:

(in thousands of dollars)		May 31, 2023		November 30, 2022
Fair value through profit or loss				
AGF mutual funds and other	$	17,453	$	19,816
Fair value through other comprehensive income				
Equity securities		706		865
	$	18,159	$	20,681

During the three and six months ended May 31, 2023 and 2022, 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 the Private Capital funds. These joint ventures include 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, which provides asset management services and products in China and South Korea.

The continuity for the six months ended May 31, 2023 and 2022 is as follows:

	Six months ended			
(in thousands of dollars)		May 31, 2023		May 31, 2022
Balance, beginning of the period	$	1,654	$	783
Investment in joint venture		53		550
Share of profit (loss)		1,122		(816)
Distributions received		(1,678)		(38)
Balance, end of the period	$	1,151	$	479

For the three and six months ended May 31, 2023, the Company recognized income of $0.8 million and $1.2 million (2022 – loss of $0.1 million and $0.5 million) and received distributions of $0.6 million and $1.7 million (2022 – nil and $0.1 million) from its Private Capital joint ventures.

For the three and six months ended May 31, 2023, the Company recognized a loss of nil and $0.1 million (2022 – $0.1 million and $0.3 million) from its interest in AGFWave.

(b) Investment in Long-term Investments

Fair value adjustments and income distributions related to the Company's long-term investments in Private Capital 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, 2023 and 2022 is as follows:

	Six months ended	
(in thousands of dollars)	**May 31, 2023**	**May 31, 2022**
Balance, beginning of the period	$ 199,067	$ 160,721
Purchase of long-term investments	29,194	2,371
Return of capital	(50)	(11,615)
Fair value adjustment[1]	19,131	7,639
Balance, end of the period	$ 247,342	$ 159,116

[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, 2023, the carrying value of the Company's long-term investments in the Private Capital business was $247.3 million (November 30, 2022 – $199.1 million).

For the three and six months ended May 31, 2023, the Company recognized income of $16.3 million and $19.2 million (2022 – $4.7 million and $11.9 million) comprised of $16.3 million and $19.1 million (2022 – $2.2 million and $7.6 million) in fair value adjustments and nil and $0.1 million (2022 – $2.5 million and $4.3 million) in distributions related to long-term investments.

The following shows the Company's commitment in funds and investments associated with the Private Capital business as at May 31, 2023 and 2022.

	Six months ended	
(in thousands of dollars)	**May 31, 2023**	**May 31, 2022**
Commitment, beginning of the period	$ 42,937	$ 70,917
Additional capital committed	13,300	–
Funded capital during the period	(29,194)	(2,370)
Remaining commitment to be funded, end of the period[1]	$ 27,043	$ 68,547

[1] Excludes anticipated commitment of US $50.0 million upon the successful launch of Instar's third fund.

Note 7: Leases

The Company leases property and office equipment. As at May 31, 2023, the Company has right-of-use assets of $73.4 million and total lease liabilities of $84.8 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, 2023 and 2022:

		Right-of-use assets			Lease liabilities
(in thousands of dollars)		Property	Equipment	Total	
As at December 1, 2022	$	69,735 $	443 $	70,178 $	81,269
Depreciation expense		(2,100)	(36)	(2,136)	–
Lease modification and reassessment		5,340	–	5,340	5,403
Interest expense		–	–	–	1,037
Payments		–	–	–	(2,933)
As at May 31, 2023	**$**	**72,975 $**	**407 $**	**73,382 $**	**84,776**
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

The Company has a fee arrangement with Instar whereby AGF earns annual fees of 14 bps on the assets under management of the InstarAGF Essential Infrastructure Fund I and II (together, the InstarAGF Funds). As at May 31, 2023, the InstarAGF Funds fee-earning assets were $2.0 billion (2022 – $1.9 billion). During the three and six months ended May 31, 2023, the Company recognized $0.8 million and $1.5 million (2022 – $0.7 million and $1.4 million) of income related to the fee arrangement.

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 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, 2023 is $1.4 million (2022 – $1.2 million) and is included in other assets in the consolidated statement of financial position. The Company has $1.4 million (2022 – $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, 2023, the Company recognized nil and nil (2022 – nil and nil) of fair value adjustments on the carried interest investments.

First Ascent Fee-earning Arrangement

AGF has 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, 2023, the First Ascent Fund fee-earning asset was $0.1 billion, and during the three and six months ended May 31, 2023, the Company recognized nil and $0.1 million (2022 – nil and $0.1 million) of income related to the fee arrangement.

Note 9: Accounts Payable and Accrued Liabilities

(in thousands of dollars)		May 31, 2023		November 30, 2022
Compensation related payable	$	33,863	$	48,083
HST payable		6,395		8,158
Other		17,437		18,240
Accounts payable and accrued liabilities	$	57,695	$	74,481

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, 2025. As at May 31, 2023, AGF had drawn $20.0 million (November 30, 2022 – $22.0 million) against the Facility. AGF incurs transaction fees on the Facility which are amortized over the term of the Facility. As at May 31, 2023, the remaining balance of the transaction fee was $0.3 million. As at May 31, 2023, $130.0 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, 2023			May 31, 2022		
(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	64,407,816	$	391,719	69,956,884	$	426,193
Issued through dividend reinvestment plan	35,028		261	24,432		195
Stock options exercised	1,271,298		7,403	5,000		29
Repurchased for cancellation	(905,652)		(5,501)	(2,045,454)		(12,438)
Treasury stock purchased for employee benefit trust	–		–	–		–
Treasury stock released for employee benefit trust	317,476		1,762	339,223		1,713
Balance, end of the period	65,125,966	$	395,644	68,280,085	$	415,692

(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 4,397,923 shares for the period from February 8, 2023 to February 7, 2024 and up to 4,889,630 shares for the period from February 8, 2022 to February 7, 2023. During the three and six months ended May 31, 2023, AGF purchased 500,000 and 905,652 (2022 – 692,634 and 2,045,454) Class B Non-Voting shares under the normal course issuer bid at a cost of $4.0 million and $6.7 million (2022 – $5.1 million and $15.3 million). During the three and six months ended May 31, 2023, the premium of $0.9 million and $1.2 million (2022 – $0.9 million and $2.9 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, 2023, and May 31, 2022, AGF did not purchase Class B Non-Voting shares for the employee benefit trust. Shares purchased for the trust are purchased under the Company's normal course issuer bid and recorded as a reduction to capital stock. During the three and six months ended May 31, 2023, 22,050 and 317,476 (2022 – nil and 339,223) Class B Non-Voting shares purchased as treasury stock were released. As at May 31, 2023, 399,592 (November 30, 2022 – 717,068) 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, 2021			
Other comprehensive income (loss)	$ (1,501)	$ 4,513	$ 3,012
Income tax expense	–	(58)	(58)
Balance, December 1, 2021	(1,501)	4,455	2,954
Transactions during the year ended November 30, 2022			
Other comprehensive income	–	47	47
Income tax expense	–	(6)	(6)
Balance, November 30, 2022	(1,501)	4,496	2,995
Transactions during the period ended May 31, 2023			
Other comprehensive loss	–	(159)	(159)
Income tax benefit	–	21	21
Balance, May 31, 2023	$ (1,501)	$ 4,358	$ 2,857

Note 13: Management, Advisory and Administration Fees

	Three months ended		Six months ended	
(in thousands of dollars)	May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
Management, advisory and administration fees	$ 112,945	$ 111,887	$ 222,047	$ 226,305
Fund expenses	(3,186)	(844)	(5,480)	(2,697)
	$ 109,759	$ 111,043	$ 216,567	$ 223,608

Note 14: Fair Value Adjustments and Other Income

	Three months ended		Six months ended	
(in thousands of dollars)	May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
Fair value adjustment related to investment gain (loss) classified as FVTPL	$ (380)	$ (1,143)	$ 97	$ (2,252)
Fair value adjustment and distributions related to long-term investments (Note 6(b))[1]	16,324	4,746	19,208	11,915
Interest income	296	89	723	200
Other[2]	50	211	537	4,661
	$ 16,290	$ 3,903	$ 20,565	$ 14,524

[1] For the three and six months ended May 31, 2023, the Company recorded fair value adjustment related to long-term investments of $16.3 million and $19.1 million (2022 – $2.2 million and $7.6 million) and distributions related to long-term investments of nil and $0.1 million (2022 – $2.5 million and $4.3 million).

[2] For the three and six months ended May 31, 2022, the Company recorded other income of nil and $4.0 million related to an interest refund received from the Canada Revenue Agency (CRA). See Note 18 for further information.

Note 15: Derivative Financial Instruments

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, 2023, the Company had economically hedged 97.2% of its total vested DSUs for a total notional value of $9.1 million. The TRS contract expires on May 31, 2024, 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 in the Consolidated Interim Statement of Income under Selling, General and Administrative expenses of $3.0 million for the three months ended May 31, 2023, and a gain of $0.6 million for the six months ended May 31, 2023 (2022 – loss of $0.4 million and $0.4 million).

As at May 31, 2023, the balance of the derivative financial instrument recorded in current assets was $0.4 million (November 30, 2022 – $0.3 million recorded in current liabilities).

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: Expenses by Nature

	Three months ended		Six months ended	
(in thousands of dollars)	May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
Selling, general and administrative				
Salaries, benefits and performance-based compensation	$ 35,612	$ 31,194	$ 71,266	$ 64,528
Stock-based compensation[1,2]	2,077	2,271	4,855	3,326
Severance	1,123	222	1,364	1,664
Sales and marketing	2,502	2,093	4,915	3,866
Information technology and facilities	7,331	7,528	14,617	14,995
Professional fees	3,127	2,638	6,914	6,370
Other[2]	1,228	1,378	2,072	1,866
	$ 53,000	$ 47,324	$ 106,003	$ 96,615

[1] Includes derivative financial instrument. Refer to Note 15 for more information.

[2] Certain comparative figures have been reclassified to conform to the current period's presentation.

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

(a) Stock Option Plans

Under the Company's stock option plans, an additional maximum of 2,020,285 Class B Non-Voting shares could have been granted as at May 31, 2023 (November 30, 2022 – 2,004,285).

The change in stock options during the six months ended May 31, 2023 and 2022 is summarized as follows:

	Six months ended			
	May 31, 2023		May 31, 2022	
(in thousands of dollars)	Options	Weighted average exercise price	Options	Weighted average exercise price
Class B Non-Voting share options				
Balance, beginning of the period	4,701,833	$ 5.90	6,028,824	$ 6.12
Options forfeited	(16,000)	6.20	–	–
Options expired	–	–	(994,162)	8.02
Options exercised	(1,271,298)	5.15	(5,000)	5.15
Balance, end of the period	3,414,535	$ 6.18	5,029,662	$ 5.74

During the three and six months ended May 31, 2023, nil and nil (2022 – nil and nil) stock options were granted and compensation expense and contributed surplus of $0.1 million and $0.2 million was recorded (2022 – $0.1 million and $0.3 million).

(b) Other Stock-based Compensation

Other stock-based compensation includes Restricted Share Units (RSUs) and Deferred Share Units (DSUs). Compensation expense related to cash-settled RSUs and DSUs for the three and six months ended May 31, 2023 was $0.3 million and $1.4 million (2022 – $0.9 million and $0.8 million) and the liability recorded as at May 31, 2023 related to cash-settled RSUs and DSUs was $10.3 million (November 30, 2022 – $10.9 million). Compensation expense related to equity-settled RSUs for the three and six months ended May 31, 2023 was $1.7 million and $3.3 million (2022 – $1.3 million and $2.3 million) and contributed surplus related to equity-settled RSUs, net of tax, as at May 31, 2023 was $5.9 million (November 30, 2022 – $6.8 million).

The change in share units of RSUs and DSUs during the six months ended May 31, 2023 and 2022 is as follows:

	Six months ended	
	May 31, 2023	**May 31, 2022**
(in thousands of dollars)	**Number of share units**	**Number of share units**
Outstanding, beginning of the period	4,526,587	3,926,196
Issued		
Initial grant	61,250	227,752
In lieu of dividends	101,653	75,463
Settled in cash	(657,355)	(611,068)
Settled in equity, net of tax	(317,476)	(339,223)
Forfeited and cancelled	(10,285)	(3,229)
Outstanding, end of the period	3,704,374	3,275,891
Cash-settled, end of the period	1,659,229	1,704,697
Equity-settled, end of the period	2,045,145	1,571,194

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, 2023 was 23.6% (2022 – 26.0%).

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, and tax recoveries related to prior periods.

As disclosed in the notes of the Company's 2022 Annual Report, the Company received refunds from the CRA totaling approximately $4.0 million in relation to interest relief on a resolved transfer pricing issue. The interest relief, which was non-taxable, was recorded in Fair value adjustments and other income on the Consolidated Interim Statement of Income for the six months ended May 31, 2022.

Note 19: Earnings per Share

	Three months ended		Six months ended	
(in thousands of dollars, except per share amounts)	**May 31, 2023**	**May 31, 2022**	**May 31, 2023**	**May 31, 2022**
Numerator				
Net income for the period	$ 30,287	$ 10,083	$ 47,856	$ 22,952
Denominator				
Weighted average number of shares – basic	65,365,263	68,270,570	65,120,281	69,133,684
Dilutive effect of employee stock-based compensation awards	1,905,112	1,750,065	2,042,807	1,764,303
Weighted average number of shares – diluted	67,270,375	70,020,635	67,163,088	70,897,987
Earnings per share for the period				
Basic	$ 0.46	$ 0.15	$ 0.73	$ 0.33
Diluted	$ 0.45	$ 0.14	$ 0.71	$ 0.32

Note 20: Dividends

During the three and six months ended May 31, 2023, the Company paid dividends of $0.11 and $0.21 (2022 – $0.10 and $0.19) per share. Total dividends paid, including dividends reinvested, in the three and six months ended May 31, 2023 were $7.2 million and $13.6 million (2022 – $6.9 million and $13.1 million). On June 20, 2023, 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 $0.11 per share in respect of the three months ended May 31, 2023, amounting to a total dividend of approximately $7.2 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 100% of the Company's Class A Voting common shares. On April 12, 2023, 20% of the Class A Voting common shares that were previously held by the former Vice-Chairman of AGF were sold to Goldring Capital Corporation.

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, 2023	May 31, 2022	May 31, 2023	May 31, 2022
Salaries and other short-term employee benefits	$ 2,120	$ 2,225	$ 5,614	$ 4,427
Share-based compensation	(1,833)	957	3,046	1,184
	$ 287	$ 3,182	$ 8,660	$ 5,611

Note 22: Fair Value of Financial Instruments

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

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

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

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

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

The following table presents the group's assets and liabilities that are measured at fair value at May 31, 2023:

(in thousands of dollars) **May 31, 2023**		**Level 1**		**Level 2**		**Level 3**		**Total**
Assets								
Financial assets at fair value through profit or loss								
Cash and cash equivalents	$	19,538	$	–	$	–	$	19,538
AGF mutual funds and other		17,453		–		–		17,453
Long-term investments		–		–		247,342		247,342
Carried interest		–		–		1,444		1,444
Derivative financial instrument		–		372		–		372
Financial assets at fair value through other comprehensive income								
Equity securities		706		–		–		706
Total financial assets	$	37,697	$	372	$	248,786	$	286,855
Liabilities								
Financial liabilities at fair value through profit or loss								
Long-term deferred income on carried interest	$	–	$	–	$	1,444	$	1,444
Total financial liabilities	$	–	$	–	$	1,444	$	1,444

The following table presents the group's assets and liabilities that were measured at fair value at November 30, 2022:

(in thousands of dollars) **November 30, 2022**		**Level 1**		**Level 2**		**Level 3**		**Total**
Assets								
Financial assets at fair value through profit or loss								
Cash and cash equivalents	$	58,620	$	–	$	–	$	58,620
AGF mutual funds and other		19,816		–		–		19,816
Long-term investments		–		–		199,067		199,067
Carried interest		–		–		1,444		1,444
Financial assets at fair value through other comprehensive income								
Equity securities		865		–		–		865
Total financial assets	$	79,301	$	–	$	200,511	$	279,812
Liabilities								
Financial liabilities at fair value through profit or loss								
Long-term deferred income on carried interest	$	–	$	–	$	1,444	$	1,444
Derivative financial instrument	$	–	$	246	$	–	$	246
Total financial liabilities	$	–	$	246	$	1,444	$	1,690

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 AGF Private Capital 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, 2023 has been estimated using the net asset value (NAV) as calculated by the asset managers of the funds. 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 $24.7 million. Refer to Note 6(b) for additional information.

The fair value of the Company's carried interest 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, 2023:

(in thousands of dollars)		**Total**
Long-term investments		
Balance at December 1, 2022	$	199,067
Purchase of investment		29,194
Return of capital		(50)
Fair value adjustment recognized in profit or loss[1]		19,131
Balance at May 31, 2023	**$**	**247,342**
Carried interest		
Balance at December 1, 2022	$	1,444
Fair value adjustment		–
Balance at May 31, 2023	**$**	**1,444**

[1] The change in unrealized gain in investments currently held included in level 3 of the fair value hierarchy is $19,129 for the six months ended May 31, 2023.

The following table presents changes in level 3 instruments for the six months ended May 31, 2022. There was no carried interest recorded 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 for the six months ended May 31, 2022.

There were no transfers into or out of level 1 and level 2 during the six months ended May 31, 2023.

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 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

AGF Management Limited
CIBC SQUARE, Tower One
81 Bay Street, Suite 3900
Toronto, Ontario M5J 0G1

Website: www.AGF.com
Email: tiger@AGF.com
Tel: 416 367-1900

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