AGF Management Limited

THIRD QUARTER REPORT

2022

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Financial Highlights

(in millions of dollars, except share data) Three months ended	Aug. 31, 2022	May 31, 2022	Feb. 28, 2022	Nov. 30, 2021	Aug. 31, 2021	May 31, 2021	Feb. 28, 2021	Nov. 30, 2020[1,2]
AUM & fee-earning assets[3]	$ 39,555	$ 40,277	$ 41,955	$ 42,635	$ 43,360	$ 40,809	$ 39,251	$ 38,268
Mutual fund								
net sales	51	132	330	352	288	408	385	88
Income	112.5	117.5	124.9	121.9	123.1	109.5	107.3	209.4
Selling, general & administrative	46.4	47.3	49.3	49.9	50.1	47.1	48.0	43.1
Selling, general & administrative excluding severance	46.2	47.1	47.9	49.8	50.0	47.1	47.9	43.4
EBITDA before commissions[4,6]	33.2	35.4	40.0	35.5	37.5	28.2	26.8	137.0
Adjusted EBITDA before commissions[5,6]	33.2	35.4	40.0	35.5	37.5	28.2	26.8	31.6
Deferred selling commissions[6]	–	17.8	19.3	15.3	14.1	17.7	15.5	10.3
EBITDA[6]	33.2	17.6	20.7	20.2	23.4	10.5	11.3	126.7
Adjusted EBITDA[5,6]	33.2	17.6	20.7	20.2	23.4	10.5	11.3	21.3
Net income before tax	29.0	13.5	17.6	16.9	20.0	7.1	7.8	123.1
Net income	22.1	10.1	12.9	13.8	14.9	5.0	5.6	110.4
Adjusted net income[5]	22.1	10.1	12.9	13.8	14.9	5.0	5.6	15.0
Earnings per share								
Basic	$ 0.33	$ 0.15	$ 0.18	$ 0.20	$ 0.21	$ 0.07	$ 0.08	$ 1.46
Diluted	0.32	0.14	0.18	0.19	0.21	0.07	0.08	1.43
Adjusted diluted[5]	0.32	0.14	0.18	0.19	0.21	0.07	0.08	0.19
Free cash flow[5]	20.6	12.3	13.3	12.5	21.5	10.4	10.5	9.9
Dividends per share	0.10	0.10	0.09	0.09	0.09	0.08	0.08	0.08
Long-term debt[5]	–	–	–	–	–	–	–	–
Average basic shares	67,758,818	68,270,570	69,778,674	69,831,890	69,840,774	70,014,806	70,147,427	75,882,292
Average fully diluted shares	69,268,495	70,020,635	71,714,425	71,598,548	72,287,249	72,138,793	71,553,205	77,022,549

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

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

[3] 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.

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

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

[6] Effective June 1, 2022, deferred selling commissions options have been eliminated by the Canadian Securities Administrators. Deferred selling commissions were nil for the three months ended August 31, 2022.

Selected Quarterly Information

(in millions of dollars, except share data)	Three months ended August 31, 2022	Three months ended May 31, 2022	Three months ended August 31, 2021	Nine months ended August 31, 2022	Nine months ended August 31, 2021
AUM end of the period					
AGF Investments					
Mutual Funds	$ 22,496	$ 22,849	$ 23,792	$ 22,496	$ 23,792
Institutional, sub-advisory, ETFs	7,932	8,114	10,041	7,932	10,041
Private Wealth	7,000	7,204	7,334	7,000	7,334
Private Capital	60	58	99	60	99
Total AUM	**$ 37,488**	**$ 38,225**	**$ 41,266**	**$ 37,488**	**$ 41,266**
Private capital fee-earning assets[5]	2,067	2,052	2,094	2,067	2,094
Total AUM and fee-earning assets[5] end of period	**$ 39,555**	**$ 40,277**	**$ 43,360**	**$ 39,555**	**$ 43,360**
Mutual Fund net sales	$ 51.0	$ 132.0	$ 288.0	$ 512.0	$ 1,081.0
EBITDA before commissions[1,6]	33.2	35.4	37.5	108.5	92.2
Deferred selling commissions[6]	–	17.8	14.1	37.1	47.4
Net income	22.1	10.1	14.9	45.1	25.5
Diluted earnings per share	0.32	0.14	0.21	0.64	0.35
Free cash flow[2]	20.6	12.3	21.5	46.2	42.4
SUPPLEMENTARY FINANCIAL INFORMATION					
EBITDA before commissions[6]					
EBITDA before Private Capital	$ 26.6	$ 30.1	$ 29.2	$ 88.9	$ 80.7
From Private Capital Managers[3]	0.7	0.6	2.9	1.7	4.2
From Private Capital Long-term Investments[4]	5.9	4.7	5.4	17.9	7.3
EBITDA before commissions	**$ 33.2**	**$ 35.4**	**$ 37.5**	**$ 108.5**	**$ 92.2**
EBITDA[6]					
EBITDA before Private Capital	$ 26.6	$ 12.3	$ 15.1	$ 51.8	$ 33.3
From Private Capital Managers[3]	0.7	0.6	2.9	1.7	4.2
From Private Capital Long-term Investments[4]	5.9	4.7	5.4	17.9	7.3
EBITDA	**$ 33.2**	**$ 17.6**	**$ 23.4**	**$ 71.4**	**$ 44.8**
Diluted earnings per share before Private Capital	0.25	0.09	0.12	0.45	0.23
From Private Capital Managers[3]	0.01	–	0.03	0.01	0.05
From Private Capital long-term Investments[4]	0.06	0.05	0.06	0.18	0.07
Diluted earnings per share	**$ 0.32**	**$ 0.14**	**$ 0.21**	**$ 0.64**	**$ 0.35**

[1] Refer to Note 5 on page 3.

[2] Refer to Note 6 on page 3.

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

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

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

[6] Effective June 1, 2022, deferred selling commissions options have been eliminated by the Canadian Securities Administrators. Deferred selling commissions were nil for the three months ended August 31, 2022.

Third Quarter in Review

The third quarter saw some relief to the markets after a difficult first half to the year. With rising interest rates and inflation, AGF continues to monitor the impact of these external pressures and is managing its expenses and capital position accordingly. During the quarter, AGF continued to deliver above target fund performance and positive sales momentum despite negative industry outflows.

AUM and Sales

AGF reported $39.6 billion in assets under management and fee-earning assets as at August 31, 2022, compared to $40.3 billion as at May 31, 2022 and $43.4 billion as at August 31, 2021. Excluding Private Capital, AUM was $37.4 billion as at August 31, 2022, as compared to $38.2 billion as at May 31, 2022 and $41.2 billion as at August 31, 2021.

During the three months ended August 31, 2022, AGF reported mutual fund net sales of $51.0 million compared to $132.0 million for the three months ended May 31, 2022 and $288.0 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 August 31, 2022, AGF's average percentile over the past one year was 39% (2021 – 53%) and the average percentile over the past three years was 34% (2021 – 49%). Across a broad range of categories and styles, AGF's fund performance improved relative to peers. Through AGF's disciplined investment processes across asset classes that includes an embedded focus on risk, AGF outperformed its one-year and three-year targets in an environment marked by significant market volatility.

Business Highlights

AGF appointed Cybele Negris, CEO and Co-Founder of Webnames.ca Inc., to the AGF Board of Directors effective September 27, 2022. As an accomplished tech entrepreneur and seasoned board member, she further diversifies the collective experience, expertise and perspective of AGF's Board.

AGF International Advisors Company Limited, a subsidiary of AGF, was once again accepted as a signatory to the UK Stewardship Code, a best-practice benchmark in investment stewardship. This stands as a testament to the rigor of AGF's responsible investing practices.

As of August, AGF has successfully onboarded its SMA strategies on Vestmark, SMArtX Advisory Solutions LLC and Envestnet, three of the leading U.S. turnkey asset management platforms.

In July, AGF announced that Credit Suisse Asset Management, LLC and AGF Investments Inc. have been named portfolio managers of AGF Floating Rate Income Fund as the firm looks to grow and enhance its floating rate strategy.

As AGF's business continues to evolve, AGF has launched an enhanced brand architecture to better reflect the diversity and reach of its three distinct business lines across the public and private markets: AGF Investments, AGF Private Capital and AGF Private Wealth.

During the quarter, AGF moved to its new head office at CIBC SQUARE. The state of the art building has provided employees with a flexible workspace, enhanced collaboration and greater communication, while continuing to advance the reduction of the firm's office footprint by approximately 22%.

The firm remained active under its Normal Course Issuer Bid (NCIB). During the quarter, AGF repurchased 726,400 AGF.B shares for cancellation.

On September 27, 2022, the Board authorized AGF to use up to $40 million of cash in order to return capital to its shareholders through a substantial issuer bid made to all holders of AGF's Class B non-voting shares (the "Offer"). The Offer may be at a premium to the then-current market price of the Company's Class B non-voting shares. Holders of the Company's Class A voting shares and insiders of AGF are not expected to participate in the Offer. Subject to market and other conditions, AGF anticipates that the terms of the Offer will be finalized in early October, with the Offer expected to be completed in November 2022.

On September 27, 2022, AGF's Board of Directors approved a quarterly dividend of $0.10 for shareholders of record on October 12, 2022.

Financial Highlights

Management, advisory and administration fees were $103.8 million for the three months ended August 31, 2022, compared to $111.0 million for the three months ended May 31, 2022 and $110.9 million for the comparative prior year period. The decrease from comparative prior year period is attributable to lower average mutual fund AUM.

Fair value adjustments and other income were $6.2 million for the three months ended August 31, 2022, compared to $3.9 million for the three months ended May 31, 2022 and $7.8 million for the comparative prior year period. The nine months ended August 31, 2022 includes other income of $4.0 million related to interest relief received from the Canada Revenue Agency (CRA) for a portion of previously assessed interest in relation to the 2008 to 2015 taxation years on resolved transfer pricing issues.

Selling, general and administrative costs were $46.4 million for the three months ended August 31, 2022, down from $47.3 million for the three months ended May 31, 2022 and $50.1 million in the comparative prior year period.

For the three months ended August 31, 2022, AGF reported total EBITDA before commissions of $33.2 million, compared to $35.4 million for the three months ended May 31, 2022 and $37.5 million in the comparative prior year period. For the three months ended August 31, 2022, AGF reported EBITDA before commissions margin of 29.5% compared to 30.1% for the three months ended May 31, 2022 and 30.5% in the comparative prior year period.

Effective June 1, 2022, deferred selling commissions options have been eliminated by the Canadian Securities Administrators. As a result, deferred selling commissions were nil for the three months ended August 31, 2022, a decrease from $17.8 million for the three months ended May 31, 2022 and $14.1 million for the comparative prior year period.

For the three months ended August 31, 2022, diluted earnings per share was $0.32 compared to $0.14 for the three months ended May 31, 2022 and $0.21 in the comparative prior year period.

AGF Management Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended August 31, 2022 and 2021

Caution Regarding Forward-Looking Statements

This Management's Discussion and Analysis (MD&A) includes forward-looking statements about the Company, including its business operations, strategy and expected financial performance and condition, and its intention to launch a substantial issuer bid. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as 'expects,' 'estimates,' 'anticipates,' 'intends,' 'plans,' 'believes' or negative versions thereof and similar expressions, or future or conditional verbs such as 'may,' 'will,' 'should,' 'would' and 'could.' In addition, any statement that may be made concerning future financial performance (including income, revenues, earnings or growth rates), ongoing business strategies or prospects, fund performance, and possible future action on our part is also a forward-looking statement. Forward-looking statements are based on certain factors and assumptions, including expected growth, results of operations, business prospects, business performance and opportunities. While we consider these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about our operations, economic factors and the financial services industry generally. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by us due to, but not limited to, important risk factors such as level of assets under our management, volume of sales and redemptions of our investment products, performance of our investment funds and of our investment managers and advisors, client-driven asset allocation decisions, pipeline, competitive fee levels for investment management products and administration, and competitive dealer compensation levels and cost efficiency in our investment management operations, as well as general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, taxation, changes in government regulations, unexpected judicial or regulatory proceedings, technological changes, cybersecurity, the possible effects of war or terrorist activities, outbreaks of disease or illness that affect local, national or international economies (such as COVID-19), natural disasters and disruptions to public infrastructure, such as transportation, communications, power or water supply or other catastrophic events, and our ability to complete strategic transactions and integrate acquisitions, and attract and retain key personnel. We caution that the foregoing list is not exhaustive. The reader is cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements. Other than specifically required by applicable laws, we are under no obligation (and expressly disclaim any such obligation) to update or alter the forward-looking statements, whether as a result of new information, future events or otherwise. For a more complete discussion of the risk factors that may impact actual results, please refer to the 'Risk Factors and Management of Risk' section of the 2021 Annual MD&A.

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) is as of September 27, 2022 and presents an analysis of the financial condition of AGF Management Limited (AGF or the Company) and its subsidiaries for the three- and nine-month periods ended August 31, 2022, compared to the three- and nine-month periods ended August 31, 2021. The MD&A should be read in conjunction with our unaudited Condensed Consolidated Interim Financial Statements for the three and nine months ended August 31, 2022 and our 2021 Annual Report. The financial statements for the three and nine months ended August 31, 2022, including required comparative information, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to the preparation of interim financial statements, including International Accounting Standard 34 (IAS 34), Interim Financial Reporting, unless otherwise noted.

We also utilize non-IFRS financial measures to assess our overall performance and facilitate a comparison of quarterly and full-year results from period to period. These non-IFRS measures may not be comparable with similar measures presented by other companies. Details of non-IFRS measures used are outlined in the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section, which provides calculations of the non-IFRS measures.

All dollar amounts are in Canadian dollars unless otherwise indicated. Throughout this discussion, percentage changes are calculated based on numbers rounded to the decimals that appear in this MD&A. Results, except per share information, are presented in millions of dollars. Certain totals, subtotals and percentages may not reconcile due to rounding. For purposes of this discussion, the operations of AGF and our subsidiary companies are referred to as 'we,' 'us,' 'our,' 'the firm' or 'the Company.'

Our Business and Strategy

Founded in 1957, AGF Management Limited (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 spanning on the ground in North America, Europe and Asia. With over $40 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 provides fund administration services to the AGF mutual funds through AGF's subsidiary AGF CustomerFirst Inc. (AGFC) and provides the capability to deliver complete trading infrastructure to support ETFs and 40-Act vehicles in the U.S. through AGF's subsidiary AGF Investments LLC.

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

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

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

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

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. With a target of $5 billion in AUM, AGF is focused on expanding its existing relationships and continues to explore other unique opportunities to grow the Company's platform and product offerings.

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

(in millions of dollars)	Three months ended Aug. 31, 2022	May 31, 2022	Feb. 28, 2022	Nov. 30, 2021	Aug. 31, 2021
Private Capital AUM	$ 60	$ 58	$ 69	$ 73	$ 99
Private Capital fee-earning assets[1]	2,067	2,052	2,100	2,108	2,094
Total Private Capital AUM and fee-earning assets[1]	**$ 2,127**	**$ 2,110**	**$ 2,169**	**$ 2,181**	**$ 2,193**
Total AUM and fee-earning assets[1] end of the period	**39,555**	**40,277**	**41,955**	**42,635**	**43,360**
Percentage of total AUM and fee-earning assets[1]	**5.4%**	**5.2%**	**5.2%**	**5.1%**	**5.1%**
EBITDA from Private Capital Managers & Long-term Investments	**$ 6.6**	**$ 5.3**	**$ 7.6**	**$ 7.3**	**$ 8.3**

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

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.

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

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

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

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

Invested Capital Value

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

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

(in millions of dollars)	Aug. 31, 2022	May 31, 2022	Feb. 28, 2022	Nov. 30, 2021	Aug. 31, 2021
Committed capital, end of period	$ 217.2	$ 217.4	$ 225.8	$ 229.0	$ 232.8
Funded capital, since inception	160.1	148.9	155.1	158.1	156.2
Remaining committed capital	**$ 57.1**	**$ 68.5**	**$ 70.7**	**$ 70.9**	**$ 76.6**
Fair value of investments	$ 175.8	$ 159.1	$ 163.2	$ 160.7	$ 152.5
EBITDA from private capital long-term investments for the period	5.9	4.7	7.2	6.4	5.4

For the three months ended August 31, 2022, Private Capital contributed $0.07 to diluted earnings per share compared to $0.05 for the three months ended May 31, 2022 and $0.09 in the comparative prior year period.

COVID-19

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

Offices have reopened and employees have transitioned to a hybrid mix of in-office and at-home work environment.

In-Office Guiding Principles

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

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

2. Employee mental health will be top of mind.

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

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

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

Corporate Sustainability

AGF's guiding principles of shared intelligence, taking a measured approach, and having active accountability shape our corporate responsibility practices and approach to managing key environmental, social and governance (ESG) factors.

At AGF, bringing stability to the world of investing means ensuring that responsible and sustainable practices shape our organization at all levels and considers the ESG factors that matter most to our stakeholders. At AGF, it is our responsibility today for a sustainable tomorrow.

AGF Sustainability Council

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

Council Objectives Include:

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

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

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

Employees

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

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

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

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

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

Workforce Diversity

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

The Living Wage

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

CEO-to-Employee Pay Ratio

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

Clients

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

Environmental, Social, and Governance (ESG) Integration

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

Fundamental Analysis

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

ESG Risk Oversight

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

Active Ownership

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

ESG Thought Leadership

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

Signatory and member of:*

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

Foundations of Investment Stewardship

Research and Analysis

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

Risk Oversight

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

Active Ownership

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

Engagement

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

Shareholders

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

Direct Ownership

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

Annual Assessment

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

Ethical Conduct

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

Board

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

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

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

Communities

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

Education

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

Environment

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

Diversity

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

Assets Under Management and Fee-earning Assets[1]

(in millions of dollars)	Three months ended Aug. 31, 2022	May 31, 2022	Feb. 28, 2022	Nov. 30, 2021	Aug. 31, 2021
Mutual fund AUM beginning of the period[2]	$ 22,849	$ 23,625	$ 24,006	$ 23,792	$ 22,290
Gross sales	594	818	989	914	790
Redemptions	(543)	(686)	(659)	(562)	(502)
Net sales	51	132	330	352	288
Market appreciation (depreciation) of fund portfolios	$ (404)	$ (908)	$ (711)	$ (138)	$ 1,214
Mutual fund AUM end of the period[2]	$ 22,496	$ 22,849	$ 23,625	$ 24,006	$ 23,792
Average daily mutual fund AUM[2]	$ 22,207	$ 23,183	$ 24,075	$ 23,896	$ 23,104
Institutional, sub-advisory, ETF AUM beginning of period	$ 8,114	$ 8,752	$ 9,082	$ 10,042	$ 9,463
Net change including market performance	(182)	(638)	(331)	(960)	578
Institutional, sub-advisory, ETF AUM end of the period	$ 7,932	$ 8,114	$ 8,751	$ 9,082	$ 10,041
Total AGF Investments AUM	**$ 30,428**	**$ 30,963**	**$ 32,376**	**$ 33,088**	**$ 33,833**
Private Wealth AUM	$ 7,000	$ 7,204	$ 7,410	$ 7,366	$ 7,334
Subtotal excluding Private Capital AUM end of the period	**$ 37,428**	**$ 38,167**	**$ 39,786**	**$ 40,454**	**$ 41,167**
Private Capital AUM	$ 60	$ 58	$ 69	$ 73	$ 99
Total AUM	**$ 37,488**	**$ 38,225**	**$ 39,855**	**$ 40,527**	**$ 41,266**
Private Capital fee-earning assets[1]	$ 2,067	$ 2,052	$ 2,100	$ 2,108	$ 2,094
Total AUM and fee-earning assets[1] end of the period	**$ 39,555**	**$ 40,277**	**$ 41,955**	**$ 42,635**	**$ 43,360**

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

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

Private Capital AUM and Fee-earning Assets

(in millions of dollars)	Three months ended Aug. 31, 2022	May 31, 2022	Feb. 28, 2022	Nov. 30, 2021	Aug. 31, 2021
Private Capital AUM	$ 60	$ 58	$ 69	$ 73	$ 99
Private Capital fee-earning assets[1]	2,067	2,052	2,100	2,108	2,094
Total Private Capital AUM and fee-earning assets[1]	**$ 2,127**	**$ 2,110**	**$ 2,169**	**$ 2,181**	**$ 2,193**

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

Change in Assets Under Management

Total AUM before Private Capital fee-earning AUM, was $37.5 billion at August 31, 2022, compared to $41.3 billion at August 31, 2021.

Reported mutual funds net sales were $51.0 million for the three months ended August 31, 2022, compared to $288.0 million for the three months ended August 31, 2021. Excluding net flows from institutional clients invested in mutual funds[1], retail mutual fund net sales were $51.0 million for the quarter compared to $288.0 million in the prior year.

Consolidated Operating Results

	Three months ended			Nine months ended	
(in millions of dollars, except per share data)	**August 31, 2022**	**May 31, 2022**	**August 31, 2021**	**August 31, 2022**	**August 31, 2021**
Income					
Management, advisory and administration fees	$ 103.8	$ 111.0	$ 110.9	$ 327.4	$ 319.2
Deferred sales charges	1.8	2.1	1.5	5.4	4.7
Share of profit (loss) of joint ventures	–	(0.2)	2.2	(0.9)	3.1
Other income from fee-earning arrangements	0.7	0.7	0.7	2.2	1.1
Fair value adjustments and other income	6.2	3.9	7.8	20.7	11.7
Total income	$ 112.5	$ 117.5	$ 123.1	$ 354.8	$ 339.8
Expenses					
Selling, general and administrative[2]	46.4	47.3	50.1	143.0	145.2
Trailing commissions	32.8	34.7	35.3	103.1	101.7
Investment advisory fees	0.1	0.1	0.2	0.2	0.7
	$ 79.3	$ 82.1	$ 85.6	$ 246.3	$ 247.6
EBITDA before commissions[1]	**$ 33.2**	**$ 35.4**	**$ 37.5**	**$ 108.5**	**$ 92.2**
Deferred selling commissions	–	17.8	14.1	37.1	47.4
EBITDA	**$ 33.2**	**$ 17.6**	**$ 23.4**	**$ 71.4**	**$ 44.8**
Amortization, derecognition and depreciation	3.5	3.4	2.7	9.4	7.9
Interest expense	0.7	0.7	0.7	2.0	2.0
Net income before income taxes	$ 29.0	$ 13.5	$ 20.0	$ 60.0	$ 34.9
Income tax expense	6.9	3.4	5.1	14.9	9.4
Net income for the period	**$ 22.1**	**$ 10.1**	**$ 14.9**	**$ 45.1**	**$ 25.5**
Basic earnings per share	$ 0.33	$ 0.15	$ 0.21	$ 0.66	$ 0.36
Diluted earnings per share	$ 0.32	$ 0.14	$ 0.21	$ 0.64	$ 0.35

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

[2] Nine months ended August 31, 2022 includes severance expenses of $1.9 million.

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

Commentary on Consolidated Results of Operations

Income

Management, Advisory and Administration Fees

Management, advisory fees and administration fees are directly related to our AUM levels and are recognized on an accrual basis. For the three and nine months ended August 31, 2022, management, advisory and administration fees were $103.8 million and $327.4 million, a decrease of $7.1 million and an increase of $8.2 million or 6.4% and 2.6%, compared to $110.9 million and $319.2 million in the same periods in 2021. A breakdown of the change is as follows:

(in millions of dollars)	Three months ended August 31, 2022	Nine months ended August 31, 2022
Increase in management, advisory and administration fees	$ (7.1)	$ 6.6
Decrease in fund expense and waivers	–	1.6
Total change in management, advisory and administration fees	**$ (7.1)**	**$ 8.2**

Management, advisory and administration fees decreased by $7.1 million for the three months ended August 31, 2022 driven by a 3.9% decrease in average mutual fund AUM compared to the prior quarter, and increased by $6.6 million for the nine months ended August 31, 2022 driven by a 4.9% increase in average mutual fund AUM compared to the prior year.

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 finance 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 $1.8 million and $5.4 million for the three and nine months ended August 31, 2022, compared to $1.5 million and $4.7 million for the same periods in 2021. 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 the joint ventures, which are recorded under the equity method. For the three and nine months ended August 31, 2022, AGF recorded a loss of nil and $0.9 million (2021 – income of $2.2 million and $3.1 million). For additional information, see Note 6(a) of the Condensed Consolidated Interim Financial Statements.

Fair Value Adjustments and Other Income

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

During the three and nine months ended August 31, 2022, the Company recorded $6.2 million and $20.7 million (2021 – $7.8 million and $11.7 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 $5.4 million and $15.5 million for the three and nine months ended August 31, 2022 (2021 – $6.5 million and $9.7 million). The amounts recorded as income fluctuate primarily with the amount of capital invested, monetizations, and changes in fair value. Other income was $0.6 million and $4.8 million for the three and nine months ended August 31, 2022 (2021 – $1.0 million and $1.5 million). Other income for the nine months ended August 31, 2022 includes $4.0 million of interest relief received from the CRA for a portion of previously assessed interest in relation to the 2008 to 2015 taxation years on resolved transfer pricing issues.

	Three months ended			Nine months ended	
(in millions of dollars)	August 31, 2022	May 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
Fair value adjustment related to investment in AGF mutual funds	$ (0.6)	$ (1.1)	$ 1.1	$ (2.4)	$ 2.4
Fair value adjustment and distributions related to long-term investments	6.0	4.7	5.4	17.9	7.3
Interest income	0.2	0.1	0.3	0.4	0.5
Other	0.6	0.2	1.0	4.8	1.5
	$ 6.2	**$ 3.9**	**$ 7.8**	**$ 20.7**	**$ 11.7**

Expenses

Selling, General and Administrative Expenses (SG&A)

SG&A decreased by $3.7 million and $2.2 million or 7.4% and 1.5% for the three and nine months ended August 31, 2022, compared to the same period in 2021. A breakdown of the decrease is as follows:

(in millions of dollars)	Three months ended August 31, 2022	Nine months ended August 31, 2022
Decrease in performance-based compensation expenses	$ (3.0)	$ (5.1)
Decrease in stock-based compensation expenses	(0.8)	(3.4)
Increase in other expenses	–	4.7
	$ (3.8)	$ (3.8)
Increase in severance expenses	0.1	1.6
Total increase in SG&A	**$ (3.7)**	**$ (2.2)**

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

- Performance-based compensation expenses decreased by $3.0 million and $5.1 million due to lower compensation related to sales volume and other performance-linked compensation plans.
- Stock-based compensation expenses decreased by $0.8 million and $3.4 million driven by a 10.4% and 20.5% decrease in the AGF.B share price, which impacts the mark to market liability of the Company's cash-settled RSUs and DSUs. Effective April 11, 2022, the Company entered into a cash-settled total return swap (TRS) to manage the share price exposure on the DSUs. The fair value adjustment of the TRS is netted against the DSU expense recorded under stock-based compensation expense. For additional information, see Note 15 of the Condensed Consolidated Interim Financial Statements.
- Severance expenses increased by $0.1 million and $1.6 million for the three- and nine-month periods ended August 31, 2022.
- Other expenses remained flat and increased by $4.7 million attributed to an increase in employee costs related to cost of living increases, higher benefit usage and increased hardware and software costs.

Trailing Commissions

Trailing commissions paid to distributors depend on total AUM, the proportion of mutual fund AUM sold on a front-end versus back-end commission basis and the proportion of equity fund AUM versus fixed income fund AUM. Annualized trailing commissions as a percentage of average daily mutual fund AUM was 0.59% and 0.59% for the three and nine months ended August 31, 2022, compared to 0.61% and 0.61% for the same period in 2021. The decrease is primarily attributable to a decline in the ratio of trailing commission assets to average daily mutual fund AUM.

Deferred Selling Commissions

Effective June 1, 2022, deferred selling commissions options have been eliminated by the Canadian Securities Administrators. For the three and nine months ended August 31, 2022, the total deferred selling commissions expenses was nil and $37.1 million (2021 – $14.1 million and $47.4 million).

Amortization and Interest Expense

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

- Depreciation increased by $0.8 million and $1.6 million for the three and nine months ended August 31, 2022, compared to the same periods in 2021, primarily related to an increase in depreciation expense related to AGF's new head office as well as accelerated depreciation related to retired assets from expired leases.
- Interest expense remained flat for the three and nine months ended August 31, 2022, compared to the same periods in 2021.

Income Tax Expense

Income tax expense for the three and nine months ended August 31, 2022 was $6.9 million and $14.9 million, as compared to $5.1 million and $9.4 million in the corresponding period in 2021. The effective tax rate for the nine months ended August 31, 2022 was 24.9% (2021 – 26.9%). The main items impacting the effective tax rate in the period relates to gains from investments subject to different tax rates, temporary differences for which no deferred tax assets were recognized, prior period tax adjustments and non-taxable interest refunds received from the CRA.

As disclosed in the notes of the Company's 2021 Annual Report, the Company received letters from the CRA providing relief for a portion of the previously assessed interest in relation to the 2008 to 2015 taxation years on the resolved transfer pricing issue as disclosed in the Annual Consolidated Financial Statements from 2013 to 2020. During the nine months ended August 31, 2022, the Company received refunds from the CRA totaling approximately $4.0 million in relation to such interest. The interest relief, which is non-taxable, is recorded in 'Fair value adjustments and other income' on the consolidated interim statement of income.

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

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

Net Income

The impact of the above income and expense items resulted in net income of $22.1 million and $45.1 million for the three and nine months ended August 31, 2022 as compared to $14.9 million and $25.5 million in the corresponding periods in 2021.

Earnings per Share

Diluted earnings per share was $0.32 and $0.64 for the three and nine months ended August 31, 2022, as compared to earnings of $0.21 and $0.35 per share in the corresponding periods of 2021.

Liquidity and Capital Resources

As at August 31, 2022, the Company had total cash and cash equivalents of $54.6 million (November 30, 2021 – $86.5 million). Free cash flow, as defined in the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section of this MD&A, generated was $20.6 million and $46.2 million for the three and nine months ended August 31, 2022, compared to $21.5 million and $42.4 million in the comparative prior periods. During the nine months ended August 31, 2022, we used $31.9 million (2021 – $22.0 million) in cash as follows:

(in millions of dollars) **Nine months ended**		**August 31, 2022**		**August 31, 2021**
Net cash provided by operating activities	$	30.8	$	18.7
Repurchase of shares under normal course issuer bid and purchase of treasury stock for employee benefit trust (EBT)		(21.9)		(3.4)
Dividends paid		(19.6)		(17.3)
Interest paid		(0.4)		(0.4)
Purchase of long-term investments, net of return of capital		(2.0)		(7.0)
Purchase of property, equipment and computer software, net of disposals		(13.6)		(9.1)
Lease principal payments		(3.3)		(3.4)
Net proceeds (purchase) of short-term investments, including seed capital		(1.2)		0.3
Other		(0.7)		(0.4)
Change in cash and cash equivalents	**$**	**(31.9)**	**$**	**(22.0)**

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

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

As at August 31, 2022, the Company has right-of-use assets of $71.6 million and total lease liabilities of $82.7 million recorded on the Consolidated Interim Statement of Financial Position. As well, as at August 31, 2022, the Company has funded $160.1million (November 30, 2021 – $158.1 million) in funds and investments associated with the private capital business and has $57.1 million (November 30, 2021 – $70.9 million) remaining of committed capital to be invested.

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

Capital Management Activities

We actively manage our capital to maintain a strong and efficient capital base to maximize risk-adjusted returns to shareholders, to invest in future growth opportunities, while ensuring there is available capital to fund our capital commitments related to the 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, Senior Vice President and CFO, Chief Operating Officer, and Senior Vice President 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 4, 2022, AGF announced that the TSX had approved AGF's notice of intention to renew its NCIB in respect of its Class B Non-Voting shares. Purchase for cancellation by AGF of outstanding Class B Non-Voting shares may also be used to offset the dilutive effect of treasury stock released for the employee benefit trust (EBT) and of shares issued through the Company's stock option plans and dividend reinvestment plan. AGF relies on an automatic purchase plan during the normal course issuer bid. The automatic purchase plan allows for purchases by AGF of its Class B Non-Voting shares subject to certain parameters. Shares purchased for the EBT are also purchased under the Company's NCIB and recorded as a reduction to capital stock. Under its NCIB, the Class B Non-Voting shares may be repurchased from time to time at prevailing market prices or such other price as may be permitted by the TSX for amounts as follows:

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

During the three and nine months ended August 31, 2022, AGF purchased 726,400 and 2,771,854 (2021 – 186,300 and 200,600) Class B Non-Voting shares for cancellation for a total consideration of $4.7 million and $20.1 million (2021 – $1.4 million and $1.5 million) at an average price of $6.47 and $7.25 (2021 – $5.12 and $5.12) per share under its NCIB.

During the three and nine months ended August 31, 2022, AGF repurchased 300,000 and 300,000 (2021 – nil and 250,000) Class B Non-Voting shares for the EBT for a total consideration of $1.9 million and $1.9 million (2021 – nil and $1.9 million) at an average price of $6.27 per share (2021 – nil and $7.46).

Dividends

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

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

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

Years ended November 30	2022[1]	2021	2020	2019	2018
Per share	$ 0.39	$ 0.34	$ 0.32	$ 0.32	$ 0.32

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

We review our dividend distribution policy on a quarterly basis, taking into account our financial position, profitability, cash flow and other factors considered relevant by our Board of Directors. The quarterly dividend paid on July 20, 2022 was $0.10 per share.

On September 27, 2022, the Board of Directors of AGF declared a quarterly dividend on both the Class A Voting common shares and Class B Non-Voting shares of the Company of $0.10 per share in respect of the three months ended August 31, 2022.

Outstanding Share Data

Set out below is our outstanding share data as at August 31, 2022 and 2021. For additional detail, see Notes 11 and 16 of the Condensed Consolidated Interim Financial Statements.

	August 31, 2022	August 31, 2021
Shares		
Class A Voting common shares	57,600	57,600
Class B Non-Voting shares	67,291,914	69,830,110
Stock Options		
Outstanding options	5,029,662	6,511,200
Exercisable options	3,893,478	4,877,220

Key Performance Indicators, Additional IFRS and Non-IFRS Measures

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

Income

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

We derive our income principally from a combination of:

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

EBITDA Before Commissions

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

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

	Three months ended			Nine months ended	
(in millions of dollars)	**August 31, 2022**	**May 31, 2022**	**August 31, 2021**	**August 31, 2022**	**August 31, 2021**
Net income	$ 22.1	$ 10.1	$ 14.9	$ 45.1	$ 25.5
Adjustments:					
Deferred selling commissions	–	17.8	14.1	37.1	47.4
Amortization, derecognition and depreciation	3.5	3.4	2.7	9.4	7.9
Interest expense	0.7	0.7	0.7	2.0	2.0
Income tax expense	6.9	3.4	5.1	14.9	9.4
EBITDA before commissions	**$ 33.2**	**$ 35.4**	**$ 37.5**	**$ 108.5**	**$ 92.2**

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			Nine months ended	
(in millions of dollars)	**August 31, 2022**	**May 31, 2022**	**August 31, 2021**	**August 31, 2022**	**August 31, 2021**
EBITDA before commissions	$ 33.2	$ 35.4	$ 37.5	$ 108.5	$ 92.2
Divided by income	112.5	117.5	123.1	354.8	339.8
EBITDA before commissions margin	**29.5%**	**30.1%**	**30.5%**	**30.6%**	**27.1%**

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			Nine months ended	
(in millions of dollars)	August 31, 2022	May 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
Net income	$ 22.1	$ 10.1	$ 14.9	$ 45.1	$ 25.5
Adjustments:					
Amortization, derecognition and depreciation	3.5	3.4	2.7	9.4	7.9
Interest expense	0.7	0.7	0.7	2.0	2.0
Income tax expense	6.9	3.4	5.1	14.9	9.4
EBITDA	**$ 33.2**	**$ 17.6**	**$ 23.4**	**$ 71.4**	**$ 44.8**

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			Nine months ended	
(in millions of dollars)	August 31, 2022	May 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
EBITDA	$ 33.2	$ 17.6	$ 23.4	$ 71.4	$ 44.8
Divided by income	112.5	117.5	123.1	354.8	339.8
EBITDA margin	**29.5%**	**15.0%**	**19.0%**	**20.1%**	**13.2%**

Net Debt to EBITDA Before Commissions Ratio

Net debt to adjusted EBITDA before commissions ratio provides useful information to management and investors as an indicator of the Company's leverage capabilities. We define the net debt to adjusted EBITDA before commissions ratio as long-term debt offset against cash and cash equivalents at the end of the period divided by the 12-month trailing EBITDA before commissions for the period. The Company does not have any outstanding long-term debt for the three and nine months ended August 31, 2022 and 2021.

Net Debt to EBITDA Ratio

Net debt to adjusted EBITDA ratio provides useful information to management and investors as an indicator of the Company's leverage capabilities. We define the net debt to adjusted EBITDA ratio as long-term debt offset against cash and cash equivalents at the end of the period divided by the 12-month trailing EBITDA before commissions for the period. The Company does not have any outstanding long-term debt for the three and nine months ended August 31, 2022 and 2021.

Free Cash Flow

Free cash flow represents cash available for distribution to our shareholders, share buybacks, investment in 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			Nine months ended	
(in millions of dollars)	August 31, 2022	May 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
Net income for the period	$ 22.1	$ 10.1	$ 14.9	$ 45.1	$ 25.5
Adjusted for non-cash items and non-cash working capital balance	19.5	6.0	43.6	(14.3)	(6.8)
Net cash provided by operating activities	$ 41.6	$ 16.1	$ 58.5	$ 30.8	$ 18.7
Adjusted for:					
Net changes in non-cash working capital balances related to operations	(14.3)	(0.8)	(26.5)	24.9	9.6
	$ 27.3	$ 15.3	$ 32.0	$ 55.7	$ 28.3
Income taxes paid (refunded) during the period	2.3	3.7	(2.4)	11.0	29.0
	$ 29.6	$ 19.0	$ 29.6	$ 66.7	$ 57.3
Income taxes related to current period free cash flow	(7.6)	(5.5)	(6.8)	(16.8)	(11.1)
Interest and lease principal payments	(1.4)	(1.2)	(1.3)	(3.7)	(3.8)
Free cash flow	**$ 20.6**	**$ 12.3**	**$ 21.5**	**$ 46.2**	**$ 42.4**

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.

Investment Performance

Investment performance, which represents market appreciation (depreciation), is central to the value proposition that we offer advisors and unitholders. Growth in AUM resulting from investment performance increases the wealth of our unitholders and, in turn, we benefit from higher revenues. Alternatively, poor investment performance will reduce our AUM levels and result in lower management fee revenues. Strong relative investment performance may also contribute to growth in gross sales or reduced levels of redemptions. Conversely, poor relative investment performance may result in lower gross sales and higher levels of redemptions. Refer to the 'Risk Factors and Management of Risk' section of our 2021 Annual MD&A.

Net Sales (Redemptions)

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

Market Capitalization

AGF's market capitalization is $419.6 million as compared to its recorded net assets of $1,035.0 million as at August 31, 2022. In 2021, we completed an assessment to determine the fair value of AGF's cash-generating units (CGUs). Based on the result of the assessment, the recoverable amount of each CGU exceeded its carrying value as at November 30, 2021. There have been no significant changes to the recoverable amount of each CGU as at August 31, 2022, however, a sustained period of market volatility could become a triggering event requiring a write-down of AGF's CGUs. Estimating the fair value of CGUs is a subjective process that involves the use of estimates and judgements, particularly related to cash flows, the appropriate discount rates, terminal growth rates, synergy inclusion rates and an applicable control premium.

Working Capital

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

Managing Risk

AGF is subject to a number of risk factors that may impact our operating and financial performance. These risks and the management of these risks are detailed in our 2021 Annual MD&A in the section entitled 'Risk Factors and Management of Risk'.

Market Risk

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

COVID-19 and the ongoing pandemic remain a source of volatility for global markets. The virus will continue to impact the global economic recovery, including in countries like the United States and Canada.

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

The ongoing conflict between Ukraine and Russia and resulting international sanctions being imposed by many countries, continue as a source of potential significant economic impacts, not only on those with interest or exposures within Russia and Ukraine, but may also affect global market risk and could result in greater volatility and uncertainty globally and across many sectors.

Furthermore, with the recent volatility in the markets, AGF is monitoring the potential impact of market risk to its capital position and profitability if these levels were sustained or continued to decline. A significant portion of AGF's revenue is driven by its total average AUM excluding private 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 fee revenues, net of trailer fees, would decline by approximately $7.6 million. In addition, the uncertainty within the global markets may impact the level of merger and acquisition activity and could create challenges in completing transactions.

Interest Rate Risk

The Company has exposure to the risk related to changes in interest rates on floating-rate debt and cash balances. As the Company does not have any outstanding debt as at August 31, 2022, there is no interest rate risk as of August 31, 2022. Using maximum available debt balance, the effect of a 1% change in variable interest rates on our floating-rate debt and cash balances would have resulted in a corresponding change of approximately $1.1 million in interest expense for the nine months ended August 31, 2022.

At August 31, 2022, approximately 20.9% 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 $7.0 million in revenue for the nine months ended August 31, 2022.

Political and Market Risk in Assets Under Management

AGF performance and assets under management are impacted by financial markets and political conditions, including any political change in the United States, Europe and abroad. Changes in these areas may result in significant volatility and decline in the global economy or specific international, regional and domestic financial markets, which are beyond the control of AGF. A general economic downturn, market volatility and an overall lack of investor confidence could result in lower sales, higher redemption levels and lower AUM levels. In addition, market uncertainty could result in retail investors avoiding traditional equity funds in favour of money market funds. Market risk in our AUM transfers to the Company as our management fee revenue is calculated as a percentage of the average net asset value of each retail fund or portfolio managed. The Company does not quantify this risk in isolation; however, in general, for every $1.0 billion reduction of retail fund AUM, management fee revenues, net of trailer fees, would decline by approximately $8.8 million. The Company monitors this risk as it may impact earnings; however, it is at the discretion of the fund manager to decide on the appropriate risk-mitigating strategies for each fund.

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

Percentage of total retail fund AUM	**2022**	**2021**
Domestic equity funds	17.4%	17.5%
U.S. and international equity funds	51.9%	51.1%
Domestic balanced funds	1.6%	1.8%
U.S. and international balanced funds	7.4%	7.0%
Domestic fixed-income funds	6.5%	6.8%
U.S. and international fixed-income funds	14.4%	15.3%
Domestic money market	0.7%	0.5%
Domestic Alternative Funds	0.1%	0.0%
	100.0%	100.0%

Institutional and high-net-worth AUM are exposed to the same market risk as retail fund AUM. In general, for every $1.0 billion reduction of institutional and high-net-worth AUM, management fee revenues would decline by approximately $6.1 million.

Regulatory Risk

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

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

On February 20, 2020, the CSA (except the Ontario Securities Commission (OSC)) published a multilateral notice with final rule amendments to ban the payment of upfront sales commissions by fund organizations to dealers and, in so doing, discontinue sales charge options that involve such payments, such as all forms of the deferred sales charge option, including low-load options (the DSC Option). The OSC published similar final rule amendments on June 3, 2021 to also ban the DSC Option. The ban took effect on June 1, 2022 across Canada.

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

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

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

Information Technology and Cybersecurity Risk

The Company uses information technology and the internet to streamline business operations and to improve client and advisor experience. However, with the use of information technology and the internet, the Company (and each of the Company's affiliates, subsidiaries and AGF Funds) is exposed to 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 recent conflict in Ukraine along with COVID-19 and the increased use of electronic and remote communication tools and services may lead to heightened cybersecurity risk.

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

Internal Controls Over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have designed or caused the design of the Internal Controls Over Financial Reporting (ICFR) and Disclosure Controls and Procedures. There have been no changes in AGF's internal controls during the three and nine months ended August 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Additional Information

Additional information relating to the Company can be found in the Company's Condensed Consolidated Interim Financial Statements and accompanying notes for the three and nine months ended August 31, 2022, the Company's 2021 Annual Information Form (AIF) and Annual Report, and other documents filed with applicable securities regulators in Canada, and may be accessed at www.sedar.com.

AGF Management Limited

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(unaudited)

For the three and nine months ended August 31, 2022 and 2021

AGF MANAGEMENT LIMITED
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

(unaudited) (in thousands of dollars)	Note		August 31, 2022		November 30, 2021
Assets					
Current assets					
Cash and cash equivalents		$	54,607	$	86,484
Investments	5		22,023		23,074
Accounts receivable, prepaid expenses and other assets			40,947		37,655
Income tax receivable	18, 23		194		5,803
Total current assets			117,771		153,016
Investment in joint ventures	6		493		783
Long-term investments	6		175,794		160,721
Management contracts			689,759		689,759
Goodwill			250,830		250,830
Other intangibles, net of accumulated amortization and derecognition			487		558
Right-of-use assets	7		71,583		76,065
Property, equipment and computer software, net of accumulated depreciation			27,598		19,009
Deferred income tax assets			7,709		6,085
Other assets	8		1,339		2,539
Total non-current assets			1,225,592		1,206,349
Total assets		**$**	**1,343,363**	**$**	**1,359,365**
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	9, 16	$	64,778	$	82,247
Provision for Elements Advantage			27		651
Lease liability	7		1,228		3,919
Derivative financial instrument	15		1,178		–
Total current liabilities			67,211		86,817
Long-term lease liability	7		81,450		80,710
Deferred income tax liabilities			150,461		150,294
Other long-term liabilities	8, 16		9,238		10,421
Total liabilities			308,360		328,242
Equity					
Equity attributable to owners of the Company					
Capital stock	11		409,622		426,193
Contributed surplus	16		40,410		40,182
Retained earnings			582,091		561,794
Accumulated other comprehensive income	12		2,880		2,954
Total equity			1,035,003		1,031,123
Total liabilities and equity		**$**	**1,343,363**	**$**	**1,359,365**

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

AGF MANAGEMENT LIMITED
CONSOLIDATED INTERIM STATEMENT OF INCOME

(unaudited)		Three months ended	
		August 31,	August 31,
(in thousands of dollars, except per share amounts)	Note	2022	2021
Income			
Management, advisory and administration fees	13	$ 103,792	$ 110,915
Deferred sales charges		1,842	1,456
Share of profit (loss) of joint ventures	6	(35)	2,222
Other income from fee-earning arrangements	8	709	685
Fair value adjustments and other income	6, 14	6,164	7,791
Total income		112,472	123,069
Expenses			
Selling, general and administrative	15, 17, 21	46,419	50,115
Trailing commissions		32,836	35,299
Investment advisory fees		74	196
Deferred selling commissions		–	14,092
Amortization and derecognition of customer contracts and other intangibles		13	51
Depreciation of property, equipment and computer software		2,205	1,081
Depreciation of right-of-use asset	7	1,249	1,589
Interest expense	7	658	671
Total expenses		83,454	103,094
Income before income taxes		**29,018**	**19,975**
Income tax expense (benefit)			
Current	18	7,457	4,905
Deferred	18	(572)	215
Total income tax expense		6,885	5,120
Net income for the period		**$ 22,133**	**$ 14,855**
Earnings per share equity owners of the Company			
Basic	19	$ 0.33	$ 0.21
Diluted	19	$ 0.32	$ 0.21

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

AGF MANAGEMENT LIMITED
CONSOLIDATED INTERIM STATEMENT OF INCOME

(unaudited)		Nine months ended			
(in thousands of dollars, except per share amounts)	Note		August 31, 2022		August 31, 2021
Income					
Management, advisory and administration fees	13	$	327,400	$	319,211
Deferred sales charges			5,424		4,660
Share of profit (loss) of joint ventures	6		(851)		3,072
Other income from fee-earning arrangements	8		2,172		1,123
Fair value adjustments and other income	6, 14, 18		20,687		11,725
Total income			354,832		339,791
Expenses					
Selling, general and administrative	15, 17, 21		143,034		145,205
Trailing commissions			103,080		101,665
Investment advisory fees			232		671
Deferred selling commissions			37,062		47,385
Amortization and derecognition of customer contracts and other intangibles			71		95
Depreciation of property, equipment and computer software			4,995		2,993
Depreciation of right-of-use asset	7		4,360		4,804
Interest expense	7		1,965		2,106
Total expenses			294,799		304,924
Income before income taxes			**60,033**		**34,867**
Income tax expense (benefit)					
Current	18		16,389		9,135
Deferred	18		(1,441)		244
Total income tax expense			14,948		9,379
Net income for the period		**$**	**45,085**	**$**	**25,488**
Earnings per share					
Basic	19	$	0.66	$	0.36
Diluted	19	$	0.64	$	0.35

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

AGF MANAGEMENT LIMITED
CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(unaudited)	Three months ended		Nine months ended	
(in thousands of dollars)	August 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
Net income for the period	$ 22,133	$ 14,855	$ 45,085	$ 25,488
Other comprehensive income, net of tax				
Net unrealized gain (loss) on investments				
Unrealized gain (loss)	98	119	(74)	215
	98	119	(74)	215
Total other comprehensive income (loss), net of tax	$ 98	$ 119	$ (74)	$ 215
Net comprehensive income	**$ 22,231**	**$ 14,974**	**$ 45,011**	**$ 25,703**

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

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

AGF MANAGEMENT LIMITED
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(unaudited) (in thousands of dollars)	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total equity
Balance, December 1, 2020	$ 425,460	$ 40,465	$ 547,614	$ 2,640	**$ 1,016,179**
Net income for the period	–	–	25,488	–	**25,488**
Other comprehensive income (net of tax)	–	–	–	215	**215**
Comprehensive income for the period	–	–	25,488	215	**25,703**
AGF Class B Non-Voting shares issued through dividend reinvestment plan	228	–	–	–	**228**
Stock options	344	393	–	–	**737**
AGF Class B Non-Voting shares repurchased for cancellation	(1,216)	–	(342)	–	**(1,558)**
Dividends on AGF Class A Voting common shares and AGF Class B Non-Voting shares, including tax of $0.2 million	–	–	(17,766)	–	**(17,766)**
Equity-settled Restricted Share Units, net of tax	–	(1,396)	–	–	**(1,396)**
Treasury stock purchased	(1,864)	–	–	–	**(1,864)**
Treasury stock released	1,289	–	410	–	**1,699**
Balance, August 31, 2021	**$ 424,241**	**$ 39,462**	**$ 555,404**	**$ 2,855**	**$ 1,021,962**
Balance, December 1, 2021	$ 426,193	$ 40,182	$ 561,794	$ 2,954	**$ 1,031,123**
Net income for the period	–	–	45,085	–	**45,085**
Other comprehensive loss (net of tax)	–	–	–	(74)	**(74)**
Comprehensive income for the period	–	–	45,085	(74)	**45,011**
AGF Class B Non-Voting shares issued through dividend reinvestment plan	322	–	–	–	**322**
Stock options	29	330	–	–	**359**
AGF Class B Non-Voting shares repurchased for cancellation	(16,856)	–	(3,194)	–	**(20,050)**
Dividends on AGF Class A Voting common shares and AGF Class B Non-Voting shares, including tax of $0.2 million	–	–	(20,173)	–	**(20,173)**
Equity-settled Restricted Share Units, net of tax	–	(102)	–	–	**(102)**
Treasury stock purchased	(1,883)	–	–	–	**(1,883)**
Treasury stock released	1,817	–	(1,421)	–	**396**
Balance, August 31, 2022	**$ 409,622**	**$ 40,410**	**$ 582,091**	**$ 2,880**	**$ 1,035,003**

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

AGF MANAGEMENT LIMITED
CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

(unaudited)		Nine months ended	
(in thousands of dollars)	Note	August 31, 2022	August 31, 2021
Operating Activities			
Net income for the period		$ 45,085	$ 25,488
Adjustments for			
Amortization, derecognition and depreciation		9,426	7,892
Interest expense		1,965	2,106
Income tax expense	18	14,948	9,379
Income taxes paid		(11,014)	(29,042)
Stock-based compensation	15, 16	5,024	7,266
Share of loss (profit) of joint ventures	6	851	(3,072)
Distributions from joint ventures	6	39	4,460
Fair value adjustment on long-term investments	6	(13,051)	6,397
Net realized and unrealized gain on short-term investments	14	2,371	(2,436)
Other		7	(71)
		55,651	28,367
Net change in non-cash working capital balances related to operations			
Accounts receivable and other current assets		(3,318)	(5,539)
Other assets		1,198	2,993
Accounts payable and accrued liabilities		(21,238)	(7,926)
Other liabilities		(1,527)	817
		(24,885)	(9,655)
Net cash provided by operating activities		30,766	18,712
Financing Activities			
Repurchase of Class B Non-Voting shares for cancellation	11	(20,050)	(1,523)
Issue of Class B Non-Voting shares	11	29	344
Purchase of treasury stock	11	(1,883)	(1,864)
Dividends paid	20	(19,604)	(17,302)
Interest paid		(384)	(351)
Lease principal payments	7	(3,314)	(3,411)
Net cash used in financing activities		(45,206)	(24,107)
Investing Activities			
Investment in joint venture	6	(600)	(776)
Purchase of long-term investments	6	(13,795)	(25,213)
Return of capital from long-term investments	6	11,773	18,232
Purchase of property, equipment and computer software, net of disposals		(13,584)	(9,133)
Purchase of short-term investments	5	(12,350)	(5,576)
Proceeds from sale of short-term investments	5	11,119	5,884
Net cash used in investing activities		(17,437)	(16,582)
Decrease in cash and cash equivalents		(31,877)	(21,977)
Balance of cash and cash equivalents, beginning of the period		86,484	94,009
Balance of cash and cash equivalents, end of the period		$ 54,607	$ 72,032
Cash and cash equivalents comprise of:			
Cash at bank and on hand		$ 50,099	$ 67,532
Term deposit		4,508	4,500
Total cash and cash equivalents		$ 54,607	$ 72,032

(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 nine months ended August 31, 2022 and 2021 (unaudited)

Note 1: General Information

AGF Management Limited (AGF or the Company) is a limited liability company incorporated and domiciled in Canada under the Business Corporations Act (Ontario). The address of its registered office and principal place of business is CIBC Square, Tower One, 81 Bay Street, Toronto, Ontario.

The Company is an 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 private markets through its three business lines: AGF Investments, AGF Private Wealth, and AGF Private Capital.

The Company's wholly owned subsidiary AGF CustomerFirst Inc. (AGFC) 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 September 27, 2022.

Note 2: Basis of Preparation

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

Note 3: Adoption of New and Revised Accounting Standards

Interest Rate Benchmark Reform

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

Note 4: Risk Management

The COVID-19 pandemic remains a source of volatility for global markets along with rising interest rates and the ongoing rise of inflation. Sustained and material volatility in the financial markets has the potential to create market risk to the Company's capital position and profitability.

The ongoing conflict between Ukraine and Russia and resulting international sanctions being imposed by many countries, continue as a source of potential significant economic impacts, not only on those with interest or exposures within Russia and Ukraine, but may also affect global market risk and could result in greater volatility and uncertainty globally and across many sectors. While there is no current or direct material exposure identified for the Company, the ultimate impacts that could be seen are unknown, and management will continue to monitor these events closely to manage risk to the Company. 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 fee revenues, net of trailer fees, would decline by approximately $7.7 million.

Note 5: Investments

The following table presents a breakdown of investments:

(in thousands of dollars)		**August 31, 2022**		**November 30, 2021**
Fair value through profit or loss				
AGF mutual funds and other	$	21,291	$	21,836
Fair value through other comprehensive income				
Equity securities		732		913
Amortized cost				
Canadian government debt – Federal		–		325
	$	22,023	$	23,074

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

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

(a) Investment in Joint Ventures

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

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

The continuity for the nine months ended August 31, 2022 and 2021 is as follows:

	Nine months ended			
(in thousands of dollars)		August 31, 2022		August 31, 2021
Balance, beginning of the period	$	783	$	1,780
Investment in joint venture		600		776
Share of profit (loss)		(851)		3,072
Distributions received		(39)		(4,460)
Balance, end of the period	$	493	$	1,168

For the three and nine months ended August 31, 2022, the Company recognized a loss of nil and $0.9 million (2021 – earnings of $2.2 million and $3.1 million) and received distributions of nil and $0.1 million (2021 – $2.4 million and $4.5 million).

(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 nine months ended August 31, 2022 and 2021 is as follows:

	Nine months ended			
(in thousands of dollars)		August 31, 2022		August 31, 2021
Balance, beginning of the period	$	160,721	$	151,949
Purchase of long-term investments		13,795		25,213
Return of capital		(11,773)		(18,232)
Fair value adjustment[1]		13,051		(6,397)
Balance, end of the period	$	175,794	$	152,533

[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 August 31, 2022, the carrying value of the Company's long-term investments in the private capital business was $175.8 million (November 30, 2021 – $160.7 million).

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

	Nine months ended	
(in thousands of dollars)	August 31, 2022	August 31, 2021
Commitment, beginning of the period	$ 70,917	$ 70,229
Additional capital committed	–	31,600
Funded capital during the period	(13,795)	(25,213)
Remaining commitment to be funded, end of the period[1]	$ 57,122	$ 76,616

[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 August 31, 2022, the Company has right-of-use assets of $71.6 million and total lease liabilities of $82.7 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 nine months ended August 31, 2022 and 2021:

	Right-of-use assets			Lease liabilities
(in thousands of dollars)	Property	Equipment	Total	
As at December 1, 2020	$ 80,181	$ 958	$ 81,139	$ 85,663
Depreciation expense	(4,599)	(205)	(4,804)	–
Lease modification and reassessment	1,311	(5)	1,306	1,296
Interest expense	–	–	–	1,636
Payments	–	–	–	(3,411)
As at August 31, 2021	**$ 76,893**	**$ 748**	**$ 77,641**	**$ 85,184**
As at December 1, 2021	$ 75,384	$ 681	$ 76,065	$ 84,629
Depreciation expense	(4,179)	(181)	(4,360)	–
Lease modification and reassessment	8	(130)	(122)	(198)
Interest expense	–	–	–	1,561
Payments	–	–	–	(3,314)
As at August 31, 2022	**$ 71,213**	**$ 370**	**$ 71,583**	**$ 82,678**

Note 8: Other Fee-earning Arrangements

InstarAGF Fee-earning Arrangement

On May 26, 2021, the Company announced changes to its relationship with Instar Group Inc. The joint venture relationship in InstarAGF Asset Management Inc. (InstarAGF) was concluded following the establishment of its two flagship funds, InstarAGF Essential Infrastructure Fund I and II (together, the InstarAGF Funds). Based on the terms of the agreements, the Company maintained its respective long-term investments, as well as the carried interest participation in the InstarAGF Funds (carried interest entities). In addition, the Company and Instar entered into a fee arrangement whereby AGF will earn ongoing annual fees of 14 bps on the assets under management of the InstarAGF Funds. As at August 31, 2022, the InstarAGF Funds fee-earning assets were $2.0 billion.

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

The fee arrangement is classified as a contract with Instar under IFRS 15. Under IFRS 15, the annual fee will be recorded as income on an accrual basis over the remaining terms of each of the InstarAGF Funds. During the three and nine months ended August 31, 2022, the Company recognized $0.7 million and $2.2 million (2021 – $0.7 million and $1.1 million) of income related to the fee arrangement.

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

First Ascent Fee-earning Arrangement

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

Note 9: Accounts Payable

(in thousands of dollars)		**August 31, 2022**		**November 30, 2021**
Compensation related payable	$	36,624	$	51,832
HST payable		8,699		10,053
Other		19,455		20,362
Accounts payable and accrued liabilities	$	64,778	$	82,247

Note 10: Long-term Debt

The Company's unsecured revolving credit facility (the Facility) has a maximum aggregate principal amount of $140.0 million and a $10.0 million swingline facility commitment. Advances under the Facility are made available by prime-rate loans in U.S. or Canadian dollars, under bankers' acceptance (BAs) or by issuance of letters of credit. The Facility is due in full on November 6, 2023. As at August 31, 2022, AGF had drawn nil (November 30, 2021 – nil) against the Facility. During the three and nine months ended August 31, 2022, the Company did not borrow against the Facility (2021 – nil). AGF incurred $0.7 million of transaction fees, which is being amortized over the term of the Facility. As at August 31, 2022, the remaining balance of the transaction fee was $0.2 million. As at August 31, 2022, $150.0 million was available to be drawn from the revolving credit facility and swingline facility commitment.

Note 11: Capital Stock

(a) Authorized Capital

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

(b) Changes During the Period

The change in capital stock is summarized as follows:

	Nine months ended					
	August 31, 2022			August 31, 2021		
(in thousands of dollars, except share amounts)	Shares		Stated value	Shares		Stated value
Class A Voting common shares	57,600	$	–	57,600	$	–
Class B Non-Voting shares						
Balance, beginning of the period	69,956,884	$	426,193	69,868,569	$	425,460
Issued through dividend reinvestment plan	44,134		322	32,541		228
Stock options exercised	5,000		29	58,990		344
Repurchased for cancellation	(2,771,854)		(16,856)	(200,600)		(1,216)
Treasury stock purchased for employee benefit trust	(300,000)		(1,883)	(250,000)		(1,864)
Treasury stock released for employee benefit trust	357,750		1,817	320,610		1,289
Balance, end of the period	67,291,914	$	409,622	69,830,110	$	424,241

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

AGF has obtained applicable regulatory approval to purchase for cancellation, from time to time, certain of its Class B Non-Voting shares through the facilities of the TSX (or as otherwise permitted by the TSX). AGF relies on an automatic purchase plan during the normal course issuer bid. The automatic purchase plan allows for purchases by AGF of its Class B Non-Voting shares subject to certain parameters. Under its normal course issuer bid, AGF may purchase up to 10% of the public float outstanding on the date of the receipt of regulatory approval or up to 4,889,630 shares for the period from February 8, 2022 to February 7, 2023 and up to 5,067,167 shares for the period from February 8, 2021 to February 7, 2022. During the three and nine months ended August 31, 2022, AGF purchased 726,400 and 2,771,854 (2021 – 186,300 and 200,600) Class B Non-Voting shares under the normal course issuer bid at a cost of $4.7 million and $20.1 million (2021 – $1.4 million and $1.5 million). During the three and nine months ended August 31, 2022, the premium of $0.3 million and $3.2 million (2021 – discount of $0.2 million and $0.3 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 nine months ended August 31, 2022, AGF purchased 300,000 and 300,000 (2021 – nil and 250,000) Class B Non-Voting shares for the employee benefit trust at a cost of $1.9 million and $1,9 million (2021 – nil and $1.9 million). Shares purchased for the trust are purchased under the Company's normal course issuer bid and recorded as a reduction to capital stock. During the three and nine months ended August 31, 2022, 18,526 and 357,750 (2021 – 20,402 and 320,610) Class B Non-Voting shares purchased as treasury stock were released. As at August 31, 2022, 717,069 (November 30, 2021 – 774,818) Class B Non-Voting shares were held as treasury stock.

Note 12: Accumulated Other Comprehensive Income

(in thousands of dollars)	Foreign currency translation	Fair value through OCI	Total
Opening composition of accumulated other comprehensive income at December 1, 2020			
Other comprehensive income (loss)	$ (1,501)	$ 4,151	$ 2,650
Income tax expense	–	(10)	(10)
Balance, December 1, 2020	(1,501)	4,141	2,640
Transactions during the year ended November 30, 2021			
Other comprehensive income	–	362	362
Income tax expense	–	(48)	(48)
Balance, November 30, 2021	(1,501)	4,455	2,954
Transactions during the period ended August 31, 2022			
Other comprehensive loss	–	(85)	(85)
Income tax expense	–	11	11
Balance, August 31, 2022	$ (1,501)	$ 4,381	$ 2,880

Note 13: Management, Advisory and Administration Fees

	Three months ended		Nine months ended	
(in thousands of dollars)	August 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
Management, advisory and administration fees	$ 106,214	$ 113,316	$ 332,519	$ 325,885
Fund expenses and waivers	(2,422)	(2,401)	(5,119)	(6,674)
	$ 103,792	$ 110,915	$ 327,400	$ 319,211

Note 14: Fair Value Adjustments and Other Income

	Three months ended		Nine months ended	
(in thousands of dollars)	August 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
Fair value adjustment related to investment gain (loss) classified as FVTPL (Note 5)	$ (541)	$ 1,106	$ (2,371)	$ 2,425
Fair value adjustment and distributions related to long-term investments (Note 6(b))[1]	5,938	5,425	17,853	7,339
Interest income	160	247	360	455
Other[2]	607	1,013	4,845	1,506
	$ 6,164	$ 7,791	$ 20,687	$ 11,725

[1] For the three and nine months ended August 31, 2022, the Company recorded fair value adjustment related to long-term investments of $5.4 million and $13.1 million (2021 – loss of $5.5 million and $6.4 million) and distributions related to long-term investments of $0.5 million and $4.8 million (2021 – $10.9 million and $13.7 million).

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

Note 15: Financial Instruments

Cash-settled Share Swap

On April 11, 2022, the Company entered into a Total Return Swap agreement (TRS) with a financial institution to manage its exposure to changes in the fair value of its Deferred Share Units (DSUs), which is based on the AGF.B share price. As at August 31, 2022, the Company had economically hedged 84.6% of its total DSUs for a total notional value of $9.1 million. The term of the TRS contract is one-year with the option to extend the contract at the same average price.

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

The Company recognized a loss on the TRS in the Consolidated Interim Statement of Income under Selling, General and Administrative expenses of $0.8 million and $1.2 million for the three and nine months ended August 31, 2022.

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

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

(a) Stock Option Plans

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

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

	Nine months ended			
	August 31, 2022		August 31, 2021	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Class B Non-Voting share options				
Balance, beginning of the period	6,028,824	$ 6.12	7,214,162	$ 6.64
Options forfeited	–	–	(48,100)	8.32
Options expired	(994,162)	8.02	(595,872)	11.96
Options exercised	(5,000)	5.15	(58,990)	5.20
Balance, end of the period	5,029,662	$ 5.74	6,511,200	$ 6.15

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

(b) Other Stock-based Compensation

Other stock-based compensation includes Restricted Share Units (RSUs) and Deferred Share Units (DSUs). Compensation recovery related to cash-settled stock-based compensation for the three and nine months ended August 31, 2022 was $0.4 million and nil (2021 – $0.8 million and $4.5 million) and the liability recorded as at August 31, 2022 related to cash-settled stock-based compensation was $9.3 million (November 30, 2021 – $11.0 million). Compensation expense related to equity-settled RSUs for the three and nine months ended August 31, 2022 was $1.2 million and $3.5 million (2021 – $0.8 million and $2.4 million) and contributed surplus related to equity-settled RSUs, net of tax, as at August 31, 2022 was $4.1 million (November 30, 2021 – $5.3 million).

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

	Nine months ended	
	August 31, 2022	August 31, 2021
	Number of share units	Number of share units
Outstanding, beginning of the period	3,926,196	3,510,057
Issued		
Initial grant	249,149	322,674
In lieu of dividends	127,199	105,031
Settled in cash	(632,415)	(452,290)
Settled in equity, net of tax	(357,750)	(320,610)
Forfeited and cancelled	(5,735)	(17,180)
Outstanding, end of the period	3,306,644	3,147,682
Cash-settled, end of the period	1,753,369	1,763,494
Equity-settled, end of the period	1,553,275	1,384,188

Note 17: Expenses by Nature

(in thousands of dollars)	Three months ended August 31, 2022	Three months ended August 31, 2021	Nine months ended August 31, 2022	Nine months ended August 31, 2021
Selling, general and administrative				
Salaries, benefits and performance-based compensation	$ 30,586	$ 34,059	$ 95,113	$ 98,924
Stock-based compensation	946	1,704	3,872	7,266
DSU derivative	790	–	1,152	–
Severance	232	133	1,897	281
Sales and marketing	1,872	1,677	5,739	4,768
Information technology and facilities	8,100	7,594	23,094	20,843
Professional fees	2,641	3,948	9,011	9,978
Other fund costs	545	279	1,218	1,182
Other	707	721	1,938	1,963
	$ 46,419	$ 50,115	$ 143,034	$ 145,205

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 nine months ended August 31, 2022 was 24.9% (2021 – 26.9%).

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

As disclosed in the notes of the Company's 2021 Annual Report, the Company received letters from the CRA providing relief for a portion of the previously assessed interest in relation to the 2008 to 2015 taxation years on the resolved transfer pricing issue as disclosed in the Annual Consolidated Financial Statements from 2013 to 2020. During the nine months ended August 31, 2022, the Company received refunds from the CRA totaling approximately $4.0 million in relation to such interest. The interest relief, which is non-taxable, is recorded in "Fair value adjustments and other income" on the consolidated interim statement of income.

Note 19: Earnings per Share

	Three months ended		**Nine months ended**	
(in thousands of dollars, except per share amounts)	**August 31, 2022**	**August 31, 2021**	**August 31, 2022**	**August 31, 2021**
Numerator				
Net income for the period	$ 22,133	$ 14,855	$ 45,085	$ 25,488
Denominator				
Weighted average number of shares – basic	67,758,818	69,840,774	68,672,048	70,052,396
Dilutive effect of employee stock-based compensation awards	1,509,677	2,446,475	1,832,147	2,298,517
Weighted average number of shares – diluted	69,268,495	72,287,249	70,504,195	72,350,913
Earnings per share for the period				
Basic	$ 0.33	$ 0.21	$ 0.66	$ 0.36
Diluted	$ 0.32	$ 0.21	$ 0.64	$ 0.35

Note 20: Dividends

During the three and nine months ended August 31, 2022, the Company paid dividends of $0.10 and $0.29 (2021 – $0.09 and $0.25) per share. Total dividends paid, including dividends reinvested, in the three and nine months ended August 31, 2022 were $6.8 million and $19.9 million (2021 – $6.3 million and $17.5 million). On September 27, 2022, the Board of Directors of AGF declared a quarterly dividend on both the Class A Voting common shares and Class B Non-Voting shares of the Company of $0.10 per share in respect of the three months ended August 31, 2022, amounting to a total dividend of approximately $6.7 million. These condensed consolidated interim financial statements do not reflect this dividend.

Note 21: Related Party Transactions

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

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

	Three months ended				Nine months ended			
(in thousands of dollars)		August 31, 2022		August 31, 2021		August 31, 2022		August 31, 2021
Salaries and other short-term employee benefits	$	2,252	$	2,633	$	6,679	$	6,778
Share-based compensation		287		882		1,472		4,641
	$	2,539	$	3,515	$	8,151	$	11,419

Note 22: Fair Value of Financial Instruments

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

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

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

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

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

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

(in thousands of dollars) **August 31, 2022**		**Level 1**		**Level 2**		**Level 3**		**Total**
Assets								
Financial assets at fair value through profit or loss								
Cash and cash equivalents	$	54,607	$	–	$	–	$	54,607
AGF mutual funds and other		21,291		–		–		21,291
Long-term investments		–		–		175,794		175,794
Carried interest		–		–		1,159		1,159
Financial assets at fair value through other comprehensive income								
Equity securities		732		–		–		732
Total financial assets	$	76,630	$	–	$	176,953	$	253,583
Liabilities								
Financial liabilities at fair value through profit or loss								
Long-term deferred income on carried interest	$	–	$	–	$	1,159	$	1,159
Derivative financial instrument		–		1,178		–		1,178
Total financial liabilities	$	–	$	1,178	$	1,159	$	2,337

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

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

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

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

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

Level 3 instruments include long-term investments related to 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 August 31, 2022 has been estimated using the net asset value (NAV) as calculated by the asset manager of the fund. If the NAV were to increase or decrease by 10%, the fair value of the Company's long-term investment and pre-tax income would increase or decrease by $17.6 million. Refer to Note 6(b) for additional information.

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

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

(in thousands of dollars)		Total
Long-term investments		
Balance at December 1, 2021	$	160,721
Purchase of investment		13,795
Return of capital		(11,773)
Fair value adjustment recognized in profit or loss[1]		13,051
Balance at August 31, 2022	**$**	**175,794**
Carried interest		
Balance at December 1, 2021	$	1,159
Balance at August 31, 2022	**$**	**1,159**

[1] The change in unrealized gain in investments currently held included in level 3 of the fair value hierarchy is $13,051 (2021 – $6,397) for the nine months ended August 31, 2022.

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

(in thousands of dollars)		Total
Long-term investments		
Balance at December 1, 2020	$	151,949
Purchase of investment		25,213
Return of capital		(18,232)
Fair value adjustment recognized in profit or loss		(6,397)
Balance at August 31, 2021	**$**	**152,533**
Carried interest		
Balance at December 1, 2020	$	–
Initial recognition		1,159
Balance at August 31, 2021	**$**	**1,159**

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

Note 23: Contingencies

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

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

The 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.

Note 24: Subsequent Events

On September 27, 2022, the Board authorized AGF to use up to $40 million of cash in order to return capital to its shareholders through a substantial issuer bid made to all holders of AGF's Class B non-voting shares (the "Offer"). The Offer may be at a premium to the then-current market price of the Company's Class B non-voting shares. Holders of the Company's Class A voting shares and insiders of AGF are not expected to participate in the Offer. Subject to market and other conditions, AGF anticipates that the terms of the Offer will be finalized in early October, with the Offer expected to be completed in November 2022.

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™

Invested in Discipline

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