AGF MANAGEMENT LIMITED

ANNUAL INFORMATION FORM

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AGF MANAGEMENT LIMITED

INCORPORATION AND SUBSIDIARIES

AGF Management Limited (the "Corporation") was incorporated under the laws of the Province of Ontario by Letters Patent dated February 2, 1960 and amalgamated under such laws by Certificate and Articles of Amalgamation dated July 31, 1976. On December 1, 1994 the corporation amalgamated with its 99.9% owned subsidiary G.E.F. Management Limited.

On December 8, 1995, the Corporation effectively acquired all of the outstanding common shares of 20/20 Financial Corporation ("20/20"). The principal business of 20/20 was the promotion, distribution and management of mutual funds in Canada. This business was carried on through 20/20 Funds Inc., a wholly owned subsidiary of 20/20.

At the end of May 1996, 20/20 Funds Inc. was renamed AGF Funds Inc. ("AGFFI") and management of the 21 existing AGF Funds and 22 existing 20/20 Funds was consolidated under AGFFI. On October 15, 1996, the securityholders of certain AGF Funds and 20/20 Funds approved the reorganization of these funds (the "Reorganization"). The Reorganization was effective as of January 1, 1997 at which time certain AGF and 20/20 Funds were merged and/or renamed. The resulting 39 funds formed the "AGF Group of Funds", successor to the existing AGF and 20/20 families of funds. AGF also manages the seven mutual funds known as the Harmony Funds, five of which were first offered in December 1996 and two of which were first offered in April 1998.

The Corporation has a number of other subsidiaries ("AGF" refers to the Corporation and its subsidiaries) including AGF Trust Company (the "Trust Company"), a trust company incorporated under the federal *Trust and Loan Companies Act* and AdminSource Inc. which provides record keeping and other administrative services to companies in the mutual fund and insurance industries.

BUSINESS OF THE CORPORATION

GENERAL DEVELOPMENT

Since 1960, AGF has sponsored, distributed and managed mutual funds. It presently is one of the largest independent mutual fund organizations in Canada in terms of assets under administration. Substantially all of AGF's net earnings are derived from AGF's mutual fund operations and its related investment activity.

Throughout the past five years, AGF has concentrated its efforts on continuing to be an innovator in the mutual fund industry by offering new services and products to the public, on providing excellence in service to investors and to the dealer community and on managing and marketing effectively the AGF Funds.

The main focus of the Corporation's operations has traditionally been in Canada with a small international component. In January 1991, the Corporation established AGF International Advisors Company Limited as an indirect wholly owned subsidiary of the Corporation in Dublin, Ireland in order to enhance the international focus of AGF and the AGF Funds. In March 1996, the Corporation established AGF Asset Management Asia Ltd. as a wholly owned subsidiary of AGF in Singapore.

On January 21, 1998, the Corporation purchased a minority interest of 30.0% (fully diluted) in NCL (Securities) Limited, a U.K. based firm which provides private client asset management and institutional fund management and advisory services to a broad range of clients. Founded in 1986, NCL currently administers assets of approximately Cdn. $4.3 billion and employs over 140 individuals at its headquarters in the City of London, England.

Due to the competitive environment in the mutual fund industry, mutual fund products are continually being redefined to match investor preference. In pursuit of the Corporation's goal to make investing in AGF Funds as efficient as possible for the securityholders, in 1994, the AGF International Group Limited ("International Group") was formed by the amalgamation of six international equity funds and the addition of International Short-Term Income Class. A multiple class fund, the International Group is now authorized to issue up to twenty-four classes of mutual fund securities, each issuable in series, in which a securityholder may switch their investments between classes without triggering a sale of assets. Since 1994, four additional classes, each with international investment objectives, have been added to International Group (World Equity Class, Germany Class and International Stock Class). In June, 1998, Global Real Estate Equity Class was added to International Group to provide securityholders the opportunity to invest in securities of companies, trusts and other entities around the world whose primary business is directly or indirectly related to the ownership, management or development of real property.

In January 1997, Canada Class was added to International Group to provide International Group securityholders exposure to the Canadian market, if they desire such exposure, without giving up the efficiencies of having their investment remain within International Group.

Presently, International Group offers investors the opportunity to choose among twelve classes of mutual fund securities within a single mutual fund.

WEALTH MANAGEMENT OPERATIONS

AGF's primary wealth management operations involve the provision of two principal services: management of mutual funds and distribution to the public through registered dealers and brokers of securities of such mutual funds.

Fund Management

Under the management contracts between AGF and each of the AGF Group of Funds (referred to individually as a "Fund" and collectively as the "Funds"), AGF is entitled to monthly fees from these Funds based on a specified percentage of the net asset values of the Funds and reimbursement for certain expenses. Such fees are comparative within the mutual fund industry and may be increased only with the prior approval of securityholders of the Funds. Reference can be made to the Management's Discussion and Analysis of Financial Condition and Results of Operations for a discussion of the current level of such fees and expenses for the Funds. In addition, AGF and certain of the Funds have retained the services of a number of external investment managers from around the world to provide investment management or advisory services.

In addition to investment management, AGF provides or arranges for the provision of registry and transfer agency services, distribution crediting services, shareholder services and audit and legal services for the Funds. AGF provides the office space and facilities, administrative support and internal accounting and auditing services required by each of the Funds. AGFFI also provides investment management services for a variety of third parties, primarily insurance companies.

AGFFI cannot be terminated as the manager of a Fund without the approval of a specified majority of securityholders voting at a meeting duly called to consider the proposed termination.

Any change in the manager of a Fund may only be made with the approval of securityholders of the Fund in accordance with securities regulatory policies.

Fund Distribution

Sales of mutual funds depend significantly on investor contact, awareness and follow-up. Advertising, dealer information and sales remuneration are fundamental to the sales effort. Sales and redemptions are also a function of general economic and market conditions, investor preference and tax position, service, fund expense ratios and performance of the funds.

Securities of all of the Funds are sold to the public in all provinces and territories of Canada. AGF Growth Equity Fund Limited is also sold in Japan. The American Growth Class of AGF International Group Limited, AGF Canadian Bond Fund, AGF Growth Equity Fund Limited and 20/20 Canadian Resources Fund Limited have been registered for sale in the Republic of China (Taiwan). AGF acts under distributorship contracts as the exclusive distributor of all securities of all of the Funds. As is the case for the majority of manager-sponsored mutual funds in Canada, most of the orders for the Funds are placed by dealers, brokers, financial planners and mutual fund specialists unrelated to AGF.

As permitted under applicable securities laws and certain industry guidelines ("Regulatory Requirements"), AGF provides various marketing support programs to assist registered dealers and brokers in their efforts to sell securities of the Funds and to offset costs of administration and client service and support. From time to time, AGF also provides dealers and their representatives with other promotional and educational conferences and events. AGF runs educational seminars and conferences, creates sales literature and provides information to dealers who sell mutual funds, including those of AGF. AGF also pays trailing commissions to dealers based on the net asset value of securities of the AGF Funds in their clients' accounts outstanding. These activities are regulated by the policies of Canadian securities administrators. AGF may vary the terms and conditions of these programs from time to time, in its discretion, or may discontinue the programs. AGF's marketing efforts are conducted from its main Toronto office and regional offices in Vancouver and Montreal.

Distributorship arrangements in respect of the AGF Funds may be terminated by the relevant Fund only upon approval by a specified majority of securityholders of the Fund, such approval to be expressed at a meeting of the securityholders duly called for the purpose of considering the same.

AGF manages and administers certain of the Funds to ensure that they constitute investments for registered retirement savings plans, registered retirement income funds and deferred profit sharing plans. AGF offers investors the ability to establish special purpose registered retirement savings plans, registered retirement income funds and registered education savings plans administered by a trust company for the purpose of investing in securities of eligible AGF Funds. AGF also offers group registered retirement savings plans.

In October 1998, AGFFI promoted the AGF All Canada Funds offering investors clear and simple investment solutions for common retirement planning objectives. Covering the three main asset classes – stocks, bonds, and cash – as well as offering managed asset class solutions, AGF All Canada Funds offer investors a complete range of core investments for their RRSP or RRIF. This group of Canadian equity funds is comprised of seven funds, namely, AGF Canadian Stock Fund (formed by the merger of AGF Canadian Equity Fund Limited and AGF Canadian Growth Fund), AGF Canadian Growth & Income Fund, AGF Canadian Growth Equity Fund Limited, AGF Canadian Bond Fund, AGF Canadian Money Market Fund, AGF Canadian High Income Fund and AGF Canadian Tactical Asset Allocation Fund.

Additional investor services offered by AGF in respect of the AGF Funds include a systematic withdrawal plan, a systematic investment plan and an electronic trading service.

From an administrative point of view, up-to-date technology and computer programs are essential to provide the quality and timeliness of service expected by today's investor. In 1996, AGF installed a new client server platform. In addition, the Corporation continues to review its shareholders administration systems and is utilizing new technology such as computer voice response and digital imaging of paper documentation to improve the efficiency of the data processing capacity, while allowing AGF to be proactive in the delivery of financial products and services. For further information on AGF's 2000 readiness efforts, please see "AGF and the Year 2000".

AGF Funds

The following table sets forth certain information in respect of the distribution operations for the Funds for the years indicated:

	Years ended November 30 (unaudited)	
Sales ($ 000)	**1998**	**1997**
Front end sales charge	1,582,927	1,277,789
Contingent deferred sales charges	2,323,995	2,246,767
Other	161,685	94,287
Number of Accounts	1,818,916	1,467,169

Mutual Fund Industry and the Position of the Corporation

The mutual fund industry has grown from $3 billion to over $326.6 billion of assets under management during the period from 1980 to December 31, 1998. The growth in the mutual fund industry is attributable to many factors including lower interest rates, favorable performance of the securities markets, demographic trends which encourage savings and investment, new entrants into the mutual fund industry, a wider range of mutual fund products offered to investors (including many offering access to foreign securities markets) and more intensive marketing of mutual funds.

Government policies have also contributed significantly to growth in the industry by encouraging Canadians to save for retirement through registered retirement savings plans (“RRSPs”). The mutual fund industry has benefited and will continue to benefit as a result of the high contribution levels and carry forward provisions permitted by tax legislation, including the foreign component percentage of RRSPs, registered retirement income funds, deferred profit sharing plans and registered pension plans.

The growth in the mutual fund industry has resulted in increased competition. Financial institutions entered the mutual fund industry in a significant way in the late 1980’s. These financial institutions generally use different distribution channels than those used by the Corporation. Well-capitalized foreign mutual fund groups continue to enter the Canadian mutual fund industry.

Most mutual fund sponsors in Canada are members of the Investment Funds Institute of Canada ("IFIC"), the only industry association in Canada. Such members sponsor over 1000 mutual funds. The following tables sets forth the net asset value for the mutual funds of IFIC members and the funds managed by IFIC members and AGF's relative position in the industry represented by IFIC:

December 31, 1998 (billions except percentage amounts)	
Total IFIC members	$326.6
AGF Group of Funds	$15.5
AGF Group of Funds as % of Total IFIC members	4.7%

Source: IFIC

Regulatory Requirements

AGF is subject to regulation by the Ontario Securities Commission and other provincial securities regulatory authorities. At present, AGFFI is required to be registered as a mutual fund dealer, investment counsel and portfolio manager in order to conduct its business. Application must be made annually to renew the registrations. The *Securities Act* (Ontario) and certain other provincial securities legislation prescribes educational and proficiency standards for individuals engaged in making investment decisions and trading in mutual fund securities, capital requirements to protect against insolvency, the filing of financial statements and reports and the maintenance of contingency funds administered by specified trust companies.

In its capacity as investment counsel and portfolio manager, AGFFI is subject to conflict of interest regulations made pursuant to the *Securities Act* (Ontario) and certain other provincial securities legislation. These regulations impose limitations on the ability of AGF to advise or make recommendations with respect to its own securities or securities of a related or connected issuer and impose restrictions on the ability of AGF to enter into networking arrangements with financial institutions. AGF is also subject to certain restrictions which are imposed by applicable provincial securities legislation on advertising and the provision of "soft dollar arrangements" and sales incentives.

Each of the Funds must file each year an annual information form and simplified prospectus in every province and territory of Canada and obtain a receipt for the same from provincial securities authorities in order that the securities of the Fund may be sold in each province and territory. AGF Growth Equity Fund Limited must file annually an offering document in Japan in order to qualify its shares for sale in that country. The four AGF Funds registered for sale in the Republic of China (Taiwan) must comply with the regulations of that jurisdiction. Each Fund in the AGF Group of Funds as well as AGF Funds Inc. as manager and distributor is liable for any misrepresentation in the offering documents of the Fund.

Pursuant to securities legislation in certain of the provinces of Canada, none of the Funds can make portfolio investments in the substantial securityholders of such Funds, in AGF or in corporations of which directors or officers of the Funds or their substantial securityholders have a significant interest.

Pursuant to a policy issued by the Canadian securities administrators, each Fund is required to obtain securityholder approval for certain changes in its operations, including changes to any contract which could result in increased fees being charged to a Fund (with certain exceptions), a change in the manager of the Fund (other than to an affiliate of AGF), a change in the fundamental investment objective of a Fund, a change in the auditors of a Fund or a decrease in the frequency of calculating the net asset value of a series of securities of a Fund. In addition, the prior approval of the relevant securities regulatory authorities is required for a change in the manager of a Fund (other than to an affiliate of AGF), a change in the control of the manager and, in certain circumstances, a change in the custodian of a Fund.

In January 1995, the Ontario Securities Commission (the “OSC”) released a report prepared for the Canadian Securities Administrators (“CSA”) entitled “Regulatory Strategies for the Mid-’90s - Recommendations for Regulating Investment Funds in Canada” (the “1995 Report”). The 1995 Report contains extensive recommendations for further consideration by regulators and the industry. In November 1996, the Investment Funds Steering Group released a report providing an industry perspective on the contents of the original report. This latter report agreed with certain aspects of the original report and offered alternatives to other aspects. More recently in October 1998, Glorianne Stromberg, a former commissioner with the OSC and author of the 1995 Report, released a report prepared for Industry Canada’s Office of Consumer Affairs entitled “Investment Funds in Canada and Consumer Protection, Strategies for the Millennium”. The report identifies key proposals and makes recommendations on a variety of critical industry issues.

Marketing and incentive activities are regulated by policies of Canadian securities administrators and are subject to change. The Canadian Securities Administrators have adopted a new National Instrument effective May 1, 1998, which governs mutual fund marketing and sales incentive activities. AGF will comply with this new rule and such compliance will impact certain incentive programs which have, in the past, been offered with respect to the Funds.

One key recommendation was to establish a new self-regulatory organization (“SRO”) for mutual fund dealers. The OSC has published a proposed rule requiring all mutual fund dealers to become registered with a recognized SRO. The Mutual Fund Dealers Association (“MFDA”) has been created for this purpose. AGF will comply with this new rule and become a member of the MFDA when required.

TRUST COMPANY OPERATIONS

General

AGF Trust Company (the "Trust Company") is governed by the *Trust and Loan Companies Act* (Canada) and is extra-provincially licensed and registered in the Province of Ontario. It is a member institution of the Canada Deposit Insurance Corporation ("CDIC") and the Canadian Payments Association and it is an approved lender under the Canadian Mortgage and Housing Corporation ("CMHC"). As at November 30, 1998, shareholder's equity amounted to $14.6 million ($13.3 million as at November 30, 1997).

Mortgage Portfolio

The Trust Company's assets principally consist of a portfolio of mortgages and interest bearing securities as set out in the following table:

	As at November 30 (thousands of dollars)		
	1998	**1997**	**1996**
Mortgage assets (net of reserves)	115,559	106,782	94,722
Other interest bearing assets [1]	6,937	8,380	6,362
Total:	122,496	115,162	101,084

Note: These other interest bearing assets consist principally of bank term deposits, treasury bills, government bonds and bankers' acceptances held primarily to satisfy the Trust Company's liquidity requirements.

The Trust Company invests primarily in residential and other mortgages. It sources its mortgage portfolio principally from mortgage brokers located in Ontario. All of its existing mortgage portfolio is located in Ontario and in particular between Oshawa and Hamilton and elsewhere in Southwestern Ontario. The bulk of its mortgage portfolio is located in urban areas. The Trust Company's lending practices adhere to CDIC standards of sound business and financial practices. The terms of its mortgages are comparable to those of other financial institutions, including the usual prepayment privileges. As at November 30, 1998 and November 30, 1997, the Trust Company's mortgage assets were comprised as described in the following table:

Loan Type

	1998		1997	
	(Unaudited - thousands of dollars)			
Single family dwelling	62,688	54%	56,509	53%
Multiple family dwelling	46,067	40%	44,087	41%
Commercial	4,484	4%	4,418	4%
Other	2,320	2%	2,363	2%
Total:	**115,559**	**100%**	**107,377**	**100%**

The Trust Company makes both general provisions for mortgage losses and specific provisions when circumstances warrant. As at November 30, 1998, the Trust Company carried a general provision of approximately 0.62% of the net book value of its conventional (non-CMHC insured) mortgage portfolio. It makes a specific provision after reviewing the individual loan based upon its valuation of the property and after the mortgage loan is in arrears 90 days or more or at an earlier date if it is apparent that a loss of principal will be sustained. The Trust Company does not make provisions for non-conventional (CMHC insured) mortgages in arrears. As at November 30, 1998, the general reserve was $200,000 and the specific reserve was $280,000 ($110,000 and $485,000, respectively, as at November 30, 1997).

As at November 30, 1998, the Trust Company had $246,000 ($136,000 as at November 30, 1997) conventional mortgages 61 to 90 days in arrears, $341,000 ($0 as at November 30, 1997) of such mortgages 91 to 180 days in arrears and $375,000 ($651,000 as at November 30, 1997) of such mortgages in excess of 180 days in arrears. These mortgages collectively represented 0.8% as at November 30, 1998 (0.7% as at November 30, 1997) of the overall mortgage portfolio. When mortgage payments are past due 90 days or over, all previously accrued but uncollected interest is eliminated from income and thereafter income is recognized only as collected except in certain circumstances where there is certainty that no loss of principal or interest will be sustained and the loan is under collection. In any event all past due payments are eliminated from income after 180 days. Adjustments are made to the specific loss provisions when a property has been sold or redeemed. Non-accrual loans as at November 30, 1998 amounted to $0.8 million and as at November 30, 1997 amounted to $0.8 million.

The Trust Company's actual mortgage loan losses written off were $306,583 for the year ended November 30, 1998 and $65,659 for the year ended November 30, 1997. The mortgage loan losses expensed for the year ended November 30, 1998 were $191,583 and $370,658 for the year ended November 30, 1997.

As at November 30, 1998, the weighted average interest rate of the Trust Company's mortgage portfolio was 7.6% (7.9% at November 30, 1997). As at that date, 70% of all mortgages were NHA insured, 28% were conventional mortgages and 2% were guaranteed mortgages (75%, 23% and 2%, respectively, as at November 30, 1997).

The following table sets out the composition of the mortgage portfolio as at November 30, 1998 and November 30, 1997 and mortgage type and principal amount:

Loan Type and Principal Amount	**Number of Loan Assets**		**Principal Amount**		**Percentage of Loan Assets**	
	(unaudited – thousands of dollars)					
	1998	**1997**	**1998**	**1997**	**1988**	**1997**
Single Family Dwelling						
up to $50,000	46	37	1,796	1,391	1	1
$50,001 to $100,000	209	164	15,982	12,502	14	12
$100,001 to $150,000	189	175	23,016	21,238	20	20
$150,001 to $200,000	57	58	9,691	9,767	8	9
over $200,000	44	43	12,203	11,611	11	11
	545	477	62,688	56,509	54	53
Multiple Family Dwelling						
up to $50,000	19	14	755	519	1	0
$50,001 to $100,000	84	78	6,536	6,077	6	6
$100,001 to $150,000	51	61	6,136	7,265	5	7
$150,001 to $200,000	16	11	2,825	1,949	2	2
over $200,000	40	41	29,815	28,277	26	26
	210	205	46,067	44,087	40	41
Commercial Properties						
up to $200,000	22	16	2,150	1,995	2	2
Over $200,000	9	8	2,334	2,423	2	2
	31	24	4,484	4,418	4	4
Collateral Loans						
up to $200,000	22	0	0	-	0	-
over $200,000	9	1	2,320	2,363	2	2
	31	1	2,320	2,363	2	2
Total	**787**	**707**	**115,559**	**107,377**	**100**	**100**

Borrowing and Funding

The Trust Company borrows primarily through sales to the public of guaranteed investment certificates (“GICs”) through dealers and brokers. The GICs are issued with terms to maturity varying from one to five years so as to match, wherever practicable, the terms of the Trust Company’s mortgage investments. As at November 30, 1997, the weighted average interest rate of the outstanding GICs was 5.7% and the average term to maturity was 1.9 years (5.9% and 1.8 years as at November 30, 1997). Approximately 44% of deposit liabilities and other borrowings as at November 30, 1998 were payable within one year (37% as at November 30, 1997).

The Trust Company is required to maintain certain liquidity standards under the *Trust and Loan Companies Act* (Canada) and the *Canada Deposit Insurance Corporation Act* and the regulations, policies, guidelines and by-laws established under those acts. See “Regulatory Considerations”. As at November 30, 1998, the Trust Company had an excess liquidity of $5,344,000 or a liquidity position of 63% ($6,133,000 or 75% as at November 30, 1997) above its internal policy requirement of 20%.

Matching and Interest Rate Sensitivity

Net investment income, which is the amount earned on mortgages and other investments in excess of the cost of deposits, is sensitive to changes in interest rates if the terms of these assets and liabilities are not matched. In order to minimize the effect of interest rate movements, the Trust Company’s policy is generally to match the term of its mortgage investments with the term of the debt obligations it issues to fund such investments. The matching of GICs to mortgage assets is made on the basis of cashflows and duration of the mortgage portfolio, without taking into account such factors as anticipated prepayments, payment defaults and accelerated amortization of the portfolio.

Those GICs and mortgage assets which mature within the next twelve months are referred to as being “interest sensitive”. In respect of the Trust Company’s interest sensitive assets and liabilities, the table below shows an excess of assets (principally mortgages) over liabilities (principally GICs) maturing on or prior to November 30, 1999 in the principal amount of negative $10,488,000 (maturing on or prior to November 30, 1998 in the principal amount of $2,281,000). The following table shows the extent of the matching of the maturities of the Trust Company’s assets and liabilities, including mortgage assets and GICs, as at November 30, 1998 and November 30, 1997:

	1998	
	Assets	**Liabilities**
	(unaudited) (thousands of dollars)	
Interest sensitive -		
Maturing on or prior to November 30, 1999	38,535	49,023
Maturing between December 1, 1999 and November 30, 2000	15,667	12,498
Maturing between December 1, 2000 and November 30, 2001	24,375	26,891
Maturing between December 1, 2001 and November 30, 2002	19.053	10,449
Maturing between December 1, 2002 and November 30, 2003	25,248	13,520
Other items [1]	7,961	18,458
Total	130,839	130,839

	1997	
	Assets	**Liabilities**
	(unaudited) (thousands of dollars)	
Interest sensitive -		
Maturing on or prior to November 30, 1998	36,016	38,297
Maturing between December 1, 1998 and November 30, 1999	19,739	26,282
Maturing between December 1, 1999 and November 30, 2000	16,708	11,816
Maturing between December 1, 2000 and November 30, 2001	21,955	18,572
Maturing between December 1, 2001 and November 30, 2002	20,347	8,284
Other items [1]	6,146	17,660
Total	120,911	120,911

Notes:
1. These items are included as balancing items to complete the classification of all assets and liabilities.
2. Includes such items as retractable preferred shares, accrued mortgage interest, accrued investment income, deferred expenses and other receivables less mortgage reserves.
3. Includes such items as accrued interest payable, other accounts payable, accrued liabilities, deferred mortgage income and capital.

The Trust Company acts as trustee for third party mutual fund companies and of the registered retirement savings plans, registered retirement income funds and registered education savings plans including AGF registered plans. The Trust Company provides administrative and trustee services for a labor-sponsored venture capital fund, escrow agency services, mortgage banking activities with other institutions. Trust Company legislation restricts transactions between the Trust Company and related parties, including AGF, other than transactions which are in the usual and ordinary course of business for a trust company, such as registrar and transfer agency and trustee and custodian services.

Regulatory Considerations

The Trust Company is incorporated federally and is governed by the *Trust and Loan Companies Act* (Canada) (the “Act”) and by applicable Ontario provincial legislation. This legislation specifies the powers of a trust company and imposes investment restrictions. Most significantly, the statutes provide for annual and other reports to be filed on the financial condition of the trust company; periodic examinations of the company’s affairs; restrictions on transactions with related parties; revised corporate governance provisions; limitations on investments in real estate and common shares; restrictions on the acquisition of more than 10% of the shares of the trust company without Ministerial approval; and minimum capital adequacy standards based on the total assets and risk-weighted assets of the trust company. The asset to capital multiple at November 30, 1998 was 9.0, and the risk-based capital ratio was 42%. The Trust Company is supervised by the federal Office of the Superintendent of Financial Institutions and the Ontario provincial supervisors.

The Trust Company is also a member of the Canada Deposit Insurance Corporation (“CDIC”) which provides a statutory scheme for the insurance of certain qualifying deposits made and payable in Canada in Canadian currency. CDIC has also established by-laws which have required the Trust Company to develop a number of standards of sound business practices which the Trust Company is required to follow.

MAJOR AGREEMENTS

Except for contracts entered into in the ordinary course of business, the only contracts which the Corporation or any subsidiary has entered into during the past two years which may reasonably be regarded as presently material are the limited partnership agreements establishing the 1997 and 1998 Limited Partnerships, and a sale and purchase agreement between the Corporation and NCL (Securities) Limited dated December 16, 1997.

Copies of the foregoing agreements may be examined at the registered office of AGF in Toronto, Ontario during normal business hours.

EMPLOYEES

AGF employed 687 individuals in the its mutual fund operations and 12 individuals in its trust company operations as at November 30, 1998.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Five-Year Summary

The following table sets forth certain financial information for the Corporation for the years indicated:

	Year ended November 30 (thousands of dollars except per share amounts)				
	1998	**1997**	**1996**	**1995**	**1994**
Revenues:					
Wealth Management Operations					
Management and Advisory fees	$245,017	$200,970	$149,587	$64,678	$62,986
Dividends and interest	1,435	1,170	1,466	6,713	4,684
Administration fees and other revenue	19,706	15,242	10,533	6,426	4,333
Deferred sales charges	12,930	10,095	8,484	-	-
	279,088	227,477	170,070	77,817	72,003
Trust Company interest, dividends and administration fees	9,734	9,282	8,923	8,262	7,935
	288,822	236,759	178,993	86,079	79,938
Expenses:					
Wealth Management Operations	197,723	160,458	133,227	55,478	49,913
Trust Company Operations	8,233	8,701	8,522	7,132	7,586
	205,956	169,159	141,749	62,610	57,499
Net Income	48,777	40,489	22,403	16,896	15,898
Total Assets	539,021	418,802	312,100	235,464	218,021
Shareholders' Equity	233,383	192,173	115,565	62,366	52,164
Return on average shareholders' equity (unaudited) (1)	22.9%	26.3%	25.2%	29.5%	34.5%
Per equity share (2)					
Net Income	$1.27	$1.09	$0.74	$0.69	$0.65
Dividends paid	$0.26	$0.17	$0.20	$0.25	$0.16
Mutual fund assets under administration as at end of period (millions) (unaudited)	$15,015	$12,429	$10,075	$4,471	$4,076

Notes:

(1) Net income as a percentage of average shareholders' equity at beginning and end of the period.

(2) Equity shares include both Common Shares and Class B non-voting shares. Restated to reflect three-for-one share subdivision which took effect on February 13, 1998.

Two-Year Quarterly Information (unaudited)

	Total Revenue ($000's)	Net Income ($000's)	Per Equity Share[1] Basic $	Per Equity Share[1] Fully Diluted $
Fiscal Period 1998				
Fourth Quarter	72,385	11,975	0.31	0.29
Third Quarter	76,001	12,886	0.33	0.31
Second Quarter	76,177	13,412	0.35	0.33
First Quarter	64,259	10,504	0.28	0.26
Fiscal Period 1997				
Fourth Quarter	66,079	11,882	0.32	0.30
Third Quarter	62,460	11,304	0.30	0.28
Second Quarter	56,036	9,090	0.24	0.22
First Quarter	52,184	8,213	0.23	0.21

(1) All per share amounts restated to reflect the three-for-one share subdivision which took effect on February 13, 1998.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The "Management's Discussion and Analysis of Financial Condition & Results of Operations" contained in AGF's 1998 Annual Report is incorporated herein by reference.

MARKET FOR SECURITIES

The Class B Non-Voting Shares (the "Class B Shares") of AGF are listed for trading on The Toronto Stock Exchange. AGF has obtained regulatory approval to purchase for cancellation, from time to time, certain of its Class B Shares through the facilities of The Toronto Stock Exchange. Present approval for such purchases extends through to February 7, 2000.

On January 29, 1996, AGF changed the names of the two classes of shares. Prior to this change, the Class B Shares were designated as "Class B Non-Voting Preference Shares" and the Class A

Voting Common Shares (the “Class A Shares”) were designated as “Common Shares”. On February 13, 1998, the Class A Shares and Class B Shares were subdivided on a 3 for 1 basis.

On January 9, 1997, AGF called for redemption all of its outstanding 6.75% convertible subordinated debentures. These debentures were convertible at the option of the holder into Class B Shares at a conversion price of $7 per Class B Share.

DIVIDENDS

The holders of the Class B Shares are entitled to receive as and when declared by the board of directors of the Corporation, fixed cumulative preferential cash dividends at the rate of one cent ($0.01) per share per annum; such cumulative preferential cash dividends are payable before any dividend can be paid on any other shares of the Corporation. Any and all further dividends in such fiscal year are declared and paid or set apart for payment in equal amounts per share on all the Class B Shares and all the Class A Shares at the time outstanding, share and share alike, without preference or priority of one share over another.

The board of directors of the Corporation may determine with respect to any dividend on Class B Shares that the Class B shareholders shall have the right to elect to receive part or all of such dividend in the form of a stock dividend payable in Class B Shares. In determining whether a dividend in Class B Shares is substantially equal to a cash dividend, the board of directors may make such determination based on the weighted average price at which the Class B shares traded on The Toronto Stock Exchange during the ten trading days immediately preceding the record date applicable to such dividend.

The following table sets forth dividends paid by the Corporation on the Class B Shares and the Class A Shares for the periods indicated:

	Year ended November 30[1]				
	1998	**1997**	**1996**	**1995**	**1994**
Per Equity Share	$0.26	$0.17	$0.20	$0.25	$0.16

(1) Restated to reflect the three-for-one share subdivision which took effect on February 13, 1998.

The dividend distribution policy is reviewed on a quarterly basis taking into consideration the Corporation's financial position, profitability, cash flow and other factors considered relevant by the Corporation's board of directors.

DIRECTORS AND OFFICERS

The name, municipality of residence, position held with the Corporation and the periods of service of each of the Corporation's directors and officers and their principal occupations are as follows:

Name and Municipality of Residence	**Position with AGF**	**Served as Director, since**	**Principal Occupation**
W. Allan Manford North York, Ontario	Director and Honourary Chairman of the Board	1960	Corporate director
C. Warren Goldring * North York, Ontario	Director, Chairman of the Board and Chief Executive Officer	1960	Director and senior officer, AGF and AGF Group of Companies
Stuart E. Eagles * € Toronto, Ontario	Director	1995	President, Aegean Developments Inc.
David King * € Islington, Ontario	Director	1988	President, David King Corporation (real estate and financial investment)
W. Robert Farquharson, CFA * Toronto, Ontario	Director and Vice-Chairman	1977	Director and senior officer, AGF and AGF Group of Companies
Walter A. Keyser Toronto, Ontario	Director	1973	President, W.A. Keyser & Associates Limited (financial consultants)
Claudette MacKay-Lassonde * € Toronto, Ontario	Director	1995	Chairman & CEO, Enghouse Systems Limited.
Milan M. Nastich * €	Director	1986	Corporate director

Name and Municipality of Residence	Position with AGF	Served as Director, since	Principal Occupation
Toronto, Ontario			
Blake C. Goldring, CFA Toronto, Ontario	President and Chief Operating Officer	N/A	Senior officer, AGF, AGFFI and AGF Trust Company
Clive H.J. Coombs Oakville, Ontario	Executive Vice-President	N/A	Senior officer, AGF and AGFFI
Christopher Lanza Toronto, Ontario	Senior Vice-President	N/A	Senior officer, AGF
William D. Cameron Toronto, Ontario	Senior Vice-President and Chief Financial Officer	N/A	Senior Officer, AGF and AGFFI
Beatrice Ip North York, Ontario	Senior Vice-President, Corporate Secretary and Chief Auditor	N/A	Senior Officer, AGF, AGFFI and AGF Trust Company
Judy G. Goldring Toronto, Ontario	Vice-President and General Counsel	N/A	Officer, AGF and AGFFI
Edwin C. Wong, C.A. Scarborough, Ontario	Vice-President and Treasurer	N/A	Officer, AGF
Brian G. Gore Oakville, Ontario	Vice-President	N/A	Officer, AGF
Wilson Ng Scarborough, Ontario	Vice-President	N/A	Officer, AGF

* Member, Audit Committee
€ Member, Corporate Governance Committee

Each of the directors and officers of the Corporation has been engaged for more than five years in his or her present principal occupation or in other capacities with the companies, organizations or predecessors thereof in which he or she currently holds a position except for:

Mr. Christohper Lanza	September 1991 to March 1996 – Director of Technology & Business Consulting - Charles Schwab Investment Management Inc. March 1996 to January 1998 – Principal Consultant, Investment Management Securities Operations Consulting, PricewaterhouseCoopers LLP.
Ms. Judy G. Goldring	March 1998 to July 1998 – Lawyer, Bennett Jones January 1993 to February 1998 – Lawyer, Gardiner, Roberts

Each director is elected annually to hold office until the next annual proceedings of the Class A Voting shareholders.

AGF is required to have an Audit Committee. The directors who are members of this committee are noted above.

As of November 30, 1998, the directors and officers of the Corporation as a group beneficially owned, directly or indirectly, or exercised control or direction over 100% of the Class A Voting Shares and 18.84% of the Class B shares.

Executive Compensation

Information concerning Executive Compensation and compensation paid to directors and officers of the Corporation contained in the Annual Filing of Reporting Issuer (Form 28) of the Corporation previously filed with Canadian securities regulators, is incorporated herein by reference to Item 6 of such Form 28.

Directors' and Officers' Insurance

Insurance has been purchased for the benefit of the directors and officers of the Funds, AGF Management Limited ("AGF") and its subsidiaries and other mutual funds for which AGF Funds Inc. ("AGFFI") acts as manager. The premium for the three year ending December 1, 2001 amounts to $137,800 in the aggregate. Payment is to be divided among AGF, its subsidiaries and the Funds. The policy provides coverage to each director and officer, subject to an aggregate limit of $20,000,000 for any one loss and for each 12-month period. No amount is deductible in respect of a claim made for a loss involving a director or officer or, in the aggregate, for all directors and officers. $25,000 is deductible in respect of any loss by the Funds due to indemnification requirements. The by-laws of the Funds currently provide for the indemnification of directors and officers from and against any liability and cost in respect of any action or suit brought against them in respect of the execution of their duties or offices, subject to the limitations contained in the applicable corporate legislation.

ADDITIONAL INFORMATION

AGF and the Year 2000

The Year 2000 issue arises from many computer systems expressing years by two digits rather than four with the assumption that the first two digits would always be "19". Such systems, if not modified to recognize four digits, could misinterpret the year 2000 as 1900. The results of this occurrence could range from systems performing miscalculations to a disruption in operations, including the inability to process transactions or engage in normal business activities.

In 1996 AGF focused its attention on the Year 2000 issue when it converted its unitholder mainframe system to a new client server platform. Given that this system is one of AGF's primary systems, this initiative was a major step forward in AGF's Year 2000 readiness program. AGF has continued to take steps it believes are reasonable to address the Year 2000 issue with respect to computer systems, outside service providers and building management companies. Highlights of these steps include:

- the establishment of a dedicated project team reporting to a Senior Vice-President;
- the development of a four phase project plan, setting out target completion dates for the various components of the Year 2000 project and a testing period prior to January 1, 2000;
- participation with industry associations in the development of standards and common practices for Year 2000 readiness and involvement in industry testing;
- the assessment by the individual portfolio managers of information received from issuers regarding Year 2000 readiness;

- the development of business continuity plans; and

- quarterly updates to the board of directors of the Corporation.

As at January 31, 1999, AGF has met all milestone dates in its four phase project plan including substantially completing the replacement of its hardware/software and the remediation of its core systems. Testing is well under way and will continue in 1999 with expected completion well in advance of January 1, 2000. As part of AGF's Year 2000 readiness plan, a business continuity plan is in development to address contingency alternatives in connection with all core systems and third party relationships.

The Year 2000 readiness of third parties such as vendors, suppliers, customers and other institutions is being assessed through inquiries about their Year 2000 plan, progress and overall readiness. In part because of the uncertainty surrounding third party Year 2000 readiness and notwithstanding the steps taken by AGF, there can be no assurance that AGF's business operations or the Funds will not be materially and adversely impacted.

The expected total cost to AGF of Year 2000 readiness is approximately $2.5 million, of which approximately $1.0 million has been spent as of November 30, 1998. Of this spending, $0.5 million has been charged to income and $0.5 million has been capitalized, representing assets to be depreciated over their estimated useful lives. The portion of these costs relating to unitholder servicing is borne by the Funds according to the terms of the management agreements between AGF and the Funds.

Principal Holders of Securities

As at November 30, 1998, the share capital of the Corporation consisted of an unlimited number of Class B Shares of which 38,506,635 were outstanding and an unlimited number of Class A Shares of which 28,800 were outstanding.

The following table sets forth the names of the principal shareholders of AGF and the number and class of shares owned by each such principal shareholder as at November 30, 1998.

Name	Class	Number of Shares		Percentage of Class (%)	
		30-Nov-98	31-Mar-99[4]	30-Nov-98	31-Mar-99[4]
Goldring Capital Corporation [1] Toronto, Ontario	Class A Shares Class B Shares	23,040 3,600,000	23,040 3,600,000	80.00 9.35	80.00 9.30
636092 Ontario Limited [2] Toronto, Ontario	Class B Shares	1,185,144	1,185,144	3.08	3.06
C. Warren Goldring North York, Ontario	Class B Shares	105,534	105,534	0.27	0.27
W. Robert Farquharson Toronto, Ontario	Class A Shares Class B Shares	5,760 51,585	5,760 51,585	20.00 0.13	20.00 0.13
1037496 Ontario Limited [3] Toronto, Ontario	Class B Shares	1,840,008	1,840,008	4.79	4.75

Notes:

(1) All of the Class A Shares of Goldring Capital Corporation are beneficially owned by Mr. C. Warren Goldring and members of his family through a trust.

(2) All of the Class A Shares of 636092 Ontario Limited are beneficially owned by Mr. C. Warren Goldring and members of his family through a trust.

(3) All of the Class A Shares of 1037496 Ontario Limited are beneficially owned directly by Mr. W. Robert Farquharson.

(4) Calculation is based on the number of outstanding Class B Non-Voting Shares as of March 31, 1999 being 38,724,975.

Options to Purchase Securities

AGF has an executive stock option plan (the “1995 Plan”) for certain full time key employees of AGF who occupy responsible managerial or professional positions. Stock options under the 1995 Plan may be exercised to the extent of 33% of the individual’s entitlement per annum on a cumulative basis.

The exercise price of an option is established at the time of grant by the board of directors and in all cases cannot be less than the average of the high and low prices at which Class B Shares were traded on The Toronto Stock Exchange during the five trading days preceding the date of grant. Stock appreciation rights may be granted in connection with the grant of any option. The stock appreciation rights provide that an employee may transfer to the Corporation all or a portion of an option in exchange for an amount equal to the difference between the fair market value of the Class B Shares as of the date of the transfer and the exercise price of the option relating to such shares. Payment of such amounts will be made in cash unless the board of directors of AGF has determined that the payment will be made in Class B Shares or any combination of cash and Class B Shares.

The aggregate number of Class B Shares which may be issued to any one person under the 1995 Plan will not exceed 5% of the outstanding Class B Shares (on a non-diluted basis) less the aggregate number of Class B Shares reserved for issuance to such person under any other Corporation stock option plan or arrangement. The aggregate maximum number of Class B Shares which may be issued upon the exercise of options granted under the 1995 Plan, or which under the exercise of Stock Appreciation Rights granted under the 1995 Plan, will be 3,461,368. This number will be automatically reduced by the number of Class B Shares that may be issued under any other share compensation arrangement instituted by AGF. This number reflects the increase resulting from the three-for-one subdivision as described below.

AGF previously had a stock option plan (the “1985 Plan”) similar to the 1995 Plan under which options are still outstanding. Pursuant to the terms of both the 1985 and 1995 Plan, the number of options which had been granted and the exercise price thereof were amended to reflect the February 11, 1998 three-for-one subdivision of the Class B Shares. In addition, consent was obtained from the Toronto Stock Exchange to increase the aggregate maximum number of Class B Shares which may be issued upon the exercise of options granted to 10% of the public float of the Class B Shares after giving effect to the three-for-one subdivision.

At November 30, 1998, the following options, entitling holders to purchase Class B shares, were outstanding:

Expiry Date	Exercise Price	Number of Shares Entitled to Purchase
1985 PLAN		
January 11, 1999	$1.98	0
September 14, 1999	$1.67	80,000
June 14, 2000	$1.67	33,600
December 20, 2001	$2.46	138,750
July 20, 2003	$4.46	238,875
November 22, 2004	$4.88	22,500
January 5, 2005	$5.54	52,500
January 18, 2005	$5.46	75,000
1995 PLAN		
December 7, 2000	$5.60	244,707
May 3, 2001	$6.35	938,300
September 26, 2001	$8.58	70,000
November 21, 2001	$10.15	295,000
June 4, 2002	$13.45	191,000
June 25, 2002	$14.86	34,000
July 15, 2002	$15.76	12,000
December 5, 2002	$20.51	6,000
January 29, 2003	$16.07	90,000
June 25, 2005	$21.41	135,146
June 25, 2003	$21.41	78,068
July 2, 2005	$23.62	25,000
July 2, 2003	$23.62	4,240
September 4, 2005	$16.30	30,000
September 24, 2003	$16.62	6,000
	Total:	**2,800,686**

Financial Information

Additional financial information is provided in the Corporation's 1998 Annual Report which includes the comparative consolidated financial statements for the year ended November 30, 1998 and Management's Discussion and Analysis of Financial Condition and Results of Operations. A copy of that document may be obtained upon request from the Corporate Secretary of the Corporation.

Further Information

When securities of the Corporation are in the course of a distribution pursuant to a short form prospectus, or when a preliminary short form prospectus has been filed in respect of a distribution of the Corporation's securities, copies of this Annual Information Form, together with one copy of any document, or the pertinent pages of any documents, incorporated by reference in this Annual Information Form, the 1998 Annual Report, any interim financial statements of the Corporation subsequent to the financial statements for its most recently completed financial year, the Annual Filing of Reporting Issuer (Form 28) of the Corporation and any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus may be obtained upon request from the Corporate Secretary of AGF. Copies of such documents may also be obtained directly from the System for Electronic Document Analysis and Retrieval ("SEDAR") through any SEDAR filing agent. A fee may be charged by the filing agent for this service.

Copies of this Annual Information Form, together with one copy of any document, or the pertinent pages of any documents, incorporated by reference in this Annual Information Form, the 1998 Annual Report, any interim financial statements of AGF subsequent to the financial statements for its most recently completed financial year and the Annual Filing of Reporting Issuer (Form 28) of the Corporation may be obtained without charge upon request from the Corporate Secretary of AGF (there will be a reasonable charge for requests from non-securityholders of

AGF). Copies of such documents may also be obtained directly from SEDAR through any SEDAR filing agent. A fee may be charged by the filing agent for this service.