AGF Management Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended November 30, 2020 and 2019

Management's Discussion and Analysis

Caution Regarding Forward-Looking Statements

This Management's Discussion and Analysis (MD&A) includes forward-looking statements about the Company, including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as 'expects,' 'estimates,' 'anticipates,' 'intends,' 'plans,' 'believes' or negative versions thereof and similar expressions, or future or conditional verbs such as 'may,' 'will,' 'should,' 'would' and 'could.' In addition, any statement that may be made concerning future financial performance (including income, revenues, earnings or growth rates), ongoing business strategies or prospects, fund performance, and possible future action on our part, is also a forward-looking statement. Forward-looking statements are based on certain factors and assumptions, including expected growth, results of operations, business prospects, business performance and opportunities. While we consider these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about our operations, economic factors and the financial services industry generally. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by us due to, but not limited to, important risk factors such as level of assets under our management, volume of sales and redemptions of our investment products, performance of our investment funds and of our investment managers and advisors, client-driven asset allocation decisions, pipeline, competitive fee levels for investment management products and administration, and competitive dealer compensation levels and cost efficiency in our investment management operations, as well as general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, taxation, changes in government regulations, unexpected judicial or regulatory proceedings, technological changes, cybersecurity, the possible effects of war or terrorist activities, outbreaks of disease or illness that affect local, national or international economies (such as COVID-19), natural disasters and disruptions to public infrastructure, such as transportation, communications, power or water supply or other catastrophic events, and our ability to complete strategic transactions and integrate acquisitions, and attract and retain key personnel. We caution that the foregoing list is not exhaustive. The reader is cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements. Other than specifically required by applicable laws, we are under no obligation (and expressly disclaim any such obligation) to update or alter the forward-looking statements, whether as a result of new information, future events or otherwise. For a more complete discussion of the risk factors that may impact actual results, please refer to the 'Risk Factors and Management of Risk' section of the 2020 Annual MD&A.

Financial Highlights

(in millions of dollars, except share data) Three months ended		Nov. 30, 2020[1,3]		Aug. 31, 2020[1,4]		May 31, 2020[1]		Feb. 29, 2020[1]		Nov. 30, 2019[2,5]		Aug. 31, 2019[2]		May 31, 2019[2]		Feb. 28, 2019[2,6]
Assets under management	$	38,813	$	37,012	$	36,336	$	37,426	$	38,781	$	37,421	$	38,338	$	38,824
Mutual fund																
net sales (redemptions)		88		(22)		(93)		(344)		(181)		(103)		(498)		(104)
Income		209.4		138.7		89.0		106.7		114.5		107.4		109.8		105.0
Selling, general &																
administrative		43.1		46.1		40.2		45.3		45.4		47.3		48.6		48.0
EBITDA before commissions[7]		137.0		62.6		21.2		30.2		38.7		29.0		29.2		12.9
Adjusted EBITDA																
before commissions[8]		31.6		30.1		21.2		30.2		35.8		30.2		30.4		28.5
Net income (loss) before tax		123.1		50.6		7.0		13.6		27.5		16.9		14.1		(1.3)
Net income (loss)		110.4		47.3		5.3		10.8		22.2		14.4		11.5		(0.2)
Adjusted net income[8]		15.0		14.8		5.3		10.8		19.4		14.6		11.7		11.3
Earnings per share																
Basic	$	1.46	$	0.61	$	0.07	$	0.14	$	0.28	$	0.18	$	0.15	$	–
Diluted		1.43		0.60		0.07		0.13		0.28		0.18		0.14		–
Adjusted diluted[8]		0.19		0.19		0.07		0.13		0.24		0.18		0.14		0.14
Free cash flow[8]		9.9		15.5		6.1		14.5		18.3		9.7		8.2		16.6
Dividends per share		0.08		0.08		0.08		0.08		0.08		0.08		0.08		0.08
Long-term debt[8]		–		194.3		199.9		216.9		207.3		158.9		164.9		168.7
Average basic shares		75,882,292		77,803,877		78,393,086		78,570,122		78,503,480		78,715,118		78,699,275		78,664,067
Average fully diluted shares		77,022,549		78,904,921		79,058,740		80,530,285		79,624,609		79,818,712		79,771,774		79,836,248

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

[2] Refer to Note 3 in the 2019 Consolidated Financial Statements for more information on the adoption of IFRS 15.

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

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

[5] November 30, 2019 includes $4.1 million of one-time fund expense tax recovery.

[6] February 28, 2019 includes $14.4 million related to restructuring costs. Refer to the 'Restructuring Provision' section for more information.

[7] 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 in the Consolidated Statement of Income.

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

Selected Quarterly and Annual Information

(in millions of dollars, except share data)	Three months ended Nov. 30, 2020	Aug. 31, 2020	Nov. 30, 2019	Years ended Nov. 30, 2020	Nov. 30, 2019
AUM end of the period					
Mutual Funds	$ 20,322	$ 19,232	$ 19,346	$ 20,322	$ 19,346
Institutional, sub-advisory, ETFs	9,638	9,252	10,755	9,638	10,755
Private Client	6,043	5,773	6,100	6,043	6,100
Private Alternatives	2,810	2,755	2,580	2,810	2,580
Total AUM end of the period	**$ 38,813**	**$ 37,012**	**$ 38,781**	**$ 38,813**	**$ 38,781**
Mutual Fund net sales (redemptions)	$ 88.0	$ (22.0)	$ (181.0)	$ (371.0)	$ (886.0)
EBITDA before commissions[1]	137.0	62.6	38.7	251.1	110.0
Net income	110.4	47.3	22.2	173.9	47.9
Diluted earnings per share	1.43	0.60	0.28	2.22	0.60
Free cash flow[2]	9.9	15.5	18.3	46.1	52.8
ADJUSTED FINANCIAL INFORMATION					
Adjusted EBITDA before commissions					
Adjusted EBITDA before Private Alternatives & S&WHL[3]	24.5	20.1	25.3	89.2	84.9
From Private Alternative Managers[4]	1.6	0.6	0.1	2.9	0.3
From Private Alternative Long-term Investments[5]	5.5	0.6	2.6	7.8	15.2
Adjusted EBITDA before commissions excluding EBITDA from S&WHL	**$ 31.6**	**$ 21.3**	**$ 28.0**	**$ 99.9**	**$ 100.4**
From S&WHL[6]	–	8.8	7.8	13.3	24.6
Adjusted EBITDA before commissions[2]	**$ 31.6**	**$ 30.1**	**$ 35.8**	**$ 113.2**	**$ 125.0**
Adjusted net income					
Adjusted net income before Private Alternatives & S&WHL	8.7	4.9	9.4	23.4	19.2
From Private Alternative Managers[4]	1.6	0.6	0.1	2.9	0.3
From Private Alternative Long-term Investments[5]	4.7	0.5	2.1	6.4	12.6
Adjusted net income excluding net income from S&WHL	**$ 15.0**	**$ 6.0**	**$ 11.6**	**$ 32.7**	**$ 32.1**
From S&WHL[6]	–	8.8	7.8	13.3	24.6
Adjusted net income[2]	**$ 15.0**	**$ 14.8**	**$ 19.4**	**$ 46.0**	**$ 56.7**
Adjusted diluted earning per share					
Adjusted diluted earnings per share before Private Alternatives & S&WHL	0.11	0.06	0.12	0.30	0.24
From Private Alternative Managers[4]	0.02	0.01	0.00	0.04	0.00
From Private Alternative Long-term Investments[5]	0.06	0.01	0.02	0.08	0.16
Adjusted diluted earnings per share excluding S&WHL	**$ 0.19**	**$ 0.08**	**$ 0.14**	**$ 0.42**	**$ 0.40**
From S&WHL[6]	–	0.11	0.10	0.17	0.31
Adjusted diluted earnings per share[2]	**$ 0.19**	**$ 0.19**	**$ 0.24**	**$ 0.59**	**$ 0.71**

[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 in the Consolidated Statement of Income.

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

[3] S&WHL refers to Smith & Williamson Holdings Limited.

[4] Private Alternative Manager earnings represents share of profit of joint ventures, which are recorded under equity accounting and recorded after tax.

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

[6] S&WHL earnings represents share of profit of associate, dividend income, net of currency hedge and gain on sale of asset classified as held for sale, net of hedge.

A Year in Review

2020 was an unprecedented year for countries and companies around the globe. The worldwide pandemic continues to create economic upheaval and uncertainty that was unforeseeable. Despite this, AGF has continued to make progress on its strategic priorities. Below is a summary of our strategic and financial highlights for the year.

Strategic and Financial Highlights

Sale of Smith & Williamson Holdings Limited (S&WHL)

On September 1, 2020, AGF sold its 28.0% interest in S&WHL achieving one of its key strategic goals in realizing the value of its long-term investment. The Company received total cash of $296.2 million, excluding tax and one-time expenses. Total cash includes $250.4 million proceeds received from the sale of S&WHL, net of currency hedge, excluding tax and one-time expenses, and dividends and distributions of $45.8 million comprised of an interim dividend of $13.3 million and a special distribution, net of currency hedge, of $32.5 million. Net cash received, after tax and one-time expenses, was $231.4 million, resulting in a gain on the transaction of $94.4 million. The transaction was hedged at a rate of 1.68.

The sale of S&WHL significantly improved the strength of the Company's statement of financial position. As at November 30, 2020, AGF had $94.0 million in cash and no debt on its statement of financial position, providing the financial strength and liquidity to execute on its future growth plans.

Use of Proceeds from the Sale of S&WHL

The Company used a portion of the proceeds from the sale of S&WHL to fully repay its long-term debt to achieve immediate interest expense savings. In addition, $40.0 million of the proceeds were used to return capital to shareholders through the completion of a substantial issuer bid (SIB) on November 6, 2020, where AGF purchased for cancellation 7,017,542 Class B non-voting shares at a price of $5.70 per share.

Private Alternatives – AUM and Financial Highlights

Private Alternatives AUM increased to 8.9% to $2.8 billion as at November 30, 2020 from $2.6 billion in 2019.

During the year, AGF expanded its partnership with the SAF Group. In September 2020, AGF entered into a definitive option agreement with SAF that grants AGF the right to acquire management contracts of select SAF funds, and any new private credit funds, exercisable at any time until September 2021. The expanded partnership is focused on bringing new investment products to market and creating a path forward to a private credit capability that positions AGF to capitalize on the expected growth in private debt investments.

In June 2020, InstarAGF Asset Management Inc. announced the final closing of the InstarAGF Essential Infrastructure Fund II, with approximately USD$1.2 billion in aggregate equity commitments.

AGF's interest in private alternative managers generated EBITDA of $1.6 million and $2.9 million for the three and twelve months ended November 30, 2020 (2019 − $0.1 million and $0.3 million). The increase includes $1.0 million of carried interest revenue recognized in the fourth quarter of 2020 related to one of AGF's private alternative funds which has exceeded its performance threshold.

AGF's investments in private alternative long-term investments generated EBITDA of $4.7 million and $6.4 million for the three and twelve months ended November 30, 2020 (2019 − $2.1 million and $12.6 million). EBITDA related to long-term investments is impacted by the timing and size of monetizations and fair value adjustments on our investments in private alternative funds.

New Joint Venture

In September 2020, AGF entered into a joint venture agreement with WaveFront Global Asset Management Corp. (WaveFront) and launched AGFWave Asset Management Inc. (AGFWave), a new joint venture for providing asset management services and products in China and South Korea. AGFWave combines AGF's investment expertise and global brand strength with WaveFront's existing distribution capabilities in China and South Korea, including partnerships with industry leaders in both regions.

AUM and Sales

Excluding Private Alternatives, AGF reported $36.0 billion in asset under management (AUM) as at November 30, 2020, increasing from $34.3 billion at August 31, 2020 and remaining steady compared to $36.2 billion at November 30, 2019.

During the three months ended November 30, 2020, sales momentum continued to improve as AGF reported mutual fund net sales of $88.0 million compared to net redemptions of $22 million for the three months ended August 31, 2020 and $181.0 million in the comparative prior year period. Retail mutual fund[1] net sales were $66.0 million for the quarter compared to net redemptions of $4.0 million for the three months ended August 31, 2020 and $181.0 million in the comparative prior year period. For the full year, mutual fund net redemptions were significantly lower at $371.0 million compared to net redemptions of $886.0 million in 2019. Retail mutual fund net redemptions, which exclude net flows from institutional clients invested in mutual funds[1], were $172.0 million for the year compared to $556.0 million in the prior year.

The sales momentum has continued into Q1 2021.

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. As at November 30, 2020, AGF's average percentile over the past one year was 41% (above target) and the average percentile over the past three years was 53% (below target).

For the year ended November 30, 2020, AGF received honours from the FundGrade A+® Awards, Lipper Fund Awards and Wealth Professional Awards.

Financial Highlights

Selling, general and administrative costs were $174.7 million for the twelve months ended November 30, 2020, compared to $184.5 million (adjusted for IFRS 16) in 2019. The reduction in costs is attributable to management's continued focus on cost control combined with lower travel and entertainment costs as a result of the ongoing pandemic.

For the three and twelve months ended November 30, 2020, AGF reported adjusted EBITDA before commissions and S&WHL of $31.6 million and $99.9 million compared to $28.0 million and $100.4 million in the comparative prior year periods.

For the three and twelve months ended November 30, 2020, adjusted diluted earnings per share, excluding S&WHL, was $0.19 and $0.42 compared to $0.14 and $0.40 in the comparative prior year periods. The private alternative business contributed $0.08 and $0.12 in the three and twelve months ended November 30, 2020 compared to $0.02 and $0.16 in the prior year.

For the three and twelve months ended November 30, 2020, total adjusted diluted earnings per share was $0.19 compared to $0.24 in the prior year. For the full year, AGF reported total adjusted diluted earnings per share of $0.59 compared to $0.71 in the prior year.

[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.

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) is as of January 26, 2021 and presents an analysis of the financial condition of AGF Management Limited (AGF or the Company) and AGF's subsidiaries for the three months and year ended November 30, 2020, compared to the three months and year ended November 30, 2019. The MD&A should be read in conjunction with the Consolidated Financial Statements for the year ended November 30, 2020. The financial statements for the year ended November 30, 2020, including comparative information, have been prepared in accordance with the 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. Certain comparative figures have been reclassified to conform to the consolidated financial statement presentation in the current year.

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

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

Our Business and Strategy

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

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

Smith & Williamson Sale

On September 1, 2020, AGF sold our 28.0% interest in Smith & Williamson Holdings Limited (S&WHL), executing on AGF's strategic priority to monetize the S&WHL asset, realizing the value of AGF's long-term investment in the U.K. Based on the terms of the transaction structure, the Company received total cash of $296.2 million, excluding tax and one-time expenses, for the year ended November 30, 2020. Total cash includes $250.4 million proceeds received from the sale of S&WHL, net of currency hedge, excluding tax and one-time expenses, and dividends and distributions of $45.8 million, comprised of an interim dividend of $13.3 million and a special distribution, net of currency hedge, of $32.5 million. Net cash received, after tax and one-time item expenses, was $231.4 million, resulting in a gain on the transaction of $94.4 million. The transaction was hedged at a rate of 1.68. For additional information, refer to Note 6 and Note 7 of the Consolidated Financial Statements. With proceeds fully received, AGF no longer has an interest in or association with S&WHL.

Along with the successful close of this transaction, AGF will continue to focus on executing against our strategic goals to deliver continued value to shareholders while optimizing the Company's capital structure. As part of this, a portion of the proceeds received for the transaction were used to fully repay the Company's long-term debt to achieve immediate interest expense savings. Proceeds were also used to return capital to shareholders through the completion of a substantial issuer bid (SIB) on November 6, 2020, where AGF purchased for cancellation 7,017,542 Class B non-voting shares at a price of $5.70 per share for a total cost of $40.0 million. Going forward, the Company will redeploy capital utilizing a balanced approach to reinvest in the business, pursue new growth initiatives, pay dividends and utilize our NCIB opportunistically.

COVID-19

While the beginning of a new economic cycle seems inevitable, the timing of it remains tenuous. In the first few months of 2021, markets may become more volatile before giving way to a less tumultuous, more favourable trajectory in the second half of the year.

The key, of course, is the ongoing fight to end the pandemic, which continues to rage around the world and recently forced new temporary lockdowns in several countries including the United States and Canada. In turn, a double dip recession cannot be ruled out entirely in 2021, even as optimism about a COVID-19 vaccine continues to grow, as governments work through the roll-out of the approved vaccines to their populations.

AGF continues to monitor the impact of the pandemic and is managing expenses and 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 in light of the rapidly evolving situation related to the novel coronavirus: COVID-19. To date, AGF has experienced no impact to our business operations and no instances of business operations interruption.

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

- The majority of AGF's employees continue to work remotely.
- Offices have reopened on a limited-scale voluntary basis, where permitted, with employees requiring pre-approval from management to schedule and track time in the office.
- Existing business travel bans and bans on participation in external conferences and events remain in place until further notice.

Back-to-Office Guiding Principles

With a limited voluntary return-to-office plan in place, AGF has identified the following guiding principles, in priority order, as critical to our planning and activities.

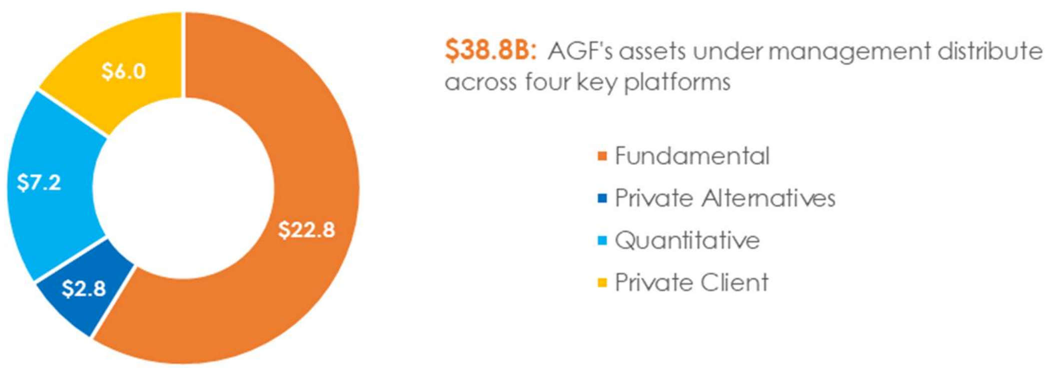
1. Employee physical safety will be paramount, ensuring all of our facilities meet the recommendations of local Government and Public Health agencies before allowing return.
2. Employee mental health will be top of mind. As current capabilities are allowing the firm to operate effectively, any return is expected to be gradual and measured.
3. As an essential service AGF must maintain the ability to meet and exceed client service needs. Preference, priority and any declaration of mandatory presence in the office will consider these needs.
4. Culturally, AGF believes we must provide the capability to ensure ongoing collaboration and teamwork in a mixed at home and at work environment, so no employee feels disadvantaged by their present choice.

AGF has proven our employees can effectively work from home and, by embracing technology, has also found new ways to do things finding efficiency and benefits in this environment.

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

Our Investment Capabilities

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



Fundamental

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

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

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

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

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

Quantitative

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

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

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

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

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

Private Alternatives

Our expertise and partnerships across the alternatives spectrum allows investors to access and benefit from allocations to alternative investments as part of a disciplined investment approach. From alternative asset classes to alternatives strategies, AGF offers solutions for a wide range of objectives.

AGF's private alternatives business, with a focus on private investments from infrastructure to credit, is central to our mission to bring stability to the world of investing. In an ever-evolving and increasingly complex market environment, investors are actively seeking out opportunities to diversify their sources of return away from traditional equity and fixed income investments.

AGF's private alternatives business, with $2.8 billion in AUM, includes a joint venture with Instar Group Inc. (Instar): InstarAGF Asset Management Inc. (InstarAGF) and a joint venture partnership with SAF Group (SAF). InstarAGF is an alternative asset management firm with an emphasis on essential infrastructure in the North American middle market, with the goal of delivering sustainable and attractive returns to investors. SAF is a Canadian-based alternative capital provider with expertise constructing bespoke financial products across the capital structure, including secured credit and asset-backed loans.

In September 2020, AGF entered into a definitive option agreement with SAF that grants AGF the right to acquire management contracts of select SAF funds, and any new private credit funds, exercisable until September 2021. While the extension of AGF and SAF's partnership is initially focused on bringing new investment products to market, including opportunistic funds, the option agreement also creates a path forward to a private credit capability that is well-positioned to capitalize on the expected growth in private debt investments.

AGF and SAF expect to initially bring to market a series of products for retail, institutional and high-net worth investors, with a focus on originating, structuring and lending to middle and lower middle market companies, primarily in Canada and the United States. The partnership expects to make a capital commitment of $15 million to the funds, of which $12 million will be funded by AGF. The products will have varying levels of liquidity, redemption privileges and return profiles designed to meet the needs of different segments of the investor market.

Since its inception, an objective for AGF's private alternatives business has been to generate recurring income, most importantly management fee profits for our shareholders. As we move forward, the expansion of AGF's footprint with SAF into the private credit space will accelerate this objective while also delivering against the needs of our clients who are demanding access to uncorrelated asset classes in the face of changing market dynamics.

Private Client

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

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

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

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

Corporate Responsibility

AGF Sustainability Council

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

Council Objectives Include:

Employees

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

AGF believes that embracing the strength of diversity and providing a satisfying human and physical environment increases our ability to serve and support each other, our 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 our 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:*

Signatory of: PRI Principles for Responsible Investment

30% Club Growth Through Diversity

Investor Network on CLIMATE RISK a project of Ceres

Member RIA

CDP Driving Sustainable Economies

Climate Action 100+

*AGF Management Limited is a member of the 30% Club. AGF Investments Inc. is a member/signatory of UNPRI, CERES, RIA, CDP and Climate Action 100.

Foundations of Investment Stewardship

Research and Analysis

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

Risk Oversight

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

Active Ownership

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

Engagement

AGF engages in dialogue with companies and policy makers to influence and promote ESG value-adding practices, better understand the quality of the businesses that AGF 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 our 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 our performance, the performance of each of the Board's committees, and the performance of each director.

Ethical Conduct

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

Board

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

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

Communities

Sponsorships and partnerships help AGF fulfil our commitment to the firm's social responsibility pillars while raising awareness of and supporting these important causes. AGF employees also contribute beyond their jobs through our employee-driven community engagement committee, the Making a Difference Committee, which aims to support local community organizations that matter most to AGF's employees across AGF's key pillars.

Education

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

Environment

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

Diversity

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

Assets Under Management

	Three months ended					Years ended	
(in millions of dollars)	Nov. 30, 2020	Aug. 31, 2020	May 31, 2020	Feb. 29, 2020	Nov. 30, 2019	Nov. 30, 2020	Nov. 30, 2019
Mutual fund AUM beginning of the period[1]	$ 19,232	$ 18,259	$ 18,492	$ 19,346	$ 18,839	$ 19,346	$ 18,713
Gross sales	679	490	509	562	479	2,240	2,046
Redemptions	(591)	(512)	(602)	(906)	(660)	(2,611)	(2,932)
Net sales (redemptions)	88	(22)	(93)	(344)	(181)	(371)	(886)
Market appreciation (depreciation) of fund portfolios	$ 1,002	$ 995	$ (140)	$ (510)	$ 688	$ 1,347	$ 1,519
Mutual fund AUM end of the period[1]	$ 20,322	$ 19,232	$ 18,259	$ 18,492	$ 19,346	$ 20,322	$ 19,346
Average daily mutual fund AUM[1]	$ 19,487	$ 18,879	$ 17,386	$ 19,462	$ 19,015	$ 18,804	$ 18,908
Institutional, sub-advisory, ETF AUM beginning of period	$ 9,252	$ 9,591	$ 10,313	$ 10,755	$ 10,391	$ 10,755	$ 12,475
Net change including market performance	386	(339)	(722)	(442)	364	(1,117)	(1,720)
Institutional, sub-advisory, ETF AUM end of the period	$ 9,638	$ 9,252	$ 9,591	$ 10,313	$ 10,755	$ 9,638	$ 10,755
Private client AUM	$ 6,043	$ 5,773	$ 5,624	$ 5,905	$ 6,100	$ 6,043	$ 6,100
Subtotal excluding private alternatives AUM, end of the period	**$ 36,003**	**$ 34,257**	**$ 33,474**	**$ 34,710**	**$ 36,201**	**$ 36,003**	**$ 36,201**
Private alternatives AUM[2]	$ 2,810	$ 2,755	$ 2,862	$ 2,716	$ 2,580	$ 2,810	$ 2,580
Total AUM end of the period	**$ 38,813**	**$ 37,012**	**$ 36,336**	**$ 37,426**	**$ 38,781**	**$ 38,813**	**$ 38,781**

[1] Mutual fund AUM includes retail AUM and institutional client AUM invested in customized series offered within mutual funds.
[2] Represents fee-earning committed and/or invested capital from AGF and external investors held through joint ventures. AGF's portion of this AUM is $188.7 million. Of the $2.8 billion of AUM, 19% are non-fee earning assets.

Change in Assets Under Management

Total assets under management was $38.8 billion as at November 30, 2020, compared to $38.8 billion at November 30, 2019 and $37.0 billion at August 31, 2020. Equity markets performed strongly in the fourth quarter with many regions continuing to recover losses experienced during the market downturn despite high levels of volatility from the continued impacts of the COVID-19 pandemic. In addition, the markets experienced a surge from the news of forthcoming vaccines. Economies, however, are still not back to full strength and the pandemic is likely to remain a serious threat to future growth, with risk of a setback in the economic restart remaining high until such time that the vaccines are approved and safely and efficiently administered across populations around the world.

Reported mutual funds net redemptions were $371.0 million for the year ended November 30, 2020, compared to net redemptions of $886.0 million for the year ended November 30, 2019. Retail mutual fund net redemptions, which exclude net flows from institutional clients invested in mutual funds[1], were $172.0 million for the year compared to $556.0 million in the prior year.

AGF reported mutual funds net sales of $88.0 million for the three months ended November 30, 2020, compared to net redemptions of $181.0 million for the three months ended November 30, 2019. Retail mutual fund[1] net sales were $66.0 million for the quarter compared to net redemptions of $181.0 million in the prior year.

[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.

Consolidated Operating Results

	Three months ended			Years ended	
(in millions of dollars, except per share data)	November 30, 2020[1]	August 31, 2020	November 30, 2019[2]	November 30, 2020[1]	November 30, 2019[2]
Income					
Management, advisory and administration fees[2,3]	$ 95.9	$ 93.5	$ 100.5	$ 374.7	$ 386.1
Deferred sales charges	1.6	1.4	1.9	6.0	7.2
Share of profit of joint ventures	1.6	0.6	0.1	2.9	0.3
Share of profit of associate[4]	–	–	7.8	–	24.6
Dividend income, net of currency hedge[5]	–	41.3	–	45.8	–
Gain on sale of asset classified as held for sale, net of currency hedge	104.4	–	–	104.4	–
Fair value adjustments and other income	5.9	1.9	4.2	10.1	18.5
Total income	$ 209.4	$ 138.7	$ 114.5	$ 543.9	$ 436.7
Expenses					
Selling, general and administrative[1,2]	43.1	46.1	45.4	174.7	189.2
Restructuring provision	(1.0)	–	–	(1.0)	14.4
Trailing commissions	30.1	29.8	29.9	118.0	120.7
Investment advisory fees	0.2	0.2	0.5	1.1	2.4
	$ 72.4	$ 76.1	$ 75.8	$ 292.8	$ 326.7
EBITDA before commission[6]	**$ 137.0**	**$ 62.6**	**$ 38.7**	**$ 251.1**	**$ 110.0**
Deferred selling commissions[2]	10.3	8.9	8.9	42.0	41.8
Amortization, derecognition and depreciation[1, 2]	2.5	1.8	1.0	8.2	4.2
Interest expense[1]	1.1	1.3	1.3	6.5	6.7
Net income before income taxes	$ 123.1	$ 50.6	$ 27.5	$ 194.4	$ 57.3
Income tax expense[7]	12.7	3.3	5.3	20.5	9.4
Net income for the period	**$ 110.4**	**$ 47.3**	**$ 22.2**	**$ 173.9**	**$ 47.9**
Basic earnings per share	$ 1.46	$ 0.61	$ 0.28	$ 2.25	$ 0.61
Diluted earnings per share	$ 1.43	$ 0.60	$ 0.28	$ 2.22	$ 0.60

[1] Refer to Note 3 in the 2020 Consolidated Financial Statements for more information on the adoption of IFRS 16.
[2] Refer to Note 3 in the 2019 Consolidated Financial Statements for more information on the adoption of IFRS 15.
[3] Three months and year ended November 30, 2019 includes $4.1 million of one-time fund expense tax recovery.
[4] Three months and year ended November 30, 2019 includes $6.9 million of dividends recognized as income.
[5] Three months ended August 31, 2020 includes $41.3 million and year ended November 30, 2020 includes $45.8 million of dividends, net of currency hedge, from S&WHL, recognized as income.
[6] For the definition of EBITDA, see the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section. The items required to reconcile EBITDA to net income, a defined term under IFRS, are detailed above.
[7] Year ended November 30, 2020 includes $10.0 million income tax expense related to the gain on sale of S&WHL. Year ended November 30, 2019 includes a $3.1 million tax benefit related to the restructuring provision.

One-time Adjustments and Adoption of IFRS 16

(in millions of dollars, except per share data)	Three months ended November 30, 2020[1]	Three months ended August 31, 2020	Three months ended November 30, 2019	Years ended November 30, 2020[1]	Years ended November 30, 2019
Management, advisory and administration fees	**$ 95.9**	**$ 93.5**	**$ 100.5**	**$ 374.7**	**$ 386.1**
Deduct:					
One-time fund expense tax recovery	–	–	(4.1)	–	(4.1)
Adjusted management, advisory and administration fees	**$ 95.9**	**$ 93.5**	**$ 96.4**	**$ 374.7**	**$ 382.0**
Dividend income, net of currency hedge	**$ –**	**$ 41.3**	**$ –**	**$ 45.8**	**$ –**
Deduct:					
One-time S&WHL special distribution, net of currency hedge	–	(32.5)	–	(32.5)	–
Adjusted dividend income	**$ –**	**$ 8.8**	**$ –**	**$ 13.3**	**$ –**
Selling, general and administrative	**$ 43.1**	**$ 46.1**	**$ 45.4**	**$ 174.7**	**$ 189.2**
Deduct:					
IFRS 16 adjustments to prior year for comparative purposes	–	–	(1.2)	–	(4.7)
Adjusted selling, general and administrative	**$ 43.1**	**$ 46.1**	**$ 44.2**	**$ 174.7**	**$ 184.5**
EBITDA before commissions[1]	**$ 137.0**	**$ 62.6**	**$ 38.7**	**$ 251.1**	**$ 110.0**
Add (deduct):					
Gain on sale of asset classified as held for sale, net of currency hedge	(104.4)	–	–	(104.4)	–
One-time S&WHL special distribution, net of currency hedge	–	(32.5)	–	(32.5)	–
One-time fund expense tax recovery	–	–	(4.1)	–	(4.1)
One-time restructuring costs (release)	(1.0)	–	–	(1.0)	14.4
IFRS 16 adjustments to prior year for comparative purposes	–	–	1.2	–	4.7
Adjusted EBITDA before commissions[1]	**$ 31.6**	**$ 30.1**	**$ 35.8**	**$ 113.2**	**$ 125.0**
Amortization, derecognition and depreciation	**$ 2.5**	**$ 1.8**	**$ 1.0**	**$ 8.2**	**$ 4.2**
Add:					
IFRS 16 adjustments to prior year for comparative purposes	–	–	0.8	–	3.3
Adjusted amortization, derecognition and depreciation	**$ 2.5**	**$ 1.8**	**$ 1.8**	**$ 8.2**	**$ 7.5**
Interest expense	**$ 1.1**	**$ 1.3**	**$ 1.3**	**$ 6.5**	**$ 6.7**
Add:					
IFRS 16 adjustments to prior year for comparative purposes	–	–	0.2	–	0.8
Adjusted interest expense	**$ 1.1**	**$ 1.3**	**$ 1.5**	**$ 6.5**	**$ 7.5**
Income tax expense	**$ 12.7**	**$ 3.3**	**$ 5.3**	**$ 20.5**	**$ 9.4**
Add:					
Tax impact on the one-time adjustments to EBITDA before commissions	(10.0)	–	(1.1)	(10.0)	2.1
Adjusted income tax expense	**$ 2.7**	**$ 3.3**	**$ 4.2**	**$ 10.5**	**$ 11.5**
Net income for the period before one-time adjustments	**$ 110.4**	**$ 47.3**	**$ 22.2**	**$ 173.9**	**$ 47.9**
Add (deduct):					
One-time adjustments to EBITDA before commissions from above	(105.4)	(32.5)	(4.1)	(137.9)	10.3
Tax impact on the one-time adjustments to EBITDA before commissions	10.0	–	1.1	10.0	(2.1)
IFRS 16 adjustments to prior year for comparative purposes	–	–	0.2	–	0.6
Adjusted net income for the period	**$ 15.0**	**$ 14.8**	**$ 19.4**	**$ 46.0**	**$ 56.7**

[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.

Results of Operations Adjusted for One-time Items and the Adoption of IFRS 16

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

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

	Three months ended			Years ended	
(in millions of dollars, except per share data)	November 30, 2020	August 31, 2020	November 30, 2019	November 30, 2020	November 30, 2019
Income					
Adjusted management, advisory and administration fees	$ 95.9	$ 93.5	$ 96.4	$ 374.7	$ 382.0
Deferred sales charges	1.6	1.4	1.9	6.0	7.2
Share of profit of joint ventures	1.6	0.6	0.1	2.9	0.3
Share of profit of associate (from S&WHL)	–	–	7.8	–	24.6
Adjusted dividend income (from S&WHL)	–	8.8	–	13.3	–
Fair value adjustments and other income	5.9	1.9	4.2	10.1	18.5
Total adjusted income	$ 105.0	$ 106.2	$ 110.4	$ 407.0	$ 432.6
Expenses					
Adjusted selling, general and administrative	43.1	46.1	44.2	174.7	184.5
Trailing commissions	30.1	29.8	29.9	118.0	120.7
Investment advisory fees	0.2	0.2	0.5	1.1	2.4
	$ 73.4	$ 76.1	$ 74.6	$ 293.8	$ 307.6
Adjusted EBITDA before commissions[1]	**$ 31.6**	**$ 30.1**	**$ 35.8**	**$ 113.2**	**$ 125.0**
Deferred selling commissions	$ 10.3	$ 8.9	$ 8.9	$ 42.0	$ 41.8
Adjusted amortization, derecognition and depreciation	2.5	1.8	1.8	8.2	7.5
Adjusted interest expense	1.1	1.3	1.5	6.5	7.5
Adjusted income tax expense	2.7	3.3	4.2	10.5	11.5
Adjusted net income for the period	**$ 15.0**	**$ 14.8**	**$ 19.4**	**$ 46.0**	**$ 56.7**
Adjusted diluted earnings per share	**$ 0.19**	**$ 0.19**	**$ 0.24**	**$ 0.59**	**$ 0.71**

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

Financial Review – Year Ended November 30, 2020

Total adjusted income for the year ended November 30, 2020 was $407.0 million, a decrease of 5.9% compared to $432.6 million in the prior year.

Adjusted management, advisory and administration fees decreased $7.3 million compared to the prior year, driven by lower average AUM during the year, associated with market volatility attributable to the COVID-19 pandemic as well as lower institutional and strategic AUM as a result of partners repositioning their platforms and internalizing investment management capabilities. Despite the volatility during the year, AUM was $38.8 billion as at November 30, 2020, flat compared to the year ended November 30, 2019.

Share of profit of joint ventures, which relates to our interest in private alternative managers, increased $2.6 million compared to the prior year driven by an increase in equity earnings related to management fees as well as the recognition of $1.0 million of carried interest revenue from one of our private alternative funds which has exceeded its performance threshold.

Share of profit of associate, which relates to our interest in S&WHL, was nil during the year compared to $24.6 million in the prior year. S&WHL was accounted for using the equity method of accounting through to September 18, 2019. Effective September 19, 2019, our investment in S&WHL was classified as 'held for sale' and equity accounting ceased. As a result, no equity earnings were recognized, and dividends received subsequent to September 18, 2019 were recorded through dividend income. Adjusted dividend income, which related to dividend received from S&WHL, was $13.3 million compared to nil in the prior year. As at November 30, 2020, our interest in S&WHL was fully divested.

Fair value adjustments and other income decreased $8.4 million compared to the prior year driven by the timing and size of monetizations and fair value adjustments on our investments in private alternative funds. Current year fair value adjustments as well as cash distributions from the alternative long-term investments were impacted by the COVID-19 pandemic and the corresponding market uncertainty and volatility. The investments in our private alternative funds represent a long-term strategic priority to seed and support our private alternative business. The investments are accounted for under fair value through profit and loss (FVTPL), which can result in variability of income recorded over the life of the investment.

Adjusted selling, general & administrative (SG&A) for the year ended November 30, 2020 was $174.7 million, a decrease of $9.8 million compared to $184.5 million in the prior year driven by expense savings initiatives and a decline in travel and entertainment costs attributable to the pandemic

Adjusted EBITDA before commissions for the year ended November 30, 2020 was $113.2 million compared to $125.0 million in the prior year.

Adjusted net income was $46.0 million ($0.59 per diluted share) compared to $56.7 million ($0.71 per diluted share) in the corresponding period in 2019.

Financial Review – Quarter Ended November 30, 2020

Total adjusted income for the three months ended November 30, 2020 was $105.0 million, a decrease of 4.9% and 1.1% compared to $110.4 million in the prior year and $106.2 million recorded in the three months ended August 31, 2020, respectively.

Adjusted management, advisory and administration fees was comparable to the three months ended November 30, 2019, as lower institutional and strategic AUM was offset by higher mutual fund AUM which earns a higher management fee rate. Compared to the three months ended August 31, 2020, management, advisory and administration fees increased $2.4 million driven by higher mutual fund AUM.

Share of profit of joint ventures, which relates to our interest in private alternative managers, was $1.6 million in the quarter, an increase of $1.5 million compared to the prior year and an increase of $1.0 million compared to the prior quarter. During the quarter, we recognized $1.0 million of carried interest revenue from one of our private alternative funds which has exceeded its performance threshold. Equity earnings related to management fees has increased $0.7 million compared to the prior year.

Share of profit of associate, which relates to our interest in S&WHL, was nil during the three months ended November 30, 2020, compared to $7.8 million in the prior year and nil in the three months ended August 31, 2020. S&WHL was accounted for using the equity method of accounting through to September 18, 2019. Effective September 19, 2019, our investment in S&WHL was classified as 'held for sale' and equity accounting ceased. As a result, no equity earnings are recognized, and dividends received subsequent to September 18, 2019 are recorded through dividend income. Adjusted dividend income, which related to dividend received from S&WHL, was nil during the three months ended November 30, 2020, compared to nil in the prior year and $8.8 million in the three months ended August 31, 2020. As at November 30, 2020, our interest in S&WHL was fully divested.

Fair value adjustments and other income was $5.9 million in the quarter, an increase of $1.7 million compared to $4.2 million in the prior year and an increase of $4.0 million compared to $1.9 million in the three months ended August 31, 2020. The increase is driven by positive fair value adjustments in our private alternative funds during the quarter related to a monetization in one fund.

Adjusted selling, general & administrative (SG&A) for the three months ended November 30, 2020 was $43.1 million, a decrease of $1.1 million compared to the prior year, and a decrease of $3.0 million compared to the three months ended August 31, 2020. Compared to the prior year, the reduction in expenses can be attributed to expense savings initiatives and a decline in travel and entertainment costs attributable to the pandemic. Compared to the three months ended August 31, 2020, the decrease was driven by performance-based compensation and expense savings initiatives.

Adjusted EBITDA before commissions for the three months ended November 30, 2020 was $31.6 million compared to $35.8 million in the three months ended November 30, 2019 and $30.1 million in the three months ended August 31, 2020.

For the three months ended November 30, 2020, AGF reported adjusted net income of $15.0 million ($0.19 per diluted share) compared to $19.4 million ($0.24 per diluted share) in the corresponding period in 2019 and adjusted net income of $14.8 million ($0.19 per diluted share) in the three months ended August 31, 2020.

Consolidated Results of Operations

Income

Management, Advisory and Administration Fees

Management, advisory and administration fees are directly related to our AUM levels and are recognized on an accrual basis. For the three months and year ended November 30, 2020, management, advisory and administration fees were $95.9 million and $374.7 million, a decrease of $4.6 million and $11.4 million or 4.6% and 3.0%, compared to $100.5 million and $386.1 million in the same periods in 2019. A breakdown of the changes is as follows.

(in millions of dollars)	Three months ended November 30, 2020	Year ended November 30, 2020
Increase (decrease) in management, advisory and administration fees	$ 0.2	$ (8.2)
Decrease (increase) in fund expense and waivers	(0.7)	0.9
One-time fund expense tax recovery in 2019	(4.1)	(4.1)
Total change in management, advisory and administration fees	**$ (4.6)**	**$ (11.4)**

Management, advisory and administration fees was comparable for the three months and decreased by $8.2 million for the year ended November 30, 2020, compared to the prior year. The decrease for the year is attributable to lower average AUM during the year, associated with market volatility attributable to the COVID-19 pandemic as well as lower institutional and strategic AUM as a result of partners repositioning their platforms and internalizing investment management capabilities.

Deferred Sales Charges (DSC)

We receive deferred sales charges upon redemption of securities sold on the contingent DSC or low-load commission basis for which we finance the selling commissions paid to the dealer. The DSC ranges from 1.5% to 5.5%, depending on the commission option of the original subscription price of the funds purchased if the funds are redeemed within the first two years and declines to zero after three or seven years. DSC revenue fluctuates based on the level of redemptions, the age of the assets being redeemed and the proportion of redemptions composed of back-end assets. DSC revenue was $1.6 million and $6.0 million for the three months and year ended November 30, 2020, compared to $1.9 million and $7.2 million for the same periods in 2019.

Share of Profit of Joint Ventures

Share of profit of joint ventures refers to earnings related to our ownership in the joint ventures that manage our private alternatives funds and is recorded under the equity method. For the three months and year ended November 30, 2020, earnings were $1.6 million and $2.9 million (2019 − $0.1 million and $0.3 million). The increase compared to prior year is driven by an increase in equity earnings related to management fees as well as the recognition of $1.0 million of carried interest revenue from one of our private alternative funds which has exceeded its performance threshold. For additional information, see Note 5(a) of the Consolidated Financial Statements.

Income from Smith & Williamson

Total income from the Company's interest in S&WHL for the three months and year ended November 30, 2020 was $104.4 million and $150.2 million compared to $7.8 million and $24.6 million in the same periods in 2019. On September 1, 2020, the Company sold our 28.0% interest in S&WHL, recognizing a gain before taxes of $104.4 million. Income in 2020 also includes $45.8 million in dividend income, net of currency hedge, of which $32.5 million relates to a special distribution. Income from S&WHL was recorded in the following three categories:

Share of Profit of Associate

Share of profit of associate relates to our interest in S&WHL, which was accounted for using the equity method of accounting through to September 18, 2019. Effective September 19, 2019, the investment in S&WHL was classified as 'held for sale' and equity accounting ceased. Dividends received subsequent to September 18, 2019 have been recorded as income. Foreign exchange revaluation on the carrying value of S&WHL has continued to be recorded through other comprehensive income. For the three months and year ended November 30, 2020, earnings from S&WHL were nil and nil (2019 − $7.8 million and $24.6 million). Earnings for the three months and year ended November 30, 2019 include $6.9 million of dividends received from S&WHL after the asset was classified as 'held for sale'.

Dividend Income, Net of Currency Hedge

During the three months and year ended November 30, 2020, the Company recorded dividend income, net of currency hedge, of nil and $45.8 million, including $32.5 million related to a special distribution (2019 – nil and nil).

Gain on Sale of Asset Classified as Held for Sale, Net of Currency Hedge

During the three months and year ended November 30, 2020, the Company sold our 28.0% interest in S&WHL, recognizing a gain before taxes of $104.4 million. Tax expense of $10.0 million on the sale was recognized in income tax expense, resulting in an after-tax gain of $94.4 million. For additional information on the gain on sale, refer to Note 6 of the Consolidated 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.

Long-term investments include investments in our private alternative business, which are accounted for at fair value through profit or loss. During the three months and year ended November 30, 2020, the Company recorded income of $5.5 million and $7.8 million (2019 – $2.6 million and $15.2 million) as fair value adjustments and income distributions related to our economic interest in the investments in our private alternative business. The amounts recorded as income fluctuate primarily with the amount of capital invested, monetizations, and changes in fair value.

During the three months and year ended November 30, 2020, the Company recorded interest income of nil and $0.9 million (2019 – $0.7 million and $1.2 million).

	Three months ended			Years ended	
(in millions of dollars)	November 30, 2020	August 31, 2020	November 30, 2019	November 30, 2020	November 30, 2019
Fair value adjustment related to investment in AGF mutual funds	$ 0.5	$ 0.8	$ 0.6	$ 0.8	$ 1.3
Fair value adjustment and distributions related to long-term investments	5.5	0.6	2.6	7.8	15.2
Interest income	–	0.7	0.7	0.9	1.2
Other	(0.1)	(0.2)	0.3	0.6	0.8
	$ 5.9	**$ 1.9**	**$ 4.2**	**$ 10.1**	**$ 18.5**

Expenses

Selling, General and Administrative Expenses (SG&A)

SG&A decreased by $2.3 million or 5.1% and $14.5 million or 7.7% for the three months and year ended November 30, 2020, compared to the same periods in 2019. A breakdown of the decrease is as follows:

(in millions of dollars)	Three months ended November 30, 2020	Year ended November 30, 2020
Decrease in non-stock-based compensation expenses	$ –	$ (0.9)
Increase (decrease) in stock-based compensation expenses	0.2	(0.2)
Decrease in other expenses	(1.3)	(8.7)
Total SG&A decrease before IFRS 16	**$ (1.1)**	**$ (9.8)**
IFRS 16	(1.2)	(4.7)
Total decrease in SG&A	**$ (2.3)**	**$ (14.5)**

The following explains expense changes in the three months and year ended November 30, 2020, compared to the same periods in the prior year:

- Non-stock-based compensation expenses was compared to the prior year quarter and decreased by $0.9 million on a full year basis, driven by expense savings initiatives, lower headcount and lower commissions.
- Other expenses decreased by $1.3 million and $8.7 million attributed to expense savings initiatives and a decline in travel and entertainment costs attributable to the pandemic.
- As a result of the adoption of IFRS 16 on December 1, 2019, rent expenses related to property and equipment leases will no longer be recognized in SG&A. Refer to Note 3 in the Consolidated Financial Statements for more information regarding the new accounting standard.

Restructuring Provision

During the year ended November 30, 2019, the Company implemented a plan to achieve certain organizational and operational efficiencies, resulting in a restructuring charge of $14.4 million. During the year end November 30, 2020, the Company completed the execution of the plan and as a result, the remaining restructuring provision balance of $1.0 million was released as at November 30, 2020.

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 retail fund AUM were 0.62% and 0.63% for the three months and year ended November 30, 2020, compared to 0.63% and 0.64% for the same periods in 2019. The decrease is primarily attributable to the impact of asset mix changes.

Deferred Selling Commissions

Deferred selling commissions are expensed on an accrual basis. For the three months and year ended November 30, 2020, the total deferred selling commissions expense was $10.3 million and $42.0 million (2019 – $8.9 million and $41.8 million). The increase in deferred selling commissions is driven by a higher amount of mutual fund sales sold on a deferred selling commission basis.

Amortization and Interest Expense

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

- Customer contracts amortization and derecognition decreased by $0.1 million and $0.3 million for the three months and year ended November 30, 2020, compared to the same periods in 2019. Customer contracts are fully amortized as at November 30, 2020.
- Depreciation increased by $1.7 million and $4.3 million for the three months and year ended November 30, 2020, compared to the same periods in 2019, as a result of the adoption of IFRS 16 and the addition of the Company's new CIBC Square lease.
- Interest expense decreased by $0.5 million and $0.4 million for the three months and year ended November 30, 2020, compared to the same periods in 2019, as a result of reduced long-term debt balance, partially offset by the adoption of IFRS 16.

Income Tax Expense

Income tax expense for the three months and year ended November 30, 2020 was $12.7 million and $20.5 million, as compared to an expense of $5.3 million and $9.4 million in the corresponding periods in 2019. A breakdown of tax expense is as follows:

	Three months ended			Years ended	
(in millions of dollars)	November 30, 2020	August 31, 2020	November 30, 2019	November 30, 2020	November 30, 2019
Income tax					
Total income tax on profits for the year	$ 3.0	$ 3.2	$ 4.2	$ 10.6	$ 11.4
Tax impact on gain on sale of asset classified as held for sale, net of currency hedge	10.0	–	–	10.0	
Adjustment in respect of restructuring provision	–	–	–	–	(3.1)
Tax impact on one-time fund expense tax recovery	–	–	1.1	–	1.1
Adoption of IFRS 16	(0.3)	0.1	–	(0.1)	–
Total income tax expense	**$ 12.7**	**$ 3.3**	**$ 5.3**	**$ 20.5**	**$ 9.4**

The effective tax rate for the year ended November 30, 2020 was an expense of 10.6% (2019 – 16.4%). The main items impacting the effective tax rate in the period relate to tax-exempt investment income, gains from investment subject to different tax rates, non-taxable profits arising on disposition of S&WHL, and temporary differences for which no deferred tax assets were recognized.

Excluding one-time items, the effective tax rate for the year ended November 30, 2020 was 18.6%. In the corresponding period in 2019, the Company recorded a tax benefit of $2.1 million related to the restructuring provision, fund expense tax recovery, and IFRS 16 adjustment for comparative purposes. Excluding those items, the effective tax rate for the year ended November 30, 2019 was 16.9%. A breakdown of the adjusted effective tax rate is as follows:

(in millions of dollars) **Years ended November 30**		**2020**		**2019**
Net income before tax	$	194.4	$	57.2
One-time restructuring costs (release)		(1.0)		14.4
One-time S&WHL special distribution, net of currency hedge		(32.5)		–
One-time gain on sale of asset classified as held for sale, net of currency hedge		(104.4)		–
One-time fund expense tax recovery		–		(4.1)
IFRS 16 adjustments to prior year for comparative purposes		–		0.6
Adjusted net income before tax	$	56.5	$	68.1
Total income tax expense		20.5		9.4
Adjustment in respect of gain on sale of asset classified as held for sale, net of currency hedge		(10.0)		–
Adjustment in respect of restructuring provision		–		3.1
Adjustment in respect of fund expense tax recovery		–		(1.1)
Adjustment in respect of IFRS 16 adjustments to prior year for comparative purposes		–		0.1
Adjusted income tax expense	$	10.5	$	11.5
Adjusted effective tax rate		**18.6%**		**16.9%**

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.

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

In July 2015, the Company received a notice of reassessment (NOR) from the CRA denying $30.5 million of tax-related benefits acquired and utilized by the Company in the 2005 fiscal year. The NOR would increase the Company's taxes payable from its original tax filings by $10.9 million (before the application of interest and penalties of $9.0 million). The Company strongly disagreed with the CRA's position and filed an objection to the NOR. As a result of receiving the NOR, the Company paid $13.9 million (including interest and penalties). The amount was recorded as income tax receivable on the consolidated statement of financial position. In 2019, the Company accrued $0.6 million of interest income ($0.3 million for federal and $0.3 million for provincial) in the consolidated statement of income related to this matter.

During 2020, the Company received correspondences from the CRA and Ministry of Finance (Ontario) confirming that the Company's objection had been allowed in full. Consequently, the Company recorded an additional $1.1 million of interest income in the consolidated statement of income. As of November 30, 2020, a substantial portion of the $13.9 million income tax receivable had been refunded.

(b) CRA Audit – Transfer Pricing

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

The issue had been resolved in prior years. During 2020, the Company received the final refund of $1.8 million from the CRA.

Net Income

The impact of the above income and expense items resulted in net income of $110.4 million and $173.9 million for the three months and year ended November 30, 2020, as compared to net income of $22.2 million and $47.9 million in the corresponding periods in 2019. Excluding one-time items, net income was $15.0 million and $46.0 million for the three months and year ended November 30, 2020. Adjusting for the one-time restructuring costs of $14.4 million that occurred during the year ended November 30, 2019, fund expense tax recovery and IFRS 16 adjustments, the net income was $19.4 million and $56.7 million for the three months and year ended November 30, 2019. Refer to the 'One-time Adjustments and Adoption of IFRS16' section of this MD&A for additional information about the one-time adjustments and the adoption of IFRS 16 for the three months and year ended November 30, 2020 and 2019.

Earnings per Share

Diluted earnings per share from continuing operations was $1.43 and $2.22 per share for the three months and year ended November 30, 2020, as compared to earnings of $0.28 and $0.60 per share in the corresponding periods of 2019. Adjusted diluted earnings per share from continuing operations was $0.19 and $0.59 per share for the three months and year ended November 30, 2020, as compared to earnings of $0.24 and $0.71 per share in the corresponding periods of 2019.

Liquidity and Capital Resources

As at November 30, 2020, the Company had total cash and cash equivalents of $94.0 million (2019 – $51.7 million). Total long-term debt outstanding at November 30, 2020 was nil (2019 – $207.3 million). Free cash flow, as defined in the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section of this MD&A, generated $9.9 million and $46.1 million for the three months and year ended November 30, 2020, compared to $18.3 million and $52.8 million in the prior periods. During the year ended November 30, 2020, cash increased $42.3 million (2019 – $4.9 million) as follows:

(in millions of dollars) **Years ended November 30**		**2020**		**2019**
Net cash provided by operating activities	$	92.5	$	67.5
Proceeds from sale of asset classified as held for sale, net of currency hedge		250.4		–
Issuance (repayment) of long-term debt		(208.5)		18.5
Repurchase of shares under normal course issuer bid, substantial issuer bid and purchase of treasury stock for employee benefit trust (EBT)		(48.2)		(3.5)
Dividends paid		(24.6)		(24.9)
Interest paid		(4.8)		(7.1)
Purchase of long-term investments, net of return on capital		(10.7)		(33.5)
Purchase of investment in associate		–		(14.8)
Lease principal payments		(4.7)		–
Other		0.9		2.7
Change in cash and cash equivalents	**$**	**42.3**	**$**	**4.9**

The Company's working capital increased $38.3 million for the year ended November 30, 2020.

During the year ended November 30, 2020, the Company utilized a portion of the proceeds received from the sale of S&WHL to fully repay the Company's long-term debt and restructure the debt facility to align with the future capital needs of the Company. On November 6, 2020, the Company signed a new debt agreement. The new debt facility has a maximum aggregate principal amount of $140.0 million (2019 – $320.0 million), and a $10.0 million swingline facility. As at November 30, 2020, $150.0 million was available to be drawn from the revolving credit facility and swingline facility commitment. The loan facility, along with the proceeds from the sale of S&WHL, will be available to meet future operational investment needs.

The Company recorded total lease liabilities of $85.7 million on the consolidated statement of financial position as of November 30, 2020 compared to $19.9 million as of December 1, 2019. The increase is a result of the recognition of right-of-use asset and lease liability of $73.5 million, primarily related to the Company's new lease of CIBC Square. The Company obtained control of the space of CIBC Square for design and renovation in the year ended November 30, 2020; as such, the corresponding right-of-use asset and lease liability were recorded. The right-of-use asset and lease liability for CIBC Square is calculated based on a 22 year period, which includes a 5 year optional renewal period reasonably assumed to be exercised. The Company plans to complete the move from the current Toronto-Dominion Centre to the CIBC Square in fiscal 2021. As well, as at November 30, 2020, the Company has funded $149.2 million (November 30, 2019 – $138.5 million) in funds and investments associated with the private alternatives business and has $70.2 million (November 30, 2019 – $70.3 million) remaining of committed capital to be invested.

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

Contractual Obligations

The table below is a summary of our contractual obligations at November 30, 2020. See also Notes 11 and 30 of the Consolidated Financial Statements.

(in millions of dollars)	Total	2021	2022	2023	2024	2025	Thereafter
Long-term debt	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Leases[1]	82.0	4.3	7.0	5.7	5.4	5.4	54.2
Service commitment	80.2	20.3	13.4	5.3	4.4	3.5	33.3
Total contractual obligations	$ 162.2	$ 24.6	$ 20.4	$ 11.0	$ 9.8	$ 8.9	$ 87.5

[1] Leases include remaining contractual payments related to the office premises and equipment used in the normal course of business.

In addition to the contractual obligations detailed above, the following obligations exist that vary depending upon business volume and other factors:

- We pay trailing commissions to financial advisors based on AUM of their respective clients. This obligation varies based on fund performance, sales and redemptions. In 2020, we paid $118.0 million (2019 – $120.7 million) in trailing commissions.
- The Company has funded $149.2 million (November 30, 2019 – $138.5 million) in funds and investments associated with the private alternative business and has $70.2 million (November 30, 2019 – $70.3 million) remaining committed capital to be invested.

Intercompany and Related Party Transactions

Under IFRS, entities are deemed to be related parties if one entity provides key management personnel services to another entity. As such, AGF Investments Inc. and AGFC are deemed for IFRS purposes to be a related party to AGF Funds since it is the manager and administrator of AGF Funds, respectively.

The Company receives management, advisory and administration fees from AGF Funds in accordance with the respective agreements between AGF Funds and the Company. In return, the Company is responsible for management, investment advisory, and administration services and all costs connected with the distribution of securities of AGF Funds. A majority of the management, advisory and administration fees the Company earned in the years ended November 30, 2020 and 2019 were from AGF Funds. As at November 30, 2020, the Company had $15.3 million (2019 – $14.3 million) receivable from AGF Funds. The Company also acts as trustee for AGF Funds that are mutual fund trusts.

The aggregate unitholder services costs absorbed and management and advisory fees waived by the Company during the year ended November 30, 2020 on behalf of AGF Funds was approximately $10.1 million as compared to $6.0 million for the prior year. Excluding the one-time fund expense tax recovery in 2019, the aggregate unitholder services cost absorbed and management and advisory fees waived by the Company was approximately $10.1 million.

Capital Management Activities

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

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

AGF capital consists of shareholders' equity and long-term debt. The Company reviews its three-year capital plan annually while detailing projected operating budgets and capital requirements. AGF is required to submit this plan to the Executive Management committee for approval prior to seeking Board approval. AGF's Executive Management committee consists of the Executive Chairman, Chief Executive Officer and Chief Investment Officer, President and Head of Global Distribution, Senior Vice-President and CFO, and Chief Operating Officer. Once approved by the Executive Management committee, the three-year plans are reviewed and approved by AGF's Board of Directors. These plans become the basis for the payment of dividends to shareholders, the repurchase of Class B Non-Voting shares and, combined with the reasonable use of leverage, the source of funds for expansion through organic growth and strategic investments.

Investment Management Operations – Regulatory Capital

An objective of the capital management program is to ensure regulatory requirements are met for capital. AGF's Investment Management businesses, in general, is not subject to significant regulatory capital requirements in each of the jurisdictions in which they are registered and operate. The cumulative amount of minimum regulatory capital across all of AGF's Investment Management Operations is approximately $6.0 million. As at November 30, 2020, the Company was in full compliance with the regulatory requirements.

Normal Course Issuer Bid and Substantial Issuer Bid

On February 4, 2020, AGF announced that the TSX had approved the Company's notice of intention to renew the normal course issuer bid (NCIB) in respect of our 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 AGF to purchase the Class B Non-Voting shares during certain pre-determined black-out periods, subject to certain parameters. Outside of these pre-determined black-out periods, shares will be purchased in accordance with management's discretion. Shares purchased for the EBT are also purchased under the Company's NCIB and recorded as a reduction to capital stock. Under AGF's NCIB, the Class B Non-Voting shares may be repurchased from time to time at prevailing market prices or such other price as may be permitted by the TSX for amounts as follows:

- Between February 6, 2020 and February 5, 2021, up to 5,947,786 Class B Non-Voting shares, or 10% of the public float for such shares, through the facilities of the TSX (or as otherwise permitted by the TSX); and

- Between February 6, 2019 and February 5, 2020, up to 5,980,078 Class B Non-Voting shares, or 10% of the public float for such shares, through the facilities of the TSX (or as otherwise permitted by the TSX).

During the three months and year ended November 30, 2020, AGF repurchased nil and 1,000,000 (2019 – 596,890 and 596,890) Class B Non-Voting shares for cancellation for a total consideration of nil and $5.1 million (2019 – $3.5 million and $3.5 million) at an average price of nil and $5.12 per share (2019 – $6.09 and $6.09).

During the year ended November 30, 2020, AGF completed a substantial issuer bid (SIB), where AGF purchased for cancellation 7,017,542 (2019 – nil) Class B non-voting shares at a price of $5.70 per share for a total cost of $40.0 million (2019 – nil). The purchase price of shares acquired through the SIB is allocated between capital stock and retained earnings. The reduction to capital stock in connection with the SIB was $42.6 million (2019 – nil). The excess over the purchase price of $2.6 million was charged to retained earnings along with $0.5 million of transaction costs and $0.3 million of taxes associated with the SIB.

During the three months and year ended November 30, 2020, AGF purchased nil and 750,000 Class B Non-Voting shares for the EBT for a total consideration of nil and $2.6 million at an average price of nil and $3.50 per share. During the three months and year ended November 30, 2019, AGF did not purchase Class B Non-Voting shares for the EBT.

Dividends

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

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

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

Years ended November 30	2020[1]	2019	2018	2017	2016
Per share	$ 0.32	$ 0.32	$ 0.32	$ 0.32	$ 0.32

[1] Represents the total dividends paid in April 2020, July 2020 and October 2020 and to be paid in January 2021.

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 October 19, 2020 was $0.08 per share.

On December 18, 2020, the Board of Directors of AGF declared a quarterly dividend on both the Class A Voting common shares and Class B Non-Voting shares of the Company of $0.08 per share in respect of the three months ended November 30, 2020.

Outstanding Share Data

Set out below is our outstanding share data as at November 30, 2020 and 2019. For additional detail, see Notes 14 and 21 of the Consolidated Financial Statements.

November 30	November 2020	November 2019
Shares		
Class A Voting common shares	57,600	57,600
Class B Non-Voting shares[1]	69,868,569	78,223,104
Stock Options		
Outstanding options	7,214,162	7,416,929
Exercisable options	5,155,516	4,657,693

[1] During the year ended November 30, 2020, the Company completed a substantial issuer bid for 7,017,542 shares.

Key Performance Indicators, Additional IFRS and Non-IFRS Measures

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

Income

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

We derive our income principally from a combination of:

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

EBITDA Before Commissions and Adjusted EBITDA Before Commissions

We define EBITDA before commissions as earnings before interest, taxes, depreciation, amortization and deferred selling commissions and adjusted EBITDA before commissions as EBITDA before commissions net of one-time provisions and adjustments as well as IFRS 16 adjustments. EBITDA before commissions is an alternative measure of performance utilized by management, investors and investment analysts to evaluate and analyze the Company's results. This non-IFRS measure may not be directly comparable to similar measures used by other companies.

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

	Three months ended			Years ended	
(in millions of dollars)	November 30, 2020	August 31, 2020	November 30, 2019	November 30, 2020	November 30, 2019
Net income	$ 110.4	$ 47.3	$ 22.2	$ 173.9	$ 47.9
Adjustments:					
Deferred selling commissions	10.3	8.9	8.9	42.0	41.8
Amortization, derecognition and depreciation	2.5	1.8	1.0	8.2	4.2
Interest expense	1.1	1.3	1.3	6.5	6.7
Income tax expense[1]	12.7	3.3	5.3	20.5	9.4
EBITDA before commissions	**$ 137.0**	**$ 62.6**	**$ 38.7**	**$ 251.1**	**$ 110.0**
Other one-time adjustments and adoption of IFRS 16:					
Gain on sale of asset classified as held for sale, net of currency hedge	(104.4)	–	–	(104.4)	–
S&WHL special distribution, net of currency hedge	–	(32.5)	–	(32.5)	–
Fund expense tax recovery	–	–	(4.1)	–	(4.1)
Restructuring costs (release)	(1.0)	–	–	(1.0)	14.4
IFRS 16 adjustments to prior year for comparative purposes	–	–	1.2	–	4.7
Adjusted EBITDA before commissions	**$ 31.6**	**$ 30.1**	**$ 35.8**	**$ 113.2**	**$ 125.0**

[1] Three months and year ended November 30, 2020 includes $10.0 million tax expense related to gain on sale of assets classified as held for sale. Year ended November 30, 2019 includes $3.1 million tax benefit related to the restructuring provision.

EBITDA Before Commissions Margin

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

	Three months ended			Years ended	
(in millions of dollars)	November 30, 2020	August 31, 2020	November 30, 2019	November 30, 2020	November 30, 2019
EBITDA before commissions	$ 137.0	$ 62.6	$ 38.7	$ 251.1	$ 110.0
Divided by income	209.4	138.7	114.5	543.9	436.7
EBITDA before commissions margin	**65.4%**	**45.1%**	**33.8%**	**46.2%**	**25.2%**

Adjusted EBITDA Before Commissions Margin

We define adjusted EBITDA before commissions margin as the ratio of adjusted EBITDA before commissions to income. Please see the EBITDA before commissions and Adjusted EBITDA before commissions section of this MD&A for a reconciliation between adjusted EBITDA before commissions and net income.

	Three months ended			Years ended	
(in millions of dollars)	November 30, 2020	August 31, 2020	November 30, 2019	November 30, 2020	November 30, 2019
Adjusted EBITDA before commissions	$ 31.6	$ 30.1	$ 35.8	$ 113.2	$ 125.0
Divided by adjusted income	105.0	106.2	110.4	407.0	432.6
Adjusted EBITDA before commissions margin	**30.1%**	**28.3%**	**32.4%**	**27.8%**	**28.9%**

Net Debt to Adjusted EBITDA Before Commissions Ratio

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

	Three months ended			Years ended	
(in millions of dollars)	November 30, 2020	August 31, 2020	November 30, 2019	November 30, 2020	November 30, 2019
Net debt[1]	$ –	$ 162.9	$ 155.6	$ –	$ 155.6
Divided by adjusted EBITDA before commissions (12-month trailing)	113.2	117.3	125.0	113.2	125.0
Net debt to adjusted EBITDA before commissions ratio	**0.0%**	**138.9%**	**124.5%**	**0.0%**	**124.5%**

[1] Three months and year ended November 30, 2020 have nil debt.

Free Cash Flow

Free cash flow represents cash available for distribution to our shareholders, share buybacks, investment in our alternative asset management business and general corporate purposes. We define free cash flow as cash flow from operations before net changes in non-cash balances related to operations less interest paid and adjusted for certain tax items outlined below. We believe free cash flow is a relevant measure in our operations since a substantial amount of cash is spent on upfront deferred sales commission payments.

	Three months ended			Years ended	
(in millions of dollars)	November 30, 2020	August 31, 2020	November 30, 2019	November 30, 2020	November 30, 2019
Net income for the period	$ 110.4	$ 47.3	$ 22.2	$ 173.9	$ 47.9
Adjusted for non-cash items and non-cash working capital balance	49.2	(23.5)	4.1	23.0	19.6
Adjusted for net proceeds from sale of asset held for sale recorded as investing activity	(104.4)	–	–	(104.4)	–
Net cash provided by operating activities	$ 55.2	$ 23.8	$ 26.3	$ 92.5	$ 67.5
Adjusted for:					
Net changes in non-cash working capital balances related to operations	3.4	1.5	2.5	16.1	(9.8)
Income taxes paid (refunded) during the year	(7.6)	(3.2)	0.8	(2.5)	2.2
Cash taxes to be refunded (paid) related to current year free cash flow	(6.2)	(4.3)	(6.5)	(17.0)	(8.3)
Interest paid	(0.2)	(1.1)	(1.8)	(4.8)	(7.1)
Lease principal payments	(1.2)	(1.2)	–	(4.7)	–
Special distribution from associate, net of anticipated cash tax to be paid	(32.5)	–	–	(32.5)	–
Restructuring provision, net of anticipated cash tax to be refunded	(1.0)	–	–	(1.0)	11.3
Fund expense recovery, net of anticipated cash tax to be paid	–	–	(3.0)	–	(3.0)
Free cash flow	**$ 9.9**	**$ 15.5**	**$ 18.3**	**$ 46.1**	**$ 52.8**

Assets Under Management

The amount of AUM and the related fee rates are important to our business as these are the drivers of our revenue from our mutual fund, institutional and sub-advisory accounts, private client relationships and alternatives asset management business. AUM will fluctuate in value as a result of investment performance, sales and redemptions and crystallization of long-term investments. Mutual fund sales and AUM determine a significant portion of our expenses because we pay upfront commissions on gross sales and trailing commissions to financial advisors as well as investment advisory fees based on the value of AUM.

Investment Performance

Investment performance, which represents market appreciation (depreciation), is central to the value proposition that we offer advisors and unitholders. Growth in AUM resulting from investment performance increases the wealth of our unitholders and, in turn, we benefit from higher revenues. Alternatively, poor investment performance will reduce our AUM levels and result in lower management fee revenues. Strong relative investment performance may also contribute to growth in gross sales or reduced levels of redemptions. Conversely, poor relative investment performance may result in lower gross sales and higher levels of redemptions. Refer to the 'Risk Factors and Management of Risk' section of our 2020 Annual MD&A.

Net Sales (Redemptions)

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

Significant Accounting Policies

Critical Accounting Estimates and Judgements

The preparation of Consolidated Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period in which the estimate is revised if the revision affects both current and future periods.

Key areas of estimation where management has made difficult, complex or subjective judgements – often about matters that are inherently uncertain – include provision for useful lives of depreciable assets, commitments and contingencies, as well as the specific items discussed below.

(a) Impairment of Non-financial Assets

The Company determines the recoverability of each of our CGUs based on the higher of its fair value less costs to sell (FVLCTS) and its value in use (VIU). In certain instances, the Company uses a discounted cash flow methodology to estimate these amounts. Such analysis involves management's judgement in selecting the appropriate discount rate, terminal growth rate, cash flows and synergies' inclusion rate to be used in the assessment of the impairment of non-financial assets. Refer to Note 8 of the Consolidated Financial Statements for further details on the impairment of non-financial assets.

(b) Stock-based Compensation and Other Stock-based Payments

In determining the fair value of the stock-based rewards and the related charge to the consolidated statement of income, the Company makes assumptions about future events and market conditions. In particular, judgement must be formed as to the likely number of shares, RSUs or PSUs that will vest, and the fair value of each award granted. The fair value of stock options granted is determined using the Black-Scholes option-pricing model, which is dependent on further estimates, including the Company's future dividend policy and the future volatility in the price of the Class B Non-Voting shares. Refer to Note 21 of the Consolidated Financial Statements for the assumptions used. Such assumptions are based on publicly available information and reflect market expectation. Different assumptions about these factors to those made by AGF could materially affect reported net income.

(c) Income Taxes

The Company is subject to income taxes in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. AGF recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. When the estimated outcome of these matters is different from the amounts that were recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Refer to Note 29 of the Consolidated Financial Statements for further details.

(d) Fair Value Estimates of Level 3 Financial Instruments

The fair value estimates of the Company's level 3 financial instruments may require management to make judgements and estimates that can affect the amounts recognized in the Consolidated Financial Statements. Such judgements and estimates include parameter inputs that are unobservable and have an impact on the fair value of the instrument. Refer to Note 27 of the Consolidated Financial Statements for further details.

In addition, the application of the Company's accounting policies may require management to make judgements, apart from those involving estimates, that can affect the amounts recognized in the Consolidated Financial Statements. Such judgements include the determination of whether intangible assets have finite or indefinite lives and the accounting implications related to certain legal matters.

Market Capitalization

AGF's market capitalization is $394.6 million as compared to the Company's recorded net assets of $1,016.2 million as at November 30, 2020. During the year ended November 30, 2020, the Company completed its annual impairment test on the Company's goodwill and indefinite life intangibles. Based on the result of the assessment, the recoverable amount of each of AGF's cash-generating units (CGU) exceeded its carrying value as at November 30, 2020. 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, and an applicable control premium.

Risk Factors and Management of Risk

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

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

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

COVID-19 has introduced uncertainty and volatility in global markets and economies and even though equity markets are at all-time highs again, the economy is still not back to full strength and the pandemic is likely to remain a serious threat to future growth.

Governments around the world have responded with emergency measures, lockdowns, social distancing, and travel bans, which have resulted in material disruptions to business globally. Although certain of these restrictions have eased, there can be no certainty when they will be fully lifted or that they will not be expanded. While many governments have applied monetary and fiscal interventions to stabilize the economy, the full impact of these measures as well as the length and severity of the pandemic still remains unknown. The COVID-19 pandemic has the potential to expose the Company to a number of risk factors that may have a material impact on our operating and financial performance.

Risk Factors That May Affect Future Results

There are many factors that may affect our ability to execute against our strategy. Some of these factors are within our control and others, because of their nature, are beyond our control. These factors apply to our corporate strategy as well as business-specific strategies, which are included in the discussions that follow.

Market Risk

Market risk is the risk of a financial loss resulting from adverse changes in underlying market factors, such as foreign exchange rate, interest rates, and equity and commodity prices.

Foreign Exchange Risk

The Company's main foreign exchange risk derives from the U.S. and international portfolio securities held in AGF Funds. Changes in the value of the Canadian dollar relative to foreign currencies will cause fluctuations in the Canadian-dollar value of non-Canadian AUM upon which our management fees are calculated. This risk is monitored since currency fluctuation may impact the financial results of AGF; however, it is at the discretion of the fund manager to decide whether to enter into foreign exchange contracts to hedge foreign exposure on U.S. and international securities held in AGF Funds. Using average balances for the year, the effect of a 5% change in the Canadian dollar in relation to underlying U.S. and international AUM held in AGF Funds would have resulted in a corresponding change of approximately $1.1 billion in AUM for the year ended November 30, 2020. In general, for every $1.0 billion reduction of AUM, management fee revenues would decline by approximately $14.7 million.

The Company is subject to foreign exchange risk on our integrated foreign subsidiaries in the United States, Ireland and Singapore, which provide investment advisory services. These subsidiaries retain minimal monetary exposure to the local currency and their revenues are calculated in Canadian dollars. The local currency expenses are translated at the average monthly rate, and local currency assets and liabilities are translated at the rate of exchange in effect at the statement of financial position date.

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 November 30, 2020 there is no interest rate risk as of November 30, 2020. Using maximum available debt balance for the year, the effect of a 1% change in variable interest rates on our floating-rate debt and cash balances in fiscal 2020 would have resulted in a corresponding change of approximately $1.5 million into interest expense for the year ended November 30, 2020.

At November 30, 2020, approximately 17% of AGF's retail assets under management were held in fixed-income securities, which are exposed to interest rate risk. An increase in interest rates causes market prices of fixed-income securities to fall, while a decrease in interest rates causes market prices to rise. A 1% change in interest rates would have resulted in a corresponding change of approximately $0.9 million in revenue for the year ended November 30, 2020.

Price Risk

The Company is not exposed to commodity price risk. The Company is exposed to equity securities price risk on certain equity securities held by the Company and long-term investments in alternative funds. The Company's investments that have price risk include investments in investment funds managed by the Company, equity securities and long-term investments. As at November 30, 2020, the effect of a 10% decline or increase in the value of investments would have resulted in a $16.9 million pre-tax unrealized gain or loss in net income and a $0.1 impact on pre-tax unrealized gain or loss to other comprehensive income.

Political and Market Risk in Assets Under Management

AGF performance and assets under management are impacted by financial markets and political conditions, including any political change in the United States, Europe and abroad. Changes in these areas may result in significant volatility and decline in the global economy or specific international, regional and domestic financial markets, which are beyond the control of AGF. A general economic downturn, market volatility and an overall lack of investor confidence could result in lower sales, higher redemption levels and lower AUM levels. In addition, market uncertainty could result in retail investors avoiding traditional equity funds in favour of money market funds. The COVID-19 pandemic has introduced uncertainty and volatility in the global markets and economies. Market risk in our AUM transfers to the Company as our management fee revenue is calculated as a percentage of the average net asset value of each retail fund or portfolio managed. The Company does not quantify this risk in isolation; however, in general, for every $1.0 billion reduction of retail fund AUM, management fee revenues would decline by approximately $8.7 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 November 30:

Percentage of total retail fund AUM	**2020**	**2019**
Domestic equity funds	18.0%	17.9%
U.S. and international equity funds	47.1%	45.1%
Domestic balanced funds	2.1%	2.7%
U.S. and international balanced funds	7.5%	7.1%
Domestic fixed-income funds	7.8%	7.7%
U.S. and international fixed-income funds	16.7%	19.0%
Domestic money market	0.8%	0.5%
	100.0%	100.0%

Institutional and high-net-worth AUM are exposed to the same market risk as retail fund AUM. In general, for every $1.0 billion reduction of institutional and high-net-worth AUM, management fee revenues would decline by approximately $4.7 million.

Credit Risk

The Company is exposed to the risk that third parties, including clients, who owe AGF money, securities or other assets will not perform their obligations. Credit risk arises from cash and cash equivalents, investments, accounts receivable and other assets. Cash and cash equivalents consist primarily of highly liquid temporary deposits with Canadian banks, an Irish bank and non-Irish banks in Ireland, as well as bank term deposits. AGF's overall credit risk strategy and credit risk policy are developed by senior management and further refined at the business unit level, through the use of policies, processes and internal controls designed to promote business activities, while ensuring these activities are within the standards of risk tolerance levels. AGF does not have significant exposure to any individual counterparty.

Liquidity Risk

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

There are many factors that affect the liquidity of AGF Funds, including but not limited to general economic and political conditions, fluctuations in interest rates and factors unique to each issuer of the underlying securities held by an AGF Fund, such as changes in management, strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution and dividend policies and other events. In addition, the impact of unanticipated market disruptions (such as the volatility and uncertainty caused by COVID-19) may cause exchanges to suspend trading and/or investment funds to suspend dealing (which could be for an extended period of time), may exacerbate pre-existing political, social or economic risk, and may disproportionately affect certain issuers, industries or types of securities. These impacts may have an effect on the performance of the underlying securities in which an AGF Fund invests and may lead to an increase in the amount of redemptions experienced by an AGF Fund. An AGF Fund may be unable to meet redemption requests due to the inability to sell the underlying securities in a timely manner. As a result, there could be an insufficient amount of liquid assets in the AGF Funds. AGF measures and monitors liquidity risk in the AGF Funds at all times. AGF has a dedicated team that assesses risk, utilizing industry best in class and up-to-date third party tools and systems to ensure quality analysis. While AGF has no control over external market events impacting the performance of the AGF Funds and/or the loss of liquidity, AGF strives to act on adverse events as they occur.

Performance, Sales and Redemption Risk

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

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

Distribution Risk

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

Key Personnel Risk

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

Reputation Risk

Reputation risk is the risk of negative publicity regarding our business conduct or practices which, whether true or not, could significantly damage AGF's reputation, resulting in lost revenue, increased costs or destruction of shareholder value. Reputational risk could result from, among other things, operational errors, poor performance, unfavourable regulatory sanctions, litigation, cyber-attacks, or employee misconduct. While AGF mitigates this risk through a corporate-wide Code of Conduct policy, governance practices, risk-management programs, business continuity planning, a cybersecurity program and corporate policies, there can be no assurance that unauthorized or unsuccessful activities resulting in damage to AGF's reputation will not occur.

Industry Competition Risk

The level of competition in the industry is high, driven by factors including product variety, innovation, brand recognition, investment performance, management, sales and distribution relationships, fee and commission rates and other compensation matters. Sales and redemptions of mutual funds may be influenced by relative service levels, management fees, attributes of specific products in the marketplace and actions taken by competitors. AGF's competition includes other mutual fund companies, investment management firms, banks and insurance companies, some of whom have greater resources than AGF. The investment management industry's trend toward consolidation has increased the strength of some of AGF's competitors. While AGF continues to develop new products and explore new opportunities, there can be no assurance that AGF will maintain our current standing or market share. This may adversely affect AGF's business, financial condition and operating results.

In addition, there are uncertainties involved in the introduction of new products and services, including technical requirements, operational controls and procedures, compliance with regulatory requirements, and shifting market preferences. The development and introduction of new products and services may require ongoing support and investment. A failure to manage the risks involved in the implementation of new products and services may lead to operational lapses, increased capital requirements, and competitive alternatives, which could adversely affect AGF's standing, market share or investment performance relative to AGF's competitors and negatively impact the business, financial condition or operating results of AGF.

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. When implemented, the CFR Amendments will also enhance registrants' obligations with respect to know-your-client (KYC), know-your-product (KYP) and disclosure obligations, and will require registrants to clarify for clients what they should expect from their registrants. The CFR Amendments came into force on December 31, 2019, with a phased transition period over a two-year period. The Executive Management committee meets on a regular basis to assess potential impacts to, and opportunities for, AGF as a result of the CFR Amendments.

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

The OSC published proposed OSC Rule 81-502 Restrictions on the Use of the Deferred Sales Charge Option for Mutual Funds, on February 20, 2020, to limit (not ban) the use of the DSC Option in Ontario. The proposed restrictions on the DSC Option include, among others, shortening the maximum term of the redemption fee schedule to three years and limiting the use of the DSC Option to clients under the age of 60 and clients with smaller accounts, $50K or less. The OSC is proposing that OSC Rule 81-502 take effect on June 1, 2022 to coincide with the ban on the DSC Option by the other CSA members. Comments on OSC Rule 81-502 were due July 6, 2020.

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 will take effect on June 1, 2022.

AGF, as an investment fund manufacturer, offers a wide range of mutual fund series and purchase options 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 with a variety of purchase options that provide dealers, and their advisors, with the opportunity to structure compensation they determine to be most suitable based on the best interest of the investor.

As a long-standing participant in the Canadian financial services industry, the Company and 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. While the impact of these regulatory initiatives still remains uncertain until they are effective, the Company and the Company's subsidiaries will continue to monitor the implementation of these initiatives throughout the industry, and will actively participate in engagement with the regulators as necessary.

Strategic Risk

Strategic risk is the potential for negative impacts as a result of AGF's inability to execute our strategic plan or correctly identify strategic priorities. A key strategic risk is the risk that management fails to anticipate, and respond to, changes in the business environment, including product demand, regulatory changes and competition. AGF's performance is directly affected by the financial market and business conditions, including applicable laws. These are beyond the control of AGF; however, AGF's risk management process includes the ongoing review and assessment of industry and economic trends and changes. Strategies are then designed to effectively respond to any anticipated changes, including identifying acquisition opportunities, developing new business lines, introducing new products, and implementing cost control strategies.

In addition, our strategy includes strategic acquisitions and investments in associates, joint ventures and limited partnerships. There is no assurance that we will be able to complete acquisitions on the terms and conditions that satisfy our investment criteria and/or effectively integrate such acquisitions into existing operations and attain the expected benefits. After transactions are completed, meeting target return objectives is contingent upon many factors, including retaining key employees, achieving synergies and growth in AUM of the acquired companies.

Our strategic investments may involve risks and uncertainties including, but not limited to, our dependency on partners and co-venturers that are not under our control and that might become bankrupt or otherwise fail to fund their share of required capital contributions, or suffer reputational damage that could have an adverse impact on us. We do not have sole control over certain major decisions relating to these assets and businesses, which could affect our future returns on these investments.

The success of our strategic investments, including infrastructure investments, may be influenced by government and economic regulations, capital expenditure requirements, performance under customer or client contracts, general economic conditions and other material disruptions that may be outside our control such as weather conditions, natural disasters, major accidents, acts of malicious destruction, sabotage and terrorism.

Insurance Risk

AGF maintains various types of insurance coverage, which include a financial institutions bond, professional liability (errors and omissions) insurance, directors' and officers' liability insurance, cyber and network liability insurance and general commercial liability insurance. There can be no assurance that (i) a claim or claims will not exceed the limits of available insurance coverage, (ii) any insurer will remain solvent or willing to continue providing insurance coverage with sufficient limits or at a reasonable cost, or (iii) any insurer will not dispute coverage of certain claims due to ambiguities in the relevant policies. A judgement against AGF in excess of available coverage could have a material adverse effect on AGF both in terms of damages awarded and the impact on the reputation of AGF.

Information Technology and Cybersecurity Risk

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

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

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

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.

Environmental, Social and Governance Risk

Environmental, social and governance (ESG) risk is the risk that an ESG issue associated with a client, transaction, product, supplier, investment, joint venture, or activity may create a risk of loss of financial, operational, legal and/or reputational value to AGF. AGF Investments Inc. and InstarAGF Asset Management Inc. are each signatories to the United Nations Principles for Responsible Investment (PRI). Under the PRI, investors formally commit to incorporate ESG issues into their investment processes. AGF Investments Inc. and InstarAGF Asset Management Inc. regularly review their investment processes and underlying investments as they pertain to ESG issues.

Operational Risk

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

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

The Company has a comprehensive business continuity plan, which was activated in March 2020, and has taken specific measures to address and mitigate any business risks to ensure the protection of our employees and clients around the world.

As a result of COVID-19 and remote working arrangements, the Company has increased our lines of communication with our strategic partners, clients and prospects globally, delivering timely market updates and relevant information about our products through a variety of digital channels including AGF.com, weekly conference calls, webcasts and direct-to-client emails, to ensure they have the tools and resources they need to provide ongoing support to investors.

In parallel, our Executive and Crisis Management Teams are refining our back-to-office plan. AGF continues to operate effectively through remote access so any return will be gradual and measured, keeping the safety of our employees, clients and communities top of mind.

Taxation Risk

AGF is subject to various uncertainties concerning the interpretation and application of Canadian tax laws. If tax authorities disagree with AGF's application of such tax laws, AGF's profitability and cash flows could be adversely affected. AGF is considered a large case file by the Canada Revenue Agency, and as such is subject to audit each year. There is a significant lag between the end of a fiscal year and when such audits are completed. Therefore, at any given time, several years may be open for audit, which may result in an adjustment.

The foregoing discussion is not an exhaustive list of all risks and uncertainties regarding our ability to execute against our strategy. Readers are cautioned to consider other potential risk factors when assessing our ability to execute against our strategy.

Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by AGF Management Limited in reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified under those laws and include controls and procedures that are designed to ensure that information is accumulated and communicated to management, including the CEO and CFO, to allow timely decisions regarding required disclosure.

AGF Management Limited's management, under the direction of the CEO and CFO, has evaluated the effectiveness of AGF Management Limited's disclosure controls and procedures (as defined in National Instrument 52-109 of the Canadian Securities Commission) as at November 30, 2020, and has concluded that such disclosure controls and procedures were effective.

Internal Control Over Financial Reporting

The CEO and CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and receipts and expenditures of the Company are made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be designed effectively can provide only reasonable assurance with respect to financial reporting and financial statement preparation.

Management, under the direction of the CEO and CFO, has evaluated the effectiveness of the Company's internal control over financial reporting as at November 30, 2020, and has concluded that internal control over financial reporting is designed and operating effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management's assessment was based on the framework established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Summary of Annual Results

(from continuing operations)

(in millions of dollars, except per share amounts) **Years ended November 30**	**IFRS 2020[1,2]**	**IFRS 2019[3,4]**	**IFRS 2018[5]**	**IFRS 2017[6]**	**IFRS 2016[7]**
Income	$ 543.9	$ 436.7	$ 450.2	$ 455.5	$ 428.7
Expenses[11]	292.8	326.7	343.7	339.1	319.2
EBITDA before commissions[12]	251.1	110.0	106.5	116.4	109.5
Pre-tax income	194.4	57.3	62.5	61.8	52.7
Net income attributable to equity owners of the Company	173.9	47.9	73.9	52.1	42.5
Earnings per share attributable to equity owners of the Company					
Basic	$ 2.25	$ 0.61	$ 0.94	$ 0.66	$ 0.53
Diluted	2.22	0.60	0.92	0.64	0.53
Free cash flow[12]	$ 46.1	$ 52.8	$ 41.4	$ 58.7	$ 61.5
Dividends per share	$ 0.32	$ 0.32	$ 0.32	$ 0.32	$ 0.32
Long-term debt	$ –	$ 207.3	$ 188.6	$ 138.6	$ 188.2
Weighted average basic shares	77,326,775	78,739,081	79,292,775	79,330,190	79,278,876
Weighted average fully diluted shares	78,359,570	79,672,961	80,637,948	81,245,279	80,253,600

(in millions of dollars, except per share amounts) **Years ended November 30**	**IFRS 2015[8]**	**IFRS 2014**	**IFRS 2013[9]**	**IFRS 2012[10]**	**IFRS 2011**
Income	$ 449.6	$ 464.5	$ 484.5	$ 510.2	$ 585.7
Expenses[11]	322.4	309.6	320.9	321.2	337.5
EBITDA before commissions[12]	127.2	154.9	163.6	189.0	248.1
Pre-tax income	63.9	79.1	66.0	58.5	114.7
Net income attributable to equity owners of the Company	48.3	61.3	22.4	52.3	103.6
Earnings per share attributable to equity owners of the Company					
Basic	$ 0.59	$ 0.69	$ 0.25	$ 0.29	$ 0.80
Diluted	0.58	0.68	0.25	0.29	0.80
Free cash flow[12]	$ 67.8	$ 82.0	$ 102.3	$ 95.8	$ 135.9
Dividends per share	$ 0.51	$ 1.08	$ 1.08	$ 1.08	$ 1.07
Long-term debt	$ 268.8	$ 308.2	$ 307.9	$ 312.3	$ 315.1
Weighted average basic shares	82,295,595	86,000,437	88,163,616	94,117,889	94,295,903
Weighted average fully diluted shares	83,584,539	87,384,880	88,690,410	94,932,213	95,111,318

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

[2] 2020 includes $104.4 million related to gain on sale of Smith & Williamson Holdings Limited (S&WHL), net of currency hedge, and $41.3 million of dividends, net of currency hedge, from S&WHL, recognized as income.

[3] Refer to Note 3 in the 2019 Consolidated Financial Statements for more information on the adoption of IFRS 15.

[4] 2019 includes income of $4.1 million related to one-time fund expense tax recovery, and $14.4 million related to restructuring costs.

[5] 2018 includes income of $1.5 million related to the Company's share of a one-time tax levy provision reversal for S&WHL, $5.2 million of one-time restructuring and administrative costs, $21.9 million provision release, $2.2 million of interest recovery related to the transfer pricing case.

[6] 2017 includes $10.0 million of income related to a litigation settlement.

[7] 2016 includes a $2.1 million charge in income related to the Company's share of a one-time tax levy for S&WHL and $3.7 million of one-time net expense recovery related to a reversal of a provision from prior years related to Harmonized Sales Tax (HST) offset by fund transition costs.

[8] 2015 includes a $5.7 million distribution related to a crystallization of an asset and a one-time restructuring cost of $7.2 million.

[9] 2013 includes a $25.0 million one-time adjustment to tax provision related to the transfer pricing case.

[10] Refer to Annual Report 2012 for transition adjustments from GAAP to IFRS.

[11] Includes selling, general, and administrative (SG&A), restructuring provisions, trailing commissions and investment advisory fees.

[12] See the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section.

Additional Information

Additional information relating to the Company can be found in the Company's Consolidated Financial Statements and accompanying notes for the year ended November 30, 2020, the Company's 2020 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.