AGF Management Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended November 30, 2021 and 2020

Management's Discussion and Analysis

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Caution Regarding Forward-Looking Statements

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

Financial Highlights

(in millions of dollars, except share data) Three months ended	Nov. 30, 2021	Aug. 31, 2021	May 31, 2021	Feb. 28, 2021	Nov. 30, 2020[1,2]	Aug. 31, 2020[1,3]	May 31, 2020[1]	Feb. 29, 2020[1]
AUM & fee-earning assets[4]	$ 42,635	$ 43,360	$ 40,809	$ 39,251	$ 38,268	$ 36,464	$ 35,762	$ 36,865
Mutual fund net sales (redemptions)	352	288	408	385	88	(22)	(93)	(344)
Income	121.9	123.1	109.5	107.3	209.4	138.7	89.0	106.7
Selling, general & administrative	49.9	50.1	47.1	48.0	43.1	46.1	40.2	45.3
EBITDA before commissions[5]	35.5	37.5	28.2	26.8	137.0	62.6	21.2	30.2
Adjusted EBITDA before commissions[6]	35.5	37.5	28.2	26.8	31.6	30.1	21.2	30.2
Net income before tax	16.9	20.0	7.1	7.8	123.1	50.6	7.0	13.6
Net income	13.8	14.9	5.0	5.6	110.4	47.3	5.3	10.8
Adjusted net income[6]	13.8	14.9	5.0	5.6	15.0	14.8	5.3	10.8
Earnings per share								
Basic	$ 0.20	$ 0.21	$ 0.07	$ 0.08	$ 1.46	$ 0.61	$ 0.07	$ 0.14
Diluted	0.19	0.21	0.07	0.08	1.43	0.60	0.07	0.13
Adjusted diluted[6]	0.19	0.21	0.07	0.08	0.19	0.19	0.07	0.13
Free cash flow[6]	12.5	21.5	10.4	10.5	9.9	15.5	6.1	14.5
Dividends per share	0.09	0.09	0.08	0.08	0.08	0.08	0.08	0.08
Long-term debt[6]	–	–	–	–	–	194.3	199.9	216.9
Average basic shares	69,831,890	69,840,774	70,014,806	70,147,427	75,882,292	77,803,877	78,393,086	78,570,122
Average fully diluted shares	71,598,548	72,287,249	72,138,793	71,553,205	77,022,549	78,904,921	79,058,740	80,530,285

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

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

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

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

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

6 Adjusted net income, adjusted diluted earnings per share, free cash flow, adjusted EBITDA before commissions 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, 2021	Three months ended Aug. 31, 2021	Three months ended Nov 30, 2020	Years ended Nov. 30, 2021	Years ended Nov. 30, 2020
AUM end of the period					
Mutual Funds	$ 24,006	$ 23,792	$ 20,322	$ 24,006	$ 20,322
Institutional, sub-advisory, ETFs	9,371	10,302	9,638	9,371	9,638
Private Client	7,077	7,073	6,043	7,077	6,043
Private Alternatives AUM[6]	73	99	227	73	227
Total AUM[6]	**$ 40,527**	**$ 41,266**	**$ 36,230**	**$ 40,527**	**$ 36,230**
Private alternatives fee-earning assets[7]	2,108	2,094	2,038	2,108	2,038
Total AUM and fee-earning assets[7] end of period	**$ 42,635**	**$ 43,360**	**$ 38,268**	**$ 42,635**	**$ 38,268**
Mutual Fund net sales (redemptions)	$ 352.0	$ 288.0	$ 88.0	$ 1,432.0	$ (371.0)
EBITDA before commissions[1]	35.5	37.5	137.0	127.7	251.1
Net income	13.8	14.9	110.4	39.3	173.9
Diluted earnings per share	0.19	0.21	1.43	0.55	2.22
Free cash flow[2]	12.5	21.5	9.9	54.8	46.1
SUPPLEMENTARY FINANCIAL INFORMATION					
Adjusted EBITDA before commissions					
Adjusted EBITDA before Private Alternatives & S&WHL[3]	$ 28.2	$ 29.2	$ 24.5	$ 108.8	$ 89.2
From Private Alternative Managers[4]	0.9	2.9	1.6	5.1	2.9
From Private Alternative Long-term Investments[5]	6.4	5.4	5.5	13.8	7.8
Adjusted EBITDA before commissions excluding EBITDA from S&WHL	**$ 35.5**	**$ 37.5**	**$ 31.6**	**$ 127.7**	**$ 99.9**
From S&WHL[3]	–	–	–	–	13.3
Adjusted EBITDA before commissions	**$ 35.5**	**$ 37.5**	**$ 31.6**	**$ 127.7**	**$ 113.2**
Adjusted net income					
Adjusted net income before Private Alternatives & S&WHL[3]	7.9	8.2	8.7	24.3	23.4
From Private Alternative Managers[4]	0.7	2.7	1.6	4.5	2.9
From Private Alternative Long-term Investments[5]	5.2	4.0	4.7	10.5	6.4
Adjusted net income excluding net income from S&WHL	**$ 13.8**	**$ 14.9**	**$ 15.0**	**$ 39.3**	**$ 32.7**
From S&WHL[3]	–	–	-	–	13.3
Adjusted net income	**$ 13.8**	**$ 14.9**	**$ 15.0**	**$ 39.3**	**$ 46.0**
Adjusted diluted earnings per share before Private Alternatives & S&WHL[3]	0.11	0.12	0.11	0.34	0.30
From Private Alternative Managers[4]	0.01	0.03	0.02	0.06	0.04
From Private Alternative Long-term Investments[5]	0.07	0.06	0.06	0.15	0.08
Adjusted diluted earnings per share excluding S&WHL	**$ 0.19**	**$ 0.21**	**$ 0.19**	**$ 0.55**	**$ 0.42**
From S&WHL[3]	–	–	–	–	0.17
Adjusted diluted earnings per share	**$ 0.19**	**$ 0.21**	**$ 0.19**	**$ 0.55**	**$ 0.59**

[1] Refer to Note 5 on page 4.

[2] Refer to Note 6 on page 4.

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

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

[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] Total AUM and Private Alternatives AUM has been reclassified and restated to exclude co-investment AUM for comparative purposes.

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

A Year in Review

2021 was a successful year for AGF, which saw strong mutual funds sales throughout the year, and the continued execution of its strategic plan. Below is a summary of our strategic and financial highlights for the year.

Strategic and Financial Highlights

AUM and Sales

AGF reported $42.6 billion in assets under management and fee-earning assets as at November 30, 2021, as compared to $43.4 billion as at August 31, 2021 and $38.3 billion as at November 30, 2020. Excluding Private Alternatives, AUM was $40.5 billion as at November 30, 2021, as compared to $41.2 billion as at August 31, 2021 and $36.0 billion as at November 30, 2020.

During the three months ended November 30, 2021, sales momentum increased as AGF reported mutual fund net sales of $352.0 million compared to $288.0 million for the three months ended August 31, 2021 and $88.0 million in the comparative prior year period. Retail mutual fund[1] net sales were $355.0 million for the quarter compared to $288.0 million for the three months ended August 31, 2021 and $66.0 million in the comparative prior year period. For the year ended November 30, 2021, AGF reported mutual fund net sales of $1,432.0 million compared to net redemptions of $371.0 million in 2020. Retail mutual net sales were $1,450.0 million for the year compared to net redemptions of $172.0 million in 2020.

The sales momentum has continued into the first quarter of 2022, with net sales of $115.0 million as at January 21, 2022.

Investment Performance

AGF aims to deliver consistent and repeatable investment performance with a target of 50% over one year and 40% over three years when looking at AGF's mutual fund gross returns (before fees) relative to peers within the same category, with 1st percentile being best possible performance. As at November 30, 2021, AGF's average percentile over the past one year was 53% (2020 – 41%) and the average percentile over the past three years was 51% (2020 – 53%). Though below target, AGF delivered consistent performance over the last three years with a slight weakening of the one-year performance as market breadth narrowed with mega cap stocks, a portion of the market underrepresented in AGF's portfolios, driving market returns. AGF manages a diverse set of funds by style and over the last one-year period AGF's core global funds experienced improved performance while the growth-oriented funds saw slightly weaker performance.

Strategic Highlights

Agreement between AGF and PFSL Investments Canada

On November 22, 2021, AGF announced it had reached a definitive agreement with its longstanding partner, PFSL Investments Canada Ltd. ("PFSL"), establishing a new multi-year product and services distribution agreement. AGF has been named as one of only two asset management firms set to initially launch on PFSL's evolving distribution platform. Under the new distribution arrangement, AGF intends to deliver a new lineup of mutual funds that will be offered exclusively to PFSL clients in 2022. The new funds are subject to regulatory approval.

Private Alternatives

In August 2021, AGF, in partnership with the SAF Group (SAF), announced the launch of AGF SAF Private Credit Limited Partnership and AGF SAF Private Credit Trust. The new offerings provide both institutional and retail investors access to the benefit of private credit investing.

[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.

In addition, AGF announced an evolution of its strategic partnership with SAF. The partnership is focused on providing investors access to unique private alternative opportunities leveraging AGF's operations and distribution reach coupled with SAF's private credit investment management expertise. AGF and SAF have agreed to a definitive agreement along with a distribution arrangement as an alternative to AGF exercising its option to acquire management contracts of select SAF funds.

In August 2021, AGF announced a strategic private equity partnership with First Ascent Ventures (First Ascent) focused on investing in emerging technology companies that are building the next generation of disruptive, fast growing enterprise B2B software companies. AGF has made a $30 million cornerstone investor commitment to First Ascent's second fund and is a member of the Limited Partner Advisory Committee of the fund.

In June 2021, one of AGF's long-term private alternative investments, SAF Jackson Management LP (SAFJM LP), was fully monetized, with a final cash distribution of $5.9 million received. As part of this transaction, AGF through its joint venture ownership interest in the manager received $2.4 million of carried interest.

In May 2021, AGF announced a definitive agreement with Instar Group Inc. (Instar) to conclude their joint venture relationship in InstarAGF Asset Management Inc. (InstarAGF) following the establishment of its two flagship funds, InstarAGF Essential Infrastructure Fund I and II (together, the InstarAGF Funds). Based on the terms of the agreements, the Company maintained its respective long-term investments, as well as the carried interest participation in the InstarAGF Funds (carried interest entities). In addition, the Company and Instar entered into a fee arrangement whereby AGF will earn ongoing annual fees of 14 bps on the assets under management of the InstarAGF Funds.

AGFWave Asset Management Inc. (AGFWave)

AGF's joint venture with WaveFront Global Asset Management Corp., AGFWave, brought its first new strategy, the Hwabao AGFWave China New Era Infrastructure mandate, to market with its strategic partners, Hwabao WP Fund Management and J Royal Asset Management, with a focus on targeting investors eligible in China and institutions globally looking for access to the Chinese market. The new innovative mandate – integrating traditional and new infrastructure – brings together AGF's and Hwabao's quantitative investing capabilities for these rapidly growing markets providing diversified access to China's robust and growing digital economy and carbon neutrality pledge.

Financial Highlights – Year Ended November 30, 2021

Management, advisory and administration fees were $432.2 million for the year ended November 30, 2021, a 15.3% increase compared to $374.7 million for the prior year period. The increase is attributable to higher average AUM driven by strong mutual fund net sales and market growth.

SG&A was $195.1 million for the year ended November 30, 2021 compared to $174.7 million for the prior year period. The increase is driven by higher variable compensation costs associated with sales growth and improved performance metrics, increased corporate development activity as part of the Company's capital deployment plan and a 39% increase in the AGF.B share price year over year, resulting in higher share-based compensation. For the year ended November 30, 2021, corporate development expenses were $2.2 million.

For the year ended November 30, 2021, AGF reported adjusted EBITDA before commissions of $127.7 million, an increase of $27.8 million or 27.8% compared to $99.9 million for the comparative prior year period, excluding S&WHL. For the year ended November 30, 2021, AGF reported adjusted EBITDA before commissions margin of 27.7% compared to 25.4% for the prior year period, excluding S&WHL.

Adjusted EBITDA before Private Alternatives was $108.8 million, an increase of $19.7 million or 22.1% compared to $89.2 million for the comparative prior year period. EBITDA from private alternatives was $18.9 million, compared to $10.7 for the prior year period. Of the $18.8 million, $5.1 million was generated from AGF's interest in private alternative managers and $13.8 million was generated from AGF's investment in private alternative long-term investments.

For the year ended November 30, 2021, adjusted diluted earnings per share was $0.55 compared to $0.59 for the prior year period. Excluding earnings from S&WHL and one-time items, adjusted diluted earnings per share was $0.42 in the comparative prior year period. The increase is primarily due to the growth in mutual fund sales as well as the income generated from AGF's interest in private alternative managers and long-term investments.

Financial Highlights – Quarter Ended November 30, 2021

Management, advisory and administration fees were $113.0 million for the three months ended November 30, 2021, compared to $110.9 million for the three months ended August 31, 2021 and $95.9 million for the comparative prior year period. The increase is attributable to higher average AUM driven by mutual fund net sales and market growth.

Selling, general and administrative costs were $49.9 million for the three months ended November 30, 2021, compared to $50.1 million for the three months ended August 31, 2021 and $43.1 million for the comparative prior year period. The increase from the prior year was due to higher performance-based compensation related to company performance, increased mutual fund sales and higher stock-based compensation driven by a 39% increase in the AGF.B share price, year over year.

For the three months ended November 30, 2021, AGF reported total adjusted EBITDA before commissions of $35.5 million, a decrease of $2.0 million or 5.3% compared to $37.5 million for the three months ended August 31, 2021 and an increase of $3.9 million or 12.3% compared to $31.6 million in the comparative prior year period. For the three months ended November 30, 2021, AGF reported adjusted EBITDA before commissions margin of 29.1% compared to 30.5% for the three months ended August 31, 2021 and 30.1% in the prior year comparative period.

For the three months ended November 30, 2021, EBITDA from private alternatives was $7.3 million, compared to $8.3 million for the three months ended August 31, 2021 and $7.1 million for the comparative prior year period. Of the $7.3 million, $0.9 million was generated from AGF's interest in private alternative managers and $6.4 million was generated from AGF's investment in private alternative long-term investments.

For the three months ended November 30, 2021, adjusted diluted earnings per share was $0.19 compared to $0.21 for the three months ended August 31, 2021 and $0.19 in the comparative prior year period. The growth in mutual fund sales as well as the increase in the Company's stock price in the current quarter resulted in an increase in variable sales compensation, DSC commissions and stock compensation, which were fully recognized in the period, resulting in a $0.02 negative impact to EPS compared to Q3-21 and a $0.10 negative impact to EPS compared to prior year.

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A) is as of January 25, 2022 and presents an analysis of the financial condition of AGF Management Limited (AGF or the Company) and its subsidiaries for the three months and year ended November 30, 2021, compared to the three months and year ended November 30, 2020. The MD&A should be read in conjunction with the Consolidated Financial Statements for the year ended November 30, 2021. The financial statements for the year ended November 30, 2021, including required comparative information, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to the preparation of interim financial statements, including International Accounting Standard 34 (IAS 34), Interim Financial Reporting, unless otherwise noted.

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

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

Our Business and Strategy

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

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

Through AGF's Private Alternatives Business, AGF provides investors access to alternative investments as part of a disciplined investment approach. AGF's Private Alternatives Business is central to the firm's mission to bring stability to the world of investing. In an increasingly complex market environment, investors are actively seeking out opportunities to diversify their sources of return away from traditional equity and fixed income investments. The firm's alternative investment strategies range across structures and vehicles tailored to each client segment depending on their unique needs including liquidity and redemption privileges.

Overview – Private Alternatives

AGF is a well-established participant in the private alternative marketplace. AGF's Private Alternatives Business, with $2.2 billion of AUM and fee-earning assets, comprised of $0.1 billion in AUM and $2.1 billion in fee-earning assets, includes relationships with Instar, SAF and First Ascent, bringing to market distinctive investments including the flagship InstarAGF Essential Infrastructure Fund I and Fund II and the Stream Asset Financial LP, SAF Jackson, AGF SAF Private Credit Limited Partnership and First Ascent Ventures II LP.

In August 2021, AGF announced a strategic private equity partnership with First Ascent focused on investing in emerging technology companies. Based on the terms of the agreements, AGF has committed a $30.0 million cornerstone investment to First Ascent's second fund (First Ascent Fund) and is a member of the Limited Partner Advisory Committee. AGF will earn annual fee of $0.2 million during the commitment period and 11.5 bps on the net invested capital after the commitment period. The First Ascent Fund has a capital raising target of $125.0 million. As at November 30, 2021, First Ascent Fund assets were $97.0 million and are included in Private Alternative fee-earning assets.

In August 2021, AGF and SAF agreed to a definitive agreement along with a distribution arrangement, an evolution of its strategic partnership with SAF following the successful launches of two connected offerings: AGF SAF Private Credit Limited Partnership (PCLP) and AGF SAF Private Credit Trust, in the third quarter of 2021. In addition, AGF entered into an agreement with AGF SAF Private Credit GP to act as a general partner over PCLP. This partnership is focused on providing investors access to unique private alternative opportunities leveraging AGF's operations and distribution reach coupled with SAF's private credit investment management expertise.

Instar is an independent alternative management firm focused on middle-market investment opportunities primarily in North America. In 2014, AGF and Instar formed the InstarAGF Asset Management Inc. (InstarAGF) joint venture to bring to market essential infrastructure investment opportunities. In May 2021, AGF announced changes to its relationship with Instar Group Inc. The joint venture relationship in InstarAGF Asset Management Inc. (InstarAGF) was concluded following the establishment of its two flagship funds, InstarAGF Essential Infrastructure Fund I and II (together, the InstarAGF Funds). Based on the terms of the agreements, the Company maintained its respective long-term investments, as well as the carried interest participation in the InstarAGF Funds (carried interest entities). In addition, the Company and Instar entered into a fee arrangement whereby AGF will earn ongoing annual fees of 14 basis points (bps) on the assets under management of InstarAGF Funds. AGF has also announced an anticipated commitment of US$50.0 million upon the successful launch of Instar's third fund. Upon AGF's commitment to Instar's third fund, the Company will earn ongoing annual fees of 7 bps on the assets under management of Instar's third fund as well as participate in the carried interest. As at November 30, 2021, the InstarAGF Funds assets were $2.0 billion and are included in Private Alternative fee-earning assets.

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

Management Fee-Related Earnings, Carried Interest and Fee Arrangements

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

For the year ended November 30, 2021, AGF's net income from private alternative managers was $4.5 million (2020 − $2.9 million) and AGF received $4.6 million (2020 − $3.7 million) in distributions recognized as free cash flow, of which $2.2 million (2020 − $0.2 million) related to carried interest earned through AGF's joint venture ownership in the manager SAFJM LP.

Invested Capital Value

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

AGF has committed total capital of $282.0 million since 2014 and has $71.0 million remaining to be funded. AGF has also announced an anticipated commitment of US$50.0 million upon the successful launch of Instar's third fund. Since 2014, AGF has received $111.8 million in cash, comprised of $53.0 million returned capital and $58.8 million in cash distributions, net of tax. The fair value of investments as at November 30, 2021 is $160.7 million.

COVID-19

COVID-19 and the ongoing pandemic remain a significant concern and source of volatility for global markets.

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 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 basis, where permitted, with employees required to complete a health attestation on behalf of their households to ensure AGF follows and maintains health and safety protocols.
- As needed, in each of our regional locations, certain offices have paused office access for periods of time in accordance with local government guidance.
- Existing business travel bans and bans on participation in external conferences and events remain in place in certain regions until further notice.

Back-to-Office Guiding Principles

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

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

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.

Investment Capabilities

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

Fundamental

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

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

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

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

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

Quantitative

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

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

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

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

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

Private Alternatives

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

Private Client

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

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

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

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

Corporate Responsibility

AGF Sustainability Council

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

Council Objectives Include:

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

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

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

Employees

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

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

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

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

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

Workforce Diversity

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

The Living Wage

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

CEO-to-Employee Pay Ratio

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

Clients

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

Environmental, Social, and Governance (ESG) Integration

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

Fundamental Analysis

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

ESG Risk Oversight

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

Active Ownership

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

ESG Thought Leadership

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

Signatory and member of:*

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

Foundations of Investment Stewardship

Research and Analysis

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

Risk Oversight

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

Active Ownership

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

Engagement

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

Shareholders

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

Direct Ownership

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

Annual Assessment

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

Ethical Conduct

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

Board

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

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

Communities

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

Education

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

Environment

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

Diversity

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

Assets Under Management and Fee-earning Assets[1]

	Three months ended					Years ended	
(in millions of dollars)	Nov. 30, 2021	Aug. 31, 2021	May 31, 2021	Feb. 28, 2021	Nov. 30, 2020	Nov. 30, 2021	Nov. 30, 2020
Mutual fund AUM beginning of the period[2]	$ 23,792	$ 22,290	$ 21,394	$ 20,322	$ 19,232	$ 20,322	$ 19,346
Gross sales	914	790	1,060	1,042	679	3,806	2,240
Redemptions	(562)	(502)	(652)	(657)	(591)	(2,374)	(2,611)
Net sales (redemptions)	352	288	408	385	88	1,432	(371)
Market appreciation (depreciation) of fund portfolios	$ (138)	$ 1,214	$ 488	$ 687	$ 1,002	$ 2,252	$ 1,347
Mutual fund AUM end of the period[2]	$ 24,006	$ 23,792	$ 22,290	$ 21,394	$ 20,322	$ 24,006	$ 20,322
Average daily mutual fund AUM[1,2]	$ 23,896	$ 23,104	$ 22,011	$ 21,118	$ 19,487	$ 22,532	$ 18,804
Institutional, sub-advisory, ETF AUM beginning of period	$ 10,302	$ 9,713	$ 9,403	$ 9,638	$ 9,252	$ 9,638	$ 10,755
Net change including market performance	(931)	589	310	(235)	386	(267)	(1,117)
Institutional, sub-advisory, ETF AUM end of the period	$ 9,371	$ 10,302	$ 9,713	$ 9,403	$ 9,638	$ 9,371	$ 9,638
Private client AUM	$ 7,077	$ 7,073	$ 6,689	$ 6,300	$ 6,043	$ 7,077	$ 6,043
Subtotal excluding private alternatives AUM end of the period	**$ 40,454**	**$ 41,167**	**$ 38,692**	**$ 37,097**	**$ 36,003**	**$ 40,454**	**$ 36,003**
Private alternatives AUM[3]	$ 73	$ 99	$ 134	$ 142	$ 227	$ 73	$ 227
Total AUM[3]	**$ 40,527**	**$ 41,266**	**$ 38,826**	**$ 37,239**	**$ 36,230**	**$ 40,527**	**$ 36,230**
Private alternatives fee-earning assets[1,3]	$ 2,108	$ 2,094	$ 1,983	$ 2,012	$ 2,038	$ 2,108	$ 2,038
Total AUM and fee-earning assets[1] end of the period	**$ 42,635**	**$ 43,360**	**$ 40,809**	**$ 39,251**	**$ 38,268**	**$ 42,635**	**$ 38,268**

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

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

[3] Total AUM and Private alternatives AUM have been reclassified and restated to exclude co-investment AUM for comparative purposes.

Private Alternatives AUM and Fee-earning Assets

	Three months ended					Years ended	
(in millions of dollars)	Nov. 30, 2021	Aug. 31, 2021	May 31, 2021	Feb. 28, 2021	Nov. 30, 2020	Nov. 30, 2021	Nov. 30, 2020
Private alternatives AUM[1]	$ 73	$ 99	$ 134	$ 142	$ 227	$ 73	$ 227
Private alternatives fee-earning assets[1,2]	2,108	2,094	1,983	2,012	2,038	2,108	2,038
Total private alternatives AUM and fee-earning assets[2]	**$ 2,181**	**$ 2,193**	**$ 2,117**	**$ 2,154**	**$ 2,265**	**$ 2,181**	**$ 2,265**

[1] Private alternatives AUM has been reclassified and restated to exclude co-investment AUM for comparative purposes.

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

Change in Assets Under Management and Fee-earning Assets

Total assets under management was $42.6 billion at November 30, 2021, compared to $38.3 billion at November 30, 2020. Private alternative AUM and fee-earning assets were $2.2 billion at November 30, 2021 compared to $2.3 billion at November 30, 2020. The COVID-19 pandemic remained a dominant force shaping financial markets in 2021, including threats from the latest variant, Omicron. 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.

Reported mutual funds net sales were $1,432.0 million for the year ended November 30, 2021, compared to net redemptions of $371.0 million for the year ended November 30, 2020. Retail mutual fund net sales, which exclude net flows from institutional clients invested in mutual funds[1], were $1,450.0 million for the year compared to net redemptions of $172.0 million in the prior year.

Reported mutual funds net sales were $352.0 million for the three months ended November 30, 2021, compared to $88.0 million for the three months ended November 30, 2020. Excluding net flows from institutional clients invested in mutual funds[1], retail mutual fund net sales were $355.0 million for the quarter compared to $66.0 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, 2021**	**August 31, 2021**	**November 30, 2020**	**November 30, 2021**	**November 30, 2020**
Income					
Management, advisory and administration fees	$ 113.0	$ 110.9	$ 95.9	$ 432.2	$ 374.7
Deferred sales charges	1.6	1.5	1.6	6.3	6.0
Share of profit of joint ventures	0.1	2.2	1.6	3.1	2.9
Other income from fee-earning arrangements	0.8	0.7	–	1.9	–
Dividend income, net of currency hedge	–	–	–	–	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	6.4	7.8	5.9	18.1	10.1
Total income	$ 121.9	$ 123.1	$ 209.4	$ 461.6	$ 543.9
Expenses					
Selling, general and administrative	49.9	50.1	43.1	195.1	174.7
Restructuring provision	–	–	(1.0)	–	(1.0)
Trailing commissions	36.3	35.3	30.1	138.0	118.0
Investment advisory fees	0.2	0.2	0.2	0.8	1.1
	$ 86.4	$ 85.6	$ 72.4	$ 333.9	$ 292.8
EBITDA before commissions[1]	**$ 35.5**	**$ 37.5**	**$ 137.0**	**$ 127.7**	**$ 251.1**
Deferred selling commissions	15.3	14.1	10.3	62.6	42.0
Amortization, derecognition and depreciation	2.6	2.7	2.5	10.5	8.2
Interest expense	0.7	0.7	1.1	2.8	6.5
Net income before income taxes	$ 16.9	$ 20.0	$ 123.1	$ 51.8	$ 194.4
Income tax expense[2]	3.1	5.1	12.7	12.5	20.5
Net income for the period	**$ 13.8**	**$ 14.9**	**$ 110.4**	**$ 39.3**	**$ 173.9**
Basic earnings per share	$ 0.20	$ 0.21	$ 1.46	$ 0.56	$ 2.25
Diluted earnings per share	$ 0.19	$ 0.21	$ 1.43	$ 0.55	$ 2.22

[1] For the definition of EBITDA before commissions, see the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section. The items required to reconcile EBITDA before commissions to net income, a defined term under IFRS, are detailed above.
[2] Year ended November 30, 2020 includes $10.0 million income tax expense related to the gain on sale of S&WHL.

One-time Adjustments

	Three months ended			Years ended	
(in millions of dollars, except per share data)	November 30, 2021	August 31, 2021	November 30, 2020	November 30, 2021	November 30, 2020
Dividend income, net of currency hedge	**$ –**	**$ –**	**$ –**	**$ –**	**$ 45.8**
Deduct:					
One-time S&WHL special distribution, net of currency hedge	–	–	–	–	(32.5)
Adjusted dividend income	**$ –**	**$ –**	**$ –**	**$ –**	**$ 13.3**
EBITDA before commissions[1]	**$ 35.5**	**$ 37.5**	**$ 137.0**	**$ 127.7**	**$ 251.1**
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)
One-time restructuring release	–	–	(1.0)	–	(1.0)
Adjusted EBITDA before commissions[1]	**$ 35.5**	**$ 37.5**	**$ 31.6**	**$ 127.7**	**$ 113.2**
Income tax expense	**$ 3.1**	**$ 5.1**	**$ 12.7**	**$ 12.5**	**$ 20.5**
Deduct:					
Tax impact on the one-time adjustments to EBITDA before commissions	–	–	(10.0)	–	(10.0)
Adjusted income tax expense	**$ 3.1**	**$ 5.1**	**$ 2.7**	**$ 12.5**	**$ 10.5**
Net income for the period before one-time adjustments	**$ 13.8**	**$ 14.9**	**$ 110.4**	**$ 39.3**	**$ 173.9**
Deduct:					
One-time adjustments to EBITDA before commissions from above	–	–	(105.4)	–	(137.9)
Tax impact on the one-time adjustments to EBITDA before commissions	–	–	10.0	–	10.0
Adjusted net income for the period	**$ 13.8**	**$ 14.9**	**$ 15.0**	**$ 39.3**	**$ 46.0**
Adjusted diluted EPS	**$ 0.19**	**$ 0.21**	**$ 0.19**	**$ 0.55**	**$ 0.59**

[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

(in millions of dollars, except per share data)	Three months ended November 30, 2021	Three months ended August 31, 2021	Three months ended November 30, 2020	Years ended November 30, 2021	Years ended November 30, 2020
Income					
Management, advisory and administration fees	$ 113.0	$ 110.9	$ 95.9	$ 432.2	$ 374.7
Deferred sales charges	1.6	1.5	1.6	6.3	6.0
Share of profit of joint ventures	0.1	2.2	1.6	3.1	2.9
Other income from fee-earning arrangements	0.8	0.7	–	1.9	–
Adjusted dividend income from S&WHL	–	–	–	–	13.3
Fair value adjustments and other income	6.4	7.8	5.9	18.1	10.1
Total income	$ 121.9	$ 123.1	$ 105.0	$ 461.6	$ 407.0
Expenses					
Selling, general and administrative	49.9	50.1	43.1	195.1	174.7
Trailing commissions	36.3	35.3	30.1	138.0	118.0
Investment advisory fees	0.2	0.2	0.2	0.8	1.1
	$ 86.4	$ 85.6	$ 73.4	$ 333.9	$ 293.8
Adjusted EBITDA before commissions[1]	**$ 35.5**	**$ 37.5**	**$ 31.6**	**$ 127.7**	**$ 113.2**
Deferred selling commissions	$ 15.3	$ 14.1	$ 10.3	$ 62.6	$ 42.0
Amortization, derecognition and depreciation	2.6	2.7	2.5	10.5	8.2
Interest expense	0.7	0.7	1.1	2.8	6.5
Adjusted income tax expense	3.1	5.1	2.7	12.5	10.5
Adjusted net income for the period	**$ 13.8**	**$ 14.9**	**$ 15.0**	**$ 39.3**	**$ 46.0**
Adjusted diluted earnings per share excluding S&WHL	$ 0.19	$ 0.21	$ 0.19	$ 0.55	$ 0.42
Adjusted diluted earnings per share	**$ 0.19**	**$ 0.21**	**$ 0.19**	**$ 0.55**	**$ 0.59**

[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.

Commentary on Consolidated Results of Operations

Income

Management, Advisory and Administration Fees

Management, advisory fees and administration fees are directly related to our AUM levels and are recognized on an accrual basis. For the three months and year ended November 30, 2021, management, advisory and administration fees were $113.0 million and $432.2 million, an increase of $17.1 million and $57.5 million or 17.8% and 15.3%, compared to $95.9 million and $374.7 million in the same periods in 2020. A breakdown of the change is as follows:

(in millions of dollars)	Three months ended November 30, 2021	Year ended November 30, 2021
Increase in management, advisory and administration fees	$ 17.2	$ 57.5
Increase in fund expense and waivers	(0.1)	–
Total change in management, advisory and administration fees	**$ 17.1**	**$ 57.5**

Management, advisory and administration fees increased by $17.2 million and $57.5 million or 17.7% and 15.0% driven by an increase in average mutual fund AUM compared to the prior year and a higher average revenue rate as a result of product mix.

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 $6.3 million for the three months and year ended November 30, 2021, compared to $1.6 million and $6.0 million for the same periods in 2020.

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, 2021, earnings were $0.1 million and $3.1 million (2020 − $1.6 million and $2.9 million). On May 26, 2021, the Company reached an agreement with Instar to conclude the joint venture relationship in InstarAGF, which resulted in no share of profit recorded for the year ended November 30, 2021. For additional information on the agreement, refer to the Other Income from Fee-earning Arrangements below. During the three months and year ended November 30, 2021, the Company recognized nil (2020 − $1.0 million) and $2.2 million (2020 − $1.0 million) of carried interest revenue through AGF's joint venture ownership in the manager of SAFM LP. For additional information, see Note 5(a) of the Consolidated Financial Statements.

Other Income from Fee-earning Arrangements

On May 26, 2021, the Company entered into an agreement with Instar whereby AGF will earn ongoing annual fees of 14 bps on the assets under management of the InstarAGF Funds. For the three months and year ended November 30, 2021, the Company recognized income of $0.8 million and $1.9 million related to the fee arrangement.

Income from Smith & Williamson

The Company sold its 28.0% interest in S&WHL during the three months ended November 30, 2020, 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. During the three months and year ended November 30, 2020, dividend income, net of currency hedge, of nil and $45.8 million was recognized, of which $32.5 million of special distribution was classified as a one-time item. For additional information on the gain on sale, refer to Note 8 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 alternatives products, which are accounted for at fair value through profit or loss. During the year ended November 30, 2021, the Company recorded income of $6.4 million and $13.8 million (2020 – $5.5 million and $7.8 million) as fair value adjustments and income distributions related to our economic interest in the investments in our private alternatives products. The amounts recorded as income fluctuate primarily with the amount of capital invested, monetizations, and changes in fair value and foreign exchange.

During the three months and year ended November 30, 2021, the Company recorded interest and other income of $0.2 million and $2.1 million (2020 – loss of $0.1 million and income of $1.5 million).

	Three months ended			Years ended	
(in millions of dollars)	November 30, 2021	August 31, 2021	November 30, 2020	November 30, 2021	November 30, 2020
Fair value adjustment related to investment in AGF mutual funds	$ (0.2)	$ 1.1	$ 0.5	$ 2.2	$ 0.8
Fair value adjustment and distributions related to long-term investments	6.4	5.4	5.5	13.8	7.8
Interest income	–	0.3	–	0.5	0.9
Other	0.2	1.0	(0.1)	1.6	0.6
	$ 6.4	**$ 7.8**	**$ 5.9**	**$ 18.1**	**$ 10.1**

Expenses

Selling, General and Administrative Expenses (SG&A)

SG&A increased by $6.8 million and by $20.4 million or 15.8% and 11.7% for the year ended November 30, 2021, compared to the same periods in 2020. Excluding variable compensation costs and corporate development costs, core expenses increased $2.0 million and $1.2 million for the three months and year ended November 30, 2021 compared to the same periods in 2020.

(in millions of dollars)	Three months ended November 30, 2021	Year ended November 30, 2021
Increase in performance-based compensation expenses	$ 4.7	$ 13.2
Increase in stock-based compensation expenses	0.1	3.8
Increase in corporate development expenses	–	2.2
Increase in other expenses	2.0	1.2
Total increase in SG&A	**$ 6.8**	**$ 20.4**

The following explains expense changes in the three months and year ended November 30, 2021, compared to the same periods in the prior year:

- Variable performance-based compensation expenses increased by $4.7 million and $13.2 million due to higher mutual fund sales and related sales commissions as well as improved performance metrics resulting in increased variable compensation.
- Stock-based compensation expenses was comparable for the three months ended November 30, 2021 and increased by $3.8 million for the year ended November 30, 2021 driven by an increase in the AGF.B share price of 39%, which impacts the mark to market liability of the Company's cash settled RSUs and DSUs. As at November 30, 2021, the share price was $7.76 compared to $5.58 as at November 30, 2020.
- AGF incurred nil and $2.2 million of corporate development costs for the three months and year ended November 30, 2021 reflecting the increased activity related to the Company's capital deployment plan.
- Other expenses increased by $2.0 million and $1.2 million, primarily due to an increase in employee benefit costs over 2020. Benefit usage was lower in the prior year as a result of the pandemic.

Trailing Commissions

Trailing commissions paid to distributors depend on total AUM, the proportion of mutual fund AUM sold on a front-end versus back-end commission basis and the proportion of equity fund AUM versus fixed income fund AUM. Annualized trailing commissions as a percentage of average daily mutual fund AUM was 0.61% and 0.61% for the three months and year ended November 30, 2021, compared to 0.62% and 0.63% for the same periods in 2020. The decrease is primarily attributable to the decline of trailing commission paying assets to overall retail assets.

Deferred Selling Commissions

Deferred selling commissions are expensed on an accrual basis. For the year ended November 30, 2021, the total deferred selling commissions expenses was $15.3 million and $62.6 million (2020 – $10.3 million and $42.0 million). The increase in deferred selling commissions is driven by an increase in mutual fund gross sales.

Amortization and Interest Expense

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

- Depreciation increased by $0.1 million and $2.3 million for the three months and year ended November 30, 2021, compared to the same periods in 2020, as a result of the addition of the Company's new CIBC Square lease.
- Interest expense decreased by $0.5 million and $3.7 million for the three months and year ended November 30, 2021, compared to the same periods in 2020, as a result of reduced long-term debt balance.

Income Tax Expense

Income tax expense for the three months and year ended November 30, 2021 was $3.1 million and $12.5 million, as compared to $12.7 million and $20.5 million in the corresponding periods in 2020. A breakdown of tax expense is as follows:

	Three months ended			Years ended	
(in millions of dollars)	November 30, 2021	August 31, 2021	November 30, 2020	November 30, 2021	November 30, 2020
Income tax					
Total income tax on profits for the year	$ 3.1	$ 5.1	$ 2.7	$ 12.5	$ 10.5
Tax impact on gain on sale of asset classified as held for sale, net of currency hedge	–	–	10.0	–	10.0
Total income tax expense	**$ 3.1**	**$ 5.1**	**$ 12.7**	**$ 12.5**	**$ 20.5**

The effective tax rate for the year ended November 30, 2021 was 24.1% (2020 – 10.6%). 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, temporary differences for which no deferred tax assets were recognized, and prior period tax adjustments. The effective tax rate for the year ended November 30, 2021 is higher than the previous period's effective tax rate due to tax-exempt investment income from S&WHL and non-taxable profits arising on disposal of investments in the previous period. Excluding the tax-exempt investment income from S&WHL's special distribution and non-taxable profits arising on disposal of investments, the effective tax rate for the previous period was 18.6%. A breakdown of the adjusted effective tax rate is as follows:

(in millions of dollars) **Years ended November 30**		**2021**		**2020**
Net income before tax	$	51.8	$	194.4
One-time restructuring costs (release)		–		(1.0)
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)
Adjusted net income before tax	$	51.8	$	56.5
Total income tax expense		12.5		20.5
Adjustment in respect of gain on sale of asset classified as held for sale, net of currency hedge		–		(10.0)
Adjusted income tax expense	$	12.5	$	10.5
Adjusted effective tax rate		**24.1%**		**18.6%**

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.

Canada Revenue Agency (CRA) Audit – Acquisition of Tax-related Benefits

As previously disclosed in prior years' Annual Consolidated Financial Statements, the Company received correspondences from the CRA and Ministry of Finance (Ontario) confirming that the Company's objection had been allowed in full in respect to tax-related benefits acquired and utilized by the Company in the 2005 fiscal year. In 2020, the Company recorded $1.1 million of interest income in the Consolidated Statement of Income and received a substantial portion of the expected tax refunds. In 2021, the Company received the final reassessments and tax refunds from the Ministry of Finance (Alberta) and Revenu Québec. This matter is now resolved.

Net Income

The impact of the above income and expense items resulted in net income of $13.8 million and $39.3 million for the three months and year ended November 30, 2021 as compared to $110.4 million and $173.9 million in the corresponding periods in 2020. Excluding one-time items, net income was $15.0 million and $46.0 million for the three months and year ended November 30, 2020. Refer to the 'One-time Adjustments' and 'Results of Operations Adjusted for One-time Items' sections of this MD&A for additional information about the one-time adjustments for the three months and year ended November 30, 2021 and 2020.

Earnings per Share

Diluted earnings per share was $0.19 and $0.55 for the year ended November 30, 2021, as compared to earnings of $1.43 and $2.22 per share in the corresponding periods of 2020. Excluding one-time items, adjusted diluted earnings per share was $0.19 and $0.59 per share for the three months and year ended November 30, 2020, of which nil and $0.17 was related to S&WHL, respectively.

Liquidity and Capital Resources

As at November 30, 2021, the Company had total cash and cash equivalents of $86.5 million (2020 – $94.0 million). Free cash flow, as defined in the 'Key Performance Indicators, Additional IFRS and Non-IFRS Measures' section of this MD&A, generated was $12.5 million and $54.8 million for the year ended November 30, 2021, compared to $9.9 million and $46.1 million in the comparative prior year periods. During the year ended November 30, 2021, we used $7.5 million (2020 – generated $42.3 million) in cash as follows:

(in millions of dollars) **Years ended November 30**		**2021**		**2020**
Net cash provided by operating activities[1]	$	47.8	$	92.5
Proceeds from sale of asset classified as held for sale, net of currency hedge		–		250.4
Payment of long-term debt		–		(208.5)
Repurchase of shares under normal course issuer bid and purchase of treasury stock for employee benefit trust (EBT)		(7.5)		(48.2)
Dividends paid		(23.5)		(24.6)
Interest paid		(0.5)		(4.8)
Purchase of long-term investments, net of return of capital		(8.9)		(10.7)
Purchase of property, equipment and computer software, net of disposals		(13.3)		(3.3)
Lease principal payments		(4.5)		(4.7)
Other		2.9		4.2
Change in cash and cash equivalents	**$**	**(7.5)**	**$**	**42.3**

[1] Includes $45.8 million of dividends and a special distribution, net of currency hedge received from S&WHL for the year ended November 30, 2020.

The Company's working capital decreased by $15.3 million for the year ended November 30, 2021.

Total long-term debt outstanding as at November 30, 2021 was nil (2020 – nil). As at November 30, 2021, $150.0 million was available to be drawn from the revolving credit facility and swingline facility commitment to meet future operational investment needs.

As at November 30, 2021, the Company has right-of-use assets of $76.1 million and total lease liabilities of $84.6 million recorded on the Consolidated Statement of Financial Position. As well, as at November 30, 2021, the Company has funded $158.1 million (2020 – $149.2 million) in funds and investments associated with the private alternatives business and has $70.9 million (2020 – $70.2 million) remaining to be funded. In addition, the Company has also announced an anticipated commitment of US$50.0 million upon the successful launch of Instar's third fund.

The cash balances and cash flow from operations, together with the available loan facility, will be sufficient in the near term to implement our business plan, fund our 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, 2021. The Company does not have any long-term debt outstanding as at November 30, 2021. See also Notes 6, 12 and 30 of the Consolidated Financial Statements.

(in millions of dollars)	Total	2022	2023	2024	2025	2026	Thereafter
Leases[1]	78.6	7.1	5.8	5.5	5.5	5.1	49.6
Service commitment	92.6	24.2	12.6	10.8	9.6	4.8	30.6
Total contractual obligations	$ 171.2	$ 31.3	$ 18.4	$ 16.3	$ 15.1	$ 9.9	$ 80.2

[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 2021, we paid $138.0 million (2020 – $118.0 million) in trailing commissions.
- The Company has funded $158.1 million (November 30, 2020 – $149.2 million) in funds and investments associated with the private alternative business and has $70.9 million (November 30, 2020 – $70.2 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, 2021 and 2020 were from AGF Funds. As at November 30, 2021, the Company had $15.7 million (2020 – $15.3 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, 2021 on behalf of AGF Funds was approximately $10.3 million as compared to $9.7 million for the prior year.

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, are 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, 2021, the Company was in full compliance with the regulatory requirements.

Normal Course Issuer Bid

On February 4, 2021, AGF announced that the TSX had approved AGF's notice of intention to renew its normal course issuer bid (NCIB) in respect of its Class B Non-Voting shares. Purchase for cancellation by AGF of outstanding Class B Non-Voting shares may also be used to offset the dilutive effect of treasury stock released for the employee benefit trust (EBT) and of shares issued through the Company's stock option plans and dividend reinvestment plan. AGF relies on an automatic purchase plan during the normal course issuer bid. The automatic purchase plan allows for purchases by AGF of its Class B Non-Voting shares 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 its NCIB, the Class B Non-Voting shares may be repurchased from time to time at prevailing market prices or such other price as may be permitted by the TSX for amounts as follows:

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

During the three months and year ended November 30, 2021, AGF purchased 501,500 and 702,100 Class B Non-Voting shares for cancellation for a total consideration of $4.1 million and $5.6 million at an average price of $8.20 and $8.03 per share under its NCIB. During the three months and year ended November 30, 2020, AGF purchased nil and 1,000,000 shares for cancellation for a total consideration of nil and $5.1 million at an average price of nil and $5.12 per share under its NCIB.

During the year ended November 30, 2020, AGF completed a substantial issuer bid (SIB), 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. 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. The excess over the purchase price of $2.6 million was charged to retained earnings along with $0.5 million of transactions costs and $0.3 million of taxes associated with the SIB.

During the three months and year ended November 30, 2021, AGF purchased nil and 250,000 Class B Non-Voting shares for the EBT for a total consideration of nil and $1.9 million at an average price of nil and $7.46 per share. 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.

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	2021[1]	2020	2019	2018	2017
Per share	$ 0.34	$ 0.32	$ 0.32	$ 0.32	$ 0.32

[1] Represents the total dividends paid in April 2021, July 2021 and October 2021 and to be paid in January 2022.

We review our dividend distribution policy on a quarterly basis, taking into account our financial position, profitability, cash flow and other factors considered relevant by our Board of Directors. The quarterly dividend paid on October 20, 2021 was $0.09 per share.

On December 17, 2021, 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 $0.09 per share in respect of the three months ended November 30, 2021.

Outstanding Share Data

Set out below is our outstanding share data as at November 30, 2021 and 2020. For additional detail, see Notes 15 and 21 of the Condensed Consolidated Interim Financial Statements.

	November 30, 2021	November 30, 2020
Shares		
Class A Voting common shares	57,600	57,600
Class B Non-Voting shares	69,956,884	69,868,569
Stock Options		
Outstanding options	6,028,824	7,214,162
Exercisable options	4,733,080	5,155,516

[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, which are based on a fixed transfer agency administration fee,
- DSC earned from investors when mutual fund securities sold on a DSC basis are redeemed, and

- General partnership interest, fee arrangements, carried interest and long-term investments in the private alternatives asset management business.

EBITDA before commissions 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. 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, 2021**	**August 31, 2021**	**November 30, 2020**	**November 30, 2021**	**November 30, 2020**
Net income	$ 13.8	$ 14.9	$ 110.4	$ 39.3	$ 173.9
Adjustments:					
Deferred selling commissions	15.3	14.1	10.3	62.6	42.0
Amortization, derecognition and depreciation	2.6	2.7	2.5	10.5	8.2
Interest expense	0.7	0.7	1.1	2.8	6.5
Income tax expense[1]	3.1	5.1	12.7	12.5	20.5
EBITDA before commissions	**$ 35.5**	**$ 37.5**	**$ 137.0**	**$ 127.7**	**$ 251.1**
Other one-time adjustments:					
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)
Restructuring release	–	–	(1.0)	–	(1.0)
Adjusted EBITDA before commissions	**$ 35.5**	**$ 37.5**	**$ 31.6**	**$ 127.7**	**$ 113.2**
Adjusted dividend income from S&WHL	$ –	$ –	$ –	$ –	$ (13.3)
Adjusted EBITDA before commissions excluding S&WHL	**$ 35.5**	**$ 37.5**	**$ 31.6**	**$ 127.7**	**$ 99.9**

[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.

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, 2021**	**August 31, 2021**	**November 30, 2020**	**November 30, 2021**	**November 30, 2020**
EBITDA before commissions	$ 35.5	$ 37.5	$ 137.0	$ 127.7	$ 251.1
Divided by income	121.9	123.1	209.4	461.6	543.9
EBITDA before commissions margin	**29.1%**	**30.5%**	**65.4%**	**27.7%**	**46.2%**

Adjusted EBITDA before commissions margin

We define adjusted EBITDA before commissions margin as the ratio of adjusted EBITDA before commissions to adjusted 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, 2021**	**August 31, 2021**	**November 30, 2020**	**November 30, 2021**	**November 30, 2020**
Adjusted EBITDA before commissions	$ 35.5	$ 37.5	$ 31.6	$ 127.7	$ 113.2
Divided by adjusted income	121.9	123.1	105.0	461.6	407.0
Adjusted EBITDA before commissions margin	**29.1%**	**30.5%**	**30.1%**	**27.7%**	**27.8%**

Adjusted EBITDA before commissions margin excluding S&WHL

We define adjusted EBITDA before commissions margin excluding S&WHL as the ratio of adjusted EBITDA before commissions excluding S&WHL 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, 2021**	**August 31, 2021**	**November 30, 2020**	**November 30, 2021**	**November 30, 2020**
Adjusted EBITDA before commissions excluding S&WHL	$ 35.5	$ 37.5	$ 31.6	$ 127.7	$ 99.9
Divided by adjusted income excluding S&WHL	121.9	123.1	105.0	461.6	393.7
Adjusted EBITDA before commissions margin excluding S&WHL	**29.1%**	**30.5%**	**30.1%**	**27.7%**	**25.4%**

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. The Company does not have any outstanding long-term debt for the year ended November 30, 2021 and 2020.

Free Cash Flow

Free cash flow represents cash available for distribution to our shareholders, share buybacks, investment in our alternatives asset management business, and general corporate purposes. We define free cash flow as cash flow from operations, including distributions related to our long-term investments, joint ventures that manage our private alternative funds and carried interest, 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, 2021	August 31, 2021	November 30, 2020	November 30, 2021	November 30, 2020
Net income for the period	$ 13.8	$ 14.9	$ 110.4	$ 39.3	$ 173.9
Adjusted for non-cash items and non-cash working capital balance	15.3	43.6	49.2	8.5	23.0
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	$ 29.1	$ 58.5	$ 55.2	$ 47.8	$ 92.5
Adjusted for:					
Net changes in non-cash working capital balances related to operations	(18.9)	(26.5)	3.4	(9.3)	16.1
	$ 10.2	$ 32.0	$ 58.6	$ 38.5	$ 108.6
Income taxes paid (refunded) during the year	5.7	(2.4)	(7.6)	34.7	(2.5)
	$ 15.9	$ 29.6	$ 51.0	$ 73.2	$ 106.1
Income taxes related to current period free cash flow	(2.3)	(6.8)	(6.2)	(13.4)	(17.0)
Interest and lease principal payments	(1.1)	(1.3)	(1.4)	(5.0)	(9.5)
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)
Free cash flow	**$ 12.5**	**$ 21.5**	**$ 9.9**	**$ 54.8**	**$ 46.1**

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.

Fee-earning Assets

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

Investment Performance

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

Net Sales (Redemptions)

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

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, future cash flows and synergies' inclusion rate to be used in the assessment of the impairment of non-financial assets. Refer to Note 9 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 $548.9 million as compared to its recorded net assets of $1,031.1 million as at November 30, 2021. In 2021, we completed an assessment to determine the fair value of AGF's cash-generating units (CGUs). Based on the result of the assessment, the recoverable amount of each CGU exceeded its carrying value as at November 30, 2021. There have been no significant changes to the recoverable amount of each CGU as at November 30, 2021; however, a sustained period of market volatility could become a triggering event requiring a write down of AGF's CGUs. Estimating the fair value of CGUs is a subjective process that involves the use of estimates and judgements, particularly related to cash flows, the appropriate discount rates, terminal growth rates, synergy inclusion rates and an applicable control premium.

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.

The COVID-19 pandemic remained a dominant force shaping financial markets in 2021, and the latest variant, Omicron, rattled markets at the end of November 2021. 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. The Company is subjected to market risk as the management fee revenue is calculated as a percentage of the average net asset value of each retail fund or portfolio managed.

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

The ongoing rise in inflation – for everything from groceries and wages to potentially interest rates and taxes – may also be raising the spectre of higher volatility and could ultimately impact the trajectory of investment returns over the next 12 months.

Furthermore, with the recent volatility in the markets, AGF is monitoring the potential impact of market risk to its capital position and profitability if these levels were sustained or continued to decline. A significant portion of AGF's revenue is driven by its total average AUM excluding private alternatives. These AUM levels are impacted by both net sales and changes in the market. In general, for every $1.0 billion reduction in average AUM excluding private alternatives, management fee revenues would decline by approximately $7.6 million. In addition, the uncertainty within the global markets may impact the level of merger and acquisition activity and is likely to create challenges in completing transactions.

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 $1.3 billion in AUM for the year ended November 30, 2021. In general, for every $1.0 billion reduction of AUM, management fee revenues would decline by approximately $13.5 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, 2021, there is no interest rate risk as of November 30, 2021. 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 2021 would have resulted in a corresponding change of approximately $1.5 million in interest expense for the year ended November 30, 2021.

At November 30, 2021, approximately 15% 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 $1.0 million in revenue for the year ended November 30, 2021.

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, 2021, the effect of a 10% decline or increase in the value of investments would have resulted in an $18.3 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 $8.9 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	**2021**	**2020**
Domestic equity funds	17.2%	18.0%
U.S. and international equity funds	51.5%	47.1%
Domestic balanced funds	1.7%	2.1%
U.S. and international balanced funds	7.1%	7.5%
Domestic fixed-income funds	6.8%	7.8%
U.S. and international fixed-income funds	15.1%	16.7%
Domestic money market	0.5%	0.8%
Domestic Alternative Funds	0.1%	0.0%
	100.0%	100.0%

Institutional and high-net-worth AUM are exposed to the same market risk as retail fund AUM. In general, for every $1.0 billion reduction of institutional and high-net-worth AUM, management fee revenues would decline by approximately $4.6 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, particularly where a distribution partner represents a meaningful portion of the Company's sales flow. In addition, the Company may be subjected to distribution risk in relation to the DSC Option ban, which will take effect on June 1, 2022. Subsequent to the DSC Option ban taking effect, upfront sales commissions can no longer be paid by fund organizations to dealers. While other advisor compensation programs may be implemented by dealers in place of the DSC Option, the impact of the DSC Option ban still remains uncertain. Refer to the Regulatory Risk section below for more information on the DSC Option ban. 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. Going forward, AGF is preparing to offer clients and partners a hybrid of virtual and in-person events.

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 over a two-year period. All remaining CFR Amendments take effect as of December 31, 2021.

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

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

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

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 industry and regulators, as necessary.

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.

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 in, 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. Going forward, AGF is preparing to offer clients and partners a hybrid of virtual and in-person events.

In parallel, our Executive and Crisis Management Teams are refining our back-to-office plan, keeping the safety of employees, clients and communities top of mind. AGF continues to operate effectively through remote access and has introduced a warm restart program that has allowed fully vaccinated employees to safely return to the office once a week.

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, 2021, 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 (ICFR) 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, 2021, 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.

Changes to ICFR

A material change in ICFR is a change that has materially affected or is reasonably likely to materially affect the issuer's ICFR. A material change in ICFR occurred during the three months ended November 30, 2021 with the implementation of Workday, a cloud-based Enterprise Resource Planning system (ERP). Given the materiality of the transactions processed by the new ERP, the Company considers the change to be a material change in ICFR. The Company has determined that ICFR under the new Workday system has been appropriately designed.

There have been no other changes to the Company's ICFR during the year ended November 30, 2021 that have materially affected or are reasonably likely to materially affect the Company's ICFR.

Summary of Annual Results

(from continuing operations)

(in millions of dollars, except per share amounts) **Years ended November 30**	**IFRS 2021**	**IFRS 2020[1,2]**	**IFRS 2019[3,4]**	**IFRS 2018[5]**	**IFRS 2017[6]**
Income	$ 461.6	$ 543.9	$ 436.7	$ 450.2	$ 455.5
Expenses[11]	333.9	292.8	326.7	343.7	339.1
EBITDA before commissions[12]	127.7	251.1	110.0	106.5	116.4
Pre-tax income	51.8	194.4	57.3	62.5	61.8
Net income attributable to equity owners of the Company	39.3	173.9	47.9	73.9	52.1
Earnings per share attributable to equity owners of the Company					
Basic	$ 0.56	$ 2.25	$ 0.61	$ 0.94	$ 0.66
Diluted	0.55	2.22	0.60	0.92	0.64
Free cash flow[12]	$ 54.8	$ 46.1	$ 52.8	$ 41.4	$ 58.7
Dividends per share	$ 0.34	$ 0.32	$ 0.32	$ 0.32	$ 0.32
Long-term debt	$ –	$ –	$ 207.3	$ 188.6	$ 138.6
Weighted average basic shares	70,009,123	77,326,775	78,739,081	79,292,775	79,330,190
Weighted average fully diluted shares	71,660,642	78,359,570	79,672,961	80,637,948	81,245,279

(in millions of dollars, except per share amounts) **Years ended November 30**	**IFRS 2016[7]**	**IFRS 2015[8]**	**IFRS 2014**	**IFRS 2013[9]**	**IFRS 2012[10]**
Income	$ 428.7	$ 449.6	$ 464.5	$ 484.5	$ 510.2
Expenses[11]	319.2	322.4	309.6	320.9	321.2
EBITDA before commissions[12]	109.5	127.2	154.9	163.6	189.0
Pre-tax income	52.7	63.9	79.1	66.0	58.5
Net income attributable to equity owners of the Company	42.5	48.3	61.3	22.4	52.3
Earnings per share attributable to equity owners of the Company					
Basic	$ 0.53	$ 0.59	$ 0.69	$ 0.25	$ 0.29
Diluted	0.53	0.58	0.68	0.25	0.29
Free cash flow[12]	$ 61.5	$ 67.8	$ 82.0	$ 102.3	$ 95.8
Dividends per share	$ 0.32	$ 0.51	$ 1.08	$ 1.08	$ 1.08
Long-term debt	$ 188.2	$ 268.8	$ 308.2	$ 307.9	$ 312.3
Weighted average basic shares	79,278,876	82,295,595	86,000,437	88,163,616	94,117,889
Weighted average fully diluted shares	80,253,600	83,584,539	87,384,880	88,690,410	94,932,213

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, 2021, the Company's 2021 Annual Information Form (AIF) and Annual Report, and other documents filed with applicable securities regulators in Canada, and may be accessed at www.sedar.com.

AGF Management Limited

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended November 30, 2021 and 2020

Management's Responsibility for Financial Reporting

Toronto, January 25, 2022

The accompanying consolidated financial statements of AGF Management Limited (the Company) were prepared by management, who are responsible for the integrity and fairness of the information presented, including the amounts based on estimates and judgements. These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements and for the accounting systems from which they are derived, management maintains internal controls designed to ensure that transactions are authorized, assets are safeguarded and proper records are maintained. The system of internal controls is supported by a compliance function, which ensures that the Company and its employees comply with securities legislation and conflict of interest rules, and by an internal audit staff, which conducts periodic audits of all aspects of the Company's operations.

The Board of Directors (the Board) oversees management's responsibilities for financial reporting through an Audit Committee, which is comprised entirely of independent directors. This Committee reviews the consolidated financial statements of the Company and recommends them to the Board for approval.

PricewaterhouseCoopers LLP, an independent auditor appointed by the shareholders of the Company upon the recommendation of the Audit Committee, has performed an independent audit of the consolidated financial statements, and its report follows. The shareholders' auditor has full and unrestricted access to the Audit Committee to discuss their audit and related findings.

Kevin McCreadie, CFA, MBA
Chief Executive Officer & Chief Investment Officer

Adrian Basaraba, CPA, CA, CFA
Senior Vice-President & Chief Financial Officer

Independent auditor's report

To the Shareholders of AGF Management Limited

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of AGF Management Limited and its subsidiaries (together, the Company) as at November 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at November 30, 2021 and 2020;
- the consolidated statements of income for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flow for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended November 30, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Determination of recoverable amounts of goodwill and management contracts – Retail and Institutional cash generating units (CGUs) *Refer to note 3 – Significant Accounting Policies, Judgements and Estimation Uncertainty and note 9 – Intangible Assets to the consolidated financial statements.* The Company had goodwill and management contracts of $940.6 million as at November 30, 2021, of which a significant portion relates to the Retail and Institutional CGUs. Management tests goodwill and management contracts annually for impairment or more frequently if events or circumstances indicate that the carrying value may be impaired. Management determines whether an impairment loss should be recognized by comparing the carrying value of the CGU to its recoverable amount, which is the higher of fair value less costs to sell (FVLCTS) and its value in use (VIU). As at November 30, 2021, the Company has performed a discounted cash flow analysis for each CGU to estimate the recoverable amount. In the discounted flow analysis, management applies judgment in selecting the appropriate discount rate, and terminal growth rate. Management also estimates future cash flows based on (i) assets under management, of which key assumptions are: gross sales, redemptions, market growth, revenue rate and (ii) synergies' inclusion rates. Based on the results of the annual impairment test,	Our approach to addressing the matter included the following procedures, among others: • Evaluated how management determined the recoverable amounts of the Retail and Institutional CGUs, which included the following: – Tested the (i) appropriateness of the use of a discounted cash flow analysis and (ii) the mathematical accuracy of the discounted cash flow analyses prepared by management. – Tested the reasonableness of assumptions related to assets under management (gross sales, redemptions, market growth and revenue rates) by comparing them to the budget approved by the Board of Directors, current and past performance of the CGUs and available third party published economic data. – Professionals with specialized skill and knowledge in the field of valuation assisted in evaluating the methodology used in the discounted cash flow analyses and the reasonableness of the discount rates, terminal growth rates and synergies inclusion rates used by management. – Tested the assets under management data used in the discounted cash flow analyses. • Evaluated the disclosures made in the consolidated financial statements, including the sensitivity of the key assumptions used.

Key audit matter	How our audit addressed the key audit matter
management concluded that no goodwill or management contracts were impaired for the Retail and Institutional CGUs as at November 30, 2021. We considered this a key audit matter due to (i) the significance of the goodwill and management contract balances for the Retail and Institutional CGUs and (ii) the significant judgment made by management in determining the recoverable amount of the CGUs, including the use of significant assumptions. This has resulted in a high degree of subjectivity and audit effort in performing audit procedures. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.	

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Derek Hatoum.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
January 25, 2022

AGF MANAGEMENT LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of dollars) November 30	Note		2021		2020
Assets					
Current assets					
Cash and cash equivalents		$	86,484	$	94,009
Investments	4		23,074		18,169
Accounts receivable, prepaid expenses and other assets			37,655		38,113
Income tax receivable	23, 29		5,803		–
Total current assets			153,016		150,291
Investment in joint ventures	5		783		1,780
Long-term investments	5		160,721		151,949
Management contracts	9		689,759		689,759
Goodwill	9		250,830		250,830
Other intangibles, net of accumulated amortization and derecognition	9		558		667
Right-of-use assets	6		76,065		81,139
Property, equipment and computer software, net of accumulated depreciation	10		19,009		8,340
Deferred income tax assets	13		6,085		6,593
Other assets	7		2,539		6,191
Total non-current assets			1,206,349		1,197,248
Total assets		**$**	**1,359,365**	**$**	**1,347,539**

(in thousands of dollars) **November 30**	**Note**		**2021**		**2020**
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	11, 21	$	82,247	$	67,837
Provision for Elements Advantage	14		651		914
Lease liability	6		3,919		4,582
Income tax liability	23, 29		–		17,212
Total current liabilities			86,817		90,545
Long-term lease liability	6		80,710		81,081
Deferred income tax liabilities	13		150,294		150,043
Provision for Elements Advantage	14		–		424
Other long-term liabilities	7, 21		10,421		9,267
Total liabilities			328,242		331,360
Equity					
Equity attributable to owners of the Company					
Capital stock	15		426,193		425,460
Contributed surplus	21		40,182		40,465
Retained earnings			561,794		547,614
Accumulated other comprehensive income	16		2,954		2,640
Total equity			1,031,123		1,016,179
Total liabilities and equity		**$**	**1,359,365**	**$**	**1,347,539**

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

Approved by the Board:

Kevin McCreadie, CFA, MBA

Director

Douglas L. Derry, FCPA, FCA

Director

AGF MANAGEMENT LIMITED
CONSOLIDATED STATEMENT OF INCOME

(in thousands of dollars) **Years ended November 30**	**Note**		**2021**		**2020**
Income					
Management, advisory and administration fees	17	$	432,260	$	374,658
Deferred sales charges			6,301		5,991
Share of profit of joint ventures	5		3,146		2,877
Other income from fee-earning arrangements	7		1,875		–
Share of profit of associate	8		–		12
Dividend income, net of currency hedge	8		–		45,832
Gain on sale of asset classified as held for sale, net of currency hedge	8		–		104,394
Fair value adjustments and other income	5, 18		18,097		10,155
Total income			461,679		543,919
Expenses					
Selling, general and administrative	19, 26		195,129		174,734
Restructuring provision (release)			–		(1,002)
Trailing commissions			137,986		118,030
Investment advisory fees			833		1,146
Deferred selling commissions			62,647		41,999
Amortization and derecognition of customer contracts and other intangibles			109		294
Depreciation of property, equipment and computer software			4,001		3,851
Depreciation of right-of-use asset	6		6,380		4,072
Interest expense	22		2,796		6,366
Total expenses			409,881		349,490
Income before income taxes			**51,798**		**194,429**
Income tax expense (benefit)					
Current	23		11,423		21,948
Deferred	23		1,078		(1,427)
Total income tax expense			12,501		20,521
Net income for the year		**$**	**39,297**	**$**	**173,908**
Earnings per share					
Basic	24	$	0.56	$	2.25
Diluted	24	$	0.55	$	2.22

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of dollars) **Years ended November 30**		**2021**		**2020**
Net income for the year	$	39,297	$	173,908
Other comprehensive income, net of tax				
Cumulative translation adjustment				
Foreign currency translation adjustments related to net investments in foreign operations		–		(32)
		–		(32)
Net unrealized gain on investments				
Unrealized gain		314		64
		314		64
Total other comprehensive income, net of tax	$	314	$	32
Net comprehensive income	**$**	**39,611**	**$**	**173,940**

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

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

AGF MANAGEMENT LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of dollars)	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total equity
Balance, December 1, 2019	$ 474,178	$ 40,781	$ 395,425	$ 11,258	**$ 921,642**
Net income for the year	–	–	173,908	–	**173,908**
Other comprehensive loss (net of tax)	–	–	–	32	**32**
Comprehensive income (loss) for the year	–	–	173,908	32	**173,940**
Reclassification of AOCI to net income from the sale of asset classified as held for sale (Note 8, Note 16)	–	–	–	(8,650)	**(8,650)**
AGF Class B Non-Voting shares issued through dividend reinvestment plan	319	–	–	–	**319**
Stock options	361	(290)	941	–	**1,012**
AGF Class B Non-Voting shares repurchased for cancellation including tax of $0.3 million (Note 15)	(48,618)	–	2,738	–	**(45,880)**
Dividends on AGF Class A Voting common shares and AGF Class B Non-Voting shares, including tax of $0.3 million	–	–	(25,229)	–	**(25,229)**
Equity-settled Restricted Share Units and Partner Points, net of tax	–	(26)	–	–	**(26)**
Treasury stock purchased	(2,628)	–	–	–	**(2,628)**
Treasury stock released	1,848	–	(169)	–	**1,679**
Balance, November 30, 2020	**$ 425,460**	**$ 40,465**	**$ 547,614**	**$ 2,640**	**$ 1,016,179**
Balance, December 1, 2020	$ 425,460	$ 40,465	$ 547,614	$ 2,640	**$ 1,016,179**
Net income for the year	–	–	39,297	–	**39,297**
Other comprehensive income (net of tax)	–	–	–	314	**314**
Comprehensive income for the year	–	–	39,297	314	**39,611**
AGF Class B Non-Voting shares issued through dividend reinvestment plan	313	–	–	–	**313**
Stock options	5,253	(121)	–	–	**5,132**
AGF Class B Non-Voting shares repurchased for cancellation	(4,258)	–	(1,412)	–	**(5,670)**
Dividends on AGF Class A Voting common shares and AGF Class B Non-Voting shares, including tax of $0.3 million	–	–	(24,113)	–	**(24,113)**
Equity-settled Restricted Share Units, net of tax	–	(162)	–	–	**(162)**
Treasury stock purchased	(1,864)	–	–	–	**(1,864)**
Treasury stock released	1,289	–	408	–	**1,697**
Balance, November 30, 2021	**$ 426,193**	**$ 40,182**	**$ 561,794**	**$ 2,954**	**$ 1,031,123**

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

AGF MANAGEMENT LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW

(in thousands of dollars) **Years ended November 30**	**Note**	**2021**	**2020**
Operating Activities			
Net income for the year		$ 39,297	$ 173,908
Adjustments for			
Gain on sale of asset classified as held for sale, net of currency hedge	8	–	(104,394)
Amortization, derecognition and depreciation		10,490	8,217
Interest expense		2,796	6,366
Income tax expense	23	12,501	20,521
Income taxes refunded (paid)		(34,732)	2,454
Stock-based compensation	21	9,638	5,817
Share of profit of associate and joint ventures	5	(3,146)	(2,889)
Distributions from associate and joint ventures	5	4,573	3,723
Fair value adjustment on long-term investments	5	89	(4,538)
Net realized and unrealized gain on short-term investments	4	(2,184)	(812)
Other		(776)	179
		38,546	108,552
Net change in non-cash working capital balances related to operations			
Accounts receivable and other current assets		(75)	4,188
Other assets		3,416	(3,950)
Accounts payable and accrued liabilities		5,027	(16,094)
Other liabilities		889	(240)
		9,257	(16,096)
Net cash provided by operating activities		47,803	92,456
Financing Activities			
Repurchase of Class B Non-Voting shares for cancellation	15	(5,635)	(45,613)
Issue of Class B Non-Voting shares	15	5,253	361
Purchase of treasury stock	15	(1,864)	(2,628)
Dividends paid	25	(23,507)	(24,610)
Repayment of long-term debt	12	–	(208,500)
Interest paid		(474)	(4,819)
Lease principal payments	6	(4,500)	(4,728)
Net cash used in financing activities		(30,727)	(290,537)
Investing Activities			
Investment in joint venture	5	(311)	–
Purchase of long-term investments	5	(30,912)	(12,110)
Return of capital from long-term investments	5	22,051	1,363
Proceeds from sale of asset classified as held for sale, net of currency hedge	8	–	250,354
Purchase of property, equipment and computer software, net of disposals	10	(13,273)	(3,303)
Purchase of short-term investments	4	(8,540)	(2,891)
Proceeds from sale of short-term investments	4	6,384	7,017
Net cash provided by (used in) investing activities		(24,601)	240,430
Increase (decrease) in cash and cash equivalents		(7,525)	42,349
Balance of cash and cash equivalents, beginning of the year		94,009	51,660
Balance of cash and cash equivalents, end of the year		$ 86,484	$ 94,009
Cash and cash equivalents comprise of:			
Cash at bank and on hand		$ 81,983	$ 89,508
Term deposit		4,501	4,501
Total cash and cash equivalents		$ 86,484	$ 94,009

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

Notes to the Consolidated Financial Statements

For the years ended November 30, 2021 and 2020

Note 1: General Information

AGF Management Limited (AGF or the Company) is a limited liability company incorporated and domiciled in Canada under the *Business Corporations Act* (Ontario). The address of its registered office and principal place of business is Toronto-Dominion Bank Tower, 66 Wellington Street West, Toronto, Ontario.

The Company is an integrated, global wealth management corporation whose principal subsidiaries provide investment management for mutual funds, factor-based exchange-traded funds (ETF), institutions and corporations, as well as high-net-worth clients. The Company conducts the management and distribution of mutual funds and ETFs in Canada under the brand names AGF, Elements, and AGFiQ (collectively, AGF Investments). The Company's wholly owned subsidiary AGF CustomerFirst Inc. (AGFC) provides fund administration services to the AGF mutual funds. The Company's private alternatives business includes joint ventures with Stream Asset Financial Management LP (SAFM LP), SAF Jackson Management LP (SAFJM LP), AGF SAF Private Credit Management LP (PCMLP), and fee-earning arrangements with Instar Group Inc. (Instar) and First Ascent Ventures (First Ascent). The Company also has an ownership interest in AGFWave Asset Management Inc. (AGFWave), which provides asset management services and products in China and South Korea.

These consolidated financial statements were authorized for issue by the Board of Directors on January 25, 2022.

Note 2: Basis of Preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Amounts are expressed in Canadian dollars, unless otherwise stated.

Note 3: Significant Accounting Policies, Judgements and Estimation Uncertainty

3.1 Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value.

3.2 Investment in Subsidiaries, Associates, Joint Ventures and Structured Entities

(a) Subsidiaries and Consolidated Structured Entities

The consolidated financial statements include the accounts of the Company and its directly and indirectly owned subsidiaries. Subsidiaries are all entities for which the Company has exposure to variable returns and power over the investee, which it can use to affect the amounts of such returns and is often accompanied by a shareholding of more than half of the investee's voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date on which control ceases. If the Company loses control of a subsidiary, it accounts for all amounts recognized in other comprehensive income (OCI) in relation to that subsidiary on the same basis as it would if the Company had directly disposed of the related assets or liabilities.

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Intercompany transactions and balances are eliminated on consolidation.

Consolidated structured entities are entities over which the Company has control over the relevant activities of the entity by means of a contractual agreement. The Company established an employee benefit trust as a consolidated structured entity with the purpose of acquiring Class B Non-Voting shares to be delivered to employees upon vesting of their Restricted Share Units (RSUs). Under the contractual agreement, the Company will provide financial support to the trust to fund the purchase of these shares. Refer to Note 3.14 and Note 21 for additional information.

The principal subsidiaries and consolidated structured entities of AGF as at November 30, 2021 are as follows:

	Principal activity	Country of incorporation	Interest held
1801882 Alberta Ltd.	Alternative investments	Canada	100%
1936874 Ontario Ltd.	Alternative investments	Canada	100%
20/20 Financial Corporation	Holding company	Canada	100%
AGF CustomerFirst Inc.	Transfer agency	Canada	100%
AGF International Advisors Company Limited	Investment management	Ireland	100%
AGF Investments America Inc.	Investment management	Canada	100%
AGF Investments Inc.	Investment management	Canada	100%
AGF Securities (Canada) Limited	Securities dealer	Canada	100%
Cypress Capital Management Limited (Cypress)	Investment management	Canada	100%
Doherty & Associates Limited (Doherty)	Investment management	Canada	100%
Employee Benefit Plan Trust	Trust	Canada	100%
AGF Investments LLC	Investment management	United States	100%
Highstreet Asset Management Inc.	Investment management	Canada	100%

(b) Associates and Joint Ventures

Associates are entities over which the Company has significant influence, but not control, generally accompanying between 20% and 50% of the voting rights. Joint ventures are arrangements whereby the parties have joint control over, and rights to the net assets of, the arrangement.

The Company's interests in the associates and joint ventures, other than its interest in funds that it manages, are generally accounted for using the equity method of accounting after initially being recognized at cost. AGF's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income and its share of post-acquisition other comprehensive income (loss) is recognized in OCI. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Unrealized gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in the associates and joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' and joint ventures' accounting policies have conformed where necessary to ensure consistency with the policies adopted by AGF.

Additionally, the Company has determined that interests it holds in the mutual funds it manages may be associates as a result of the Company's power conveyed through investment management and other agreements it has with the funds that permit the Company to make decisions about their investing and operating activities. None of these interests are individually significant and the Company has elected to designate its investments in these funds at fair value through profit or loss. These funds conduct their trading activities, which may include trading of foreign-denominated securities, in Canada and the United States. At November 30, 2021, the carrying amount of the Company's interests in investment funds that it manages was $21.8 million (2020 – $17.2 million), which represents the Company's maximum exposure to loss with respect to these interests. The fair value adjustment related to the Company's interests in investment funds recognized on the consolidated statement of income was $2.2 million in income for the year ended November 30, 2021 (2020 – $0.8 million). Refer to Note 4 for additional information about the Company's investments in funds that it manages.

On October 18, 2021, SAF Jackson Performance LP was dissolved. The joint ventures of AGF as at November 30, 2021 are as follows:

	Investment type	**Nature of activities**	**Country of incorporation**	**Interest held**
Stream Asset Financial GP LP (SAF GP)	Joint venture	Asset manager – alternative/private credit	Canada	31.6%
Stream Asset Financial Management LP (SAFM LP)	Joint venture	Asset manager – alternative/private credit	Canada	31.6%
Stream Asset Financial GP LP[1]	Joint venture	Asset manager – carried interest entity	Canada	32.4%
SAF Jackson Management LP (SAFJM LP)	Joint venture	Asset manager – alternative/private credit	Canada	45.9%
AGF SAF Private Credit GP	Joint venture	Asset manager – alternative/private credit	Canada	50.0%
AGF SAF Private Credit Management LP (PCMLP)	Joint venture	Asset manager – alternative/private credit	Canada	50.0%
SAF Private Credit Performance LP[1]	Joint venture	Asset manager – alternative/private credit	Canada	30.0%
AGFWave Asset Management Inc. (AGFWave)	Joint venture	Investment Management	Canada	50.0%

[1] Represents carried interest allocation.

Following the sale of the Company's interest in Smith & Williamson (S&WHL) in 2020, the Company has no investments classified as associates. Refer to Note 8 for additional information regarding the sale of S&WHL.

The Company will receive performance-based fees or carried interest distributions from the carried interest entities it has ownership interest in if a private alternative fund exceeds its performance threshold.

The Company assesses at each period-end whether there is any objective evidence that its interests in associates and joint ventures are impaired. If impaired, the carrying value of the Company's share of the underlying assets of associates or joint ventures is written down to its estimated recoverable amounts (being the higher of fair value less costs to sell and value in use) and charged to the consolidated statement of income.

(c) Long-term Investments

Long-term investments are accounted for at fair value through profit or loss, which is consistent with the Company's accounting for investments in the mutual funds it manages. Refer to Note 5 for additional information about the Company's interests in long-term investments.

On October 18, 2021, SAF Jackson LP was dissolved. The long-term investments of AGF as at November 30, 2021 are as follows:

	Investment type	Nature of activities	Country of incorporation	Interest held
InstarAGF Essential Infrastructure Fund LP I (EIF)	Long-term investment	Limited partnership – investment entity	Canada	13.5%
InstarAGF Essential Infrastructure Fund LP II (EIF II)	Long-term investment	Limited partnership – investment entity	Canada	5.3%
Stream Asset Financial LP (Stream)	Long-term investment	Limited partnership – investment entity	Canada	25.1%
AGF SAF Private Credit Limited Partnership (AGF SAF PC LP)	Long-term investment	Limited partnership – investment entity	Canada	11.1%
First Ascent Ventures II LP	Long-term investment	Limited partnership – investment entity	Canada	31.0%

3.3 Foreign Currency Translation

(a) Functional and Presentation Currency

Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Canadian dollars, which is AGF Management Limited's functional currency.

(b) Transactions and Balances

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing at the consolidated statement of financial position date and non-monetary assets and liabilities are translated at historical exchange rates. Foreign currency income and expenses are translated at average exchange rates prevailing throughout the year. Unrealized translation gains and losses and all realized gains and losses are included in net income on the consolidated statement of income.

(c) Group of Companies

The financial statements of entities that have a functional currency different from that of AGF Management Limited (foreign entities) are translated for presentation purposes into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate of the period (as this is considered a reasonable approximation to actual rates). Resulting differences are recognized in OCI.

3.4 Assets Under Management (AUM) and Fee-earning Assets

The Company, through its investments in subsidiaries, manages a range of mutual funds, other investments and fee-earning assets owned by clients and third parties that are not reflected on the consolidated statement of financial position, certain of which are held through investment funds that meet the definition of structured entities under IFRS. The Company earns fees for providing management and administrative services to these investment funds. Fees from these funds and other investment assets are calculated based on AUM and fee-earning assets, which was $42.6 billion as at November 30, 2021 (2020 – $38.3 billion).

3.5 Cash and Cash Equivalents

Cash represents highly liquid temporary deposits, while cash equivalents consist of bank term deposits, both of which are readily convertible to known amounts of cash, are subject to insignificant risk of changes in fair value and have short-term maturities of less than three months at inception.

3.6 Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired. Regular way purchases and sales of financial assets and liabilities are accounted for at the trade date.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments into the following categories depending on the entity's business model for management of the financial assets and the contractual terms of the cash flows.

i. Fair Value through Profit or Loss

Financial instruments classified at FVTPL are recognized initially at fair value and are subsequently carried at fair value in the consolidated statements of financial position. Gains or losses in fair value and distributions received from certain investments are presented in the consolidated statement of income under fair value adjustments and other income. Transaction costs on FVTPL financial instruments are accounted for in net income as incurred. Equity instruments are classified as FVTPL unless the Company irrevocably elects at initial recognition to designate it as FVTOCI. Debt instruments are classified as FVTPL if the assets do not meet criteria for FVTOCI or amortized cost. Financial instruments classified as FVTPL include investments in AGF mutual funds, term deposits and other certain investments.

ii. Fair Value through Other Comprehensive Income

Financial instruments classified at FVTOCI are initially recognized at fair value and are subsequently carried at fair value in the consolidated statements of financial position. Gains or losses in fair value are presented in the consolidated statement of comprehensive income under other comprehensive income. Transaction costs on FVTOCI financial instruments are added to the initial carrying value of the asset or liability.

For equity investments designated as FVTOCI, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of income following derecognition of the investment. Dividends are recognized in the consolidated statement of income as part of fair value adjustments and other income on the date they become legally receivable. Equity investments designated as FVTOCI include certain equity securities held for long-term investments.

Debt instruments are classified as FVTOCI if the assets are held for the collection of contractual cash flows and for selling the financial assets, where those cash flows represent solely payments of principal and interest. For debt investments classified as FVTOCI, the cumulative gain or loss previously recognized in OCI is reclassified to the consolidated statement of income upon derecognition and is included in fair value adjustments and other income. Interest income from these financial assets, calculated using the effective interest method, is recognized in the consolidated statement of income. The Company does not currently have any debt investments classified as FVTOCI.

iii. Amortized Cost

Financial instruments classified at amortized costs are initially recognized at the amount expected to be received, less, when material, a discount to reduce the asset balance to fair value. Subsequently, these assets are measured using the effective interest method less a provision for impairment. Financial assets are classified at amortized cost if the assets are held for the collection of contractual cash flows. Financial assets classified at amortized costs are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and include accounts receivable and other financial assets.

Financial liabilities at amortized cost include accounts payable and accrued liabilities, long-term debt, and other long-term liabilities. Accounts payable and accrued liabilities, long-term debt, and other long-term liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, these balances are measured at amortized cost using the effective interest method.

A financial liability is derecognized when it is extinguished. When a liability is extinguished, the difference between its carrying amount and the consideration paid including any non-cash assets transferred and any new liabilities assumed is recognized in profit or loss. A modification of the terms of a liability is accounted for as an extinguishment of the original liability and recognition as a new liability when the modification is substantial. The Company deems an amendment of the terms of a liability to be substantially different if the net present value of the cash flows under the new liability, including any fees paid, is at least 10% different from the net present value of the remaining cash flows of the existing liability, both discounted at the original effective interest rate of the original liability.

Financial liabilities are classified as current liabilities if payment is due within 12 months of the consolidated statement of financial position date. Otherwise, they are presented as non-current liabilities.

3.7 Derivative Instruments

Derivative instruments are used to manage the Company's exposure to foreign currency rate risks. The Company does not enter into derivative financial instruments for trading or speculative purposes. When derivative instruments are used, the Company determines whether hedge accounting can be applied. The derivative instrument must be highly effective in accomplishing the objective of offsetting either changes in the fair value or forecasted cash flows attributable to the risk being hedged both at inception and over the life of the hedge. In accordance with IFRS 9, to qualify for hedge accounting three requirements must be met. These requirements are economic relationship, effect of credit risk, and hedge ratio. At the inception of the hedging relationship, there must be a formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.

If hedge accounting is applied, the effective portion of the change in fair value of the hedging instrument will be recognized in other comprehensive income (OCI). Any ineffective portion of fair value is recognized immediately in the consolidated statement of income. When a hedging instrument matures or no longer meets the criteria for hedge accounting, the amount that has been recorded in the OCI will be reclassified to the consolidated statement of income. When a forecast transaction is no longer expected to occur, the amount that has been recorded in OCI is immediately transferred to the consolidated statement of income.

3.8 Leases

The Company assesses whether a contract contains a lease under IFRS 16 at inception if all of the following criteria are met:

- The contract contains an identifiable asset
- The lessee obtains the right of direct use of the asset
- The lessee obtains substantially all the economic benefits of the asset

Recognition of eligible leases

Right-of-use asset and lease liability are recognized at the lease commencement date, which is defined as the date on which the lessor makes the underlying asset available for use by the lessee. The right-of-use asset is initially measured at cost less indirect costs, removal and restoration costs, prepaid lease payments and lease incentive received and subsequently amortized, on a straight-line basis, over the earlier of the useful life of the right-of-use asset or the term of the lease. The lease term includes the non-cancellable period of the lease and periods covered by an option to extend or terminate the lease if the Company is reasonably certain to exercise the option.

The lease liability is measured based on the present value of the fixed lease payments using either the implicit interest rate of the lease or the incremental borrowing rate. Subsequently, the lease liability is reduced by the lease payments made, partially offset by an increase in accretion interest expense using the effective interest rate method.

Any lease with variable lease payments that do not depend on an index or rate, a lease term less than 12 months or deemed as low value is exempt from IFRS 16 and will continue to be expensed on an accrual basis. The exempted leases do not have a material impact on the consolidated financial statements.

Subsequent lease modification

The right-of-use asset and lease liability are remeasured if a modification occurs. A modification includes increasing the scope of the lease by adding the right to use one or more underlying assets, increasing the scope of the lease by extending the contractual lease term and changing the consideration in the lease by increasing or decreasing the lease payment. When the lease liability is remeasured due to a modification, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

3.9 Intangibles

(a) Goodwill and Management Contracts

Goodwill represents the excess of the fair value of consideration paid over the fair value of the Company's share of the identifiable net assets, including management contracts, of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses. Management contracts have been determined to have an indefinite life as the contractual right to manage the assets has no fixed term. Management contracts acquired separately or in a business combination are recorded at fair value on initial recognition and subsequently reduced by the amount of impairment losses, if any.

(b) Other Intangibles

Other intangibles are stated at cost (which generally coincides with the fair value at the dates acquired), net of accumulated amortization and impairment, if any. Amortization for certain other intangibles is computed on a straight-line basis over five to 15 years based on the estimated useful lives of these assets. For the remaining other intangibles, amortization is based on the expected discounted cash flow and amortized over the contractual life of the assets. Other intangibles for which client attrition occurs is immediately charged to net income and included in amortization and derecognition of other intangibles.

3.10 Property, Equipment and Computer Software

Property, equipment and computer software, which consists of furniture and equipment, computer hardware, computer software and leasehold improvements, is stated at cost, net of accumulated depreciation and impairment, if any. Depreciation is calculated using the following methods based on the estimated useful lives of these assets:

Furniture and equipment	20% declining balance
Computer hardware	straight-line over useful life of two to seven years
Leasehold improvements	straight-line over term of lease
Computer software	straight-line over three years

3.11 Impairment of Non-financial Assets

Assets that have an indefinite useful life, for example, goodwill and management contracts, are not subject to amortization and are tested annually for impairment or more frequently if events or circumstances indicate that the carrying value may be impaired. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, or CGUs). Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Where such evidence exists, the portion of the previous impairment that no longer is impaired is reversed through net income with a corresponding increase in the carrying value of the asset.

3.12 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or contractual obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured as the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

In November 2005, the Company launched AGF Elements, which consists of five diversified fund-of-fund portfolios. Four of these portfolios include the Elements Advantage Commitment, which is a commitment to the investor that if their portfolio does not match or outperform its customized benchmark over a three-year period, AGF will provide each individual investor up to 90 basis points in additional units. This will be calculated based on the value of such investment at the end of its related three-year period.

The Company records a provision of up to 30 basis points per year of each investor's AUM and the Company's expectation of amounts ultimately to be reimbursed to the investor, adjusted for redemptions, until the end of the three-year measurement period of each investment made by such investor. If an individual investor's returns match or exceed the corresponding benchmark, amounts previously recorded as a provision are reversed and recognized in net income.

Effective June 22, 2009, AGF capped the AGF Elements Advantage Program (the Program). Any units purchased prior to June 22, 2009 remain eligible for the Program. Any units purchased on or after June 22, 2009 are not entitled to participate in the Program. Elements Advantage distributions that are reinvested continue to be eligible to participate in the Program.

3.13 Current and Deferred Income Tax

Income tax consists of current and deferred tax. Income tax is recognized in the consolidated statement of income except to the extent that it relates to items recognized directly in OCI or directly in equity, in which case the income tax is also recognized directly in OCI or equity, respectively.

Management regularly evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of tax losses and credits carryforwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures, and associates, except, in the case of subsidiaries, joint ventures, or associates, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the date of the consolidated statement of financial position and are expected to apply when the deferred tax asset is realized or liability settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available, against which the deductible temporary differences can be utilized.

Deferred income tax assets and liabilities are presented as non-current.

3.14 Employee Benefits

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

The Company has established stock option plans for senior employees and utilizes the fair-value-based method of accounting for stock options. The fair value of stock options, determined on the grant date using an option pricing model, is recorded over the vesting period as a charge to net earnings with a corresponding credit to contributed surplus, taking into account forfeitures. Awards are settled by issuance of AGF Class B Non-Voting shares upon exercise of the options. The stock options are issued with an exercise price not less than the market price of the Class B Non-Voting shares immediately prior to the grant date. Stock option awards are granted on a four-year graded-vesting basis whereby 25% of the total awards vest each year on the anniversary of the grant date.

The Company also has a share purchase plan under which employees can have a percentage of their annual earnings withheld subject to a maximum of 6% to purchase AGF's Class B Non-Voting shares. The Company matches up to 60% of the amounts contributed by the employee. The Company's contribution vests immediately and is recorded as a charge to net income in the period that the benefit is earned. All contributions are used by the plan trustee to purchase Class B Non-Voting shares on the open market.

The Company has an Executive Share Unit Plan for senior employees under which certain employees are granted RSUs of Class B Non-Voting shares. All RSUs shall vest three years from the grant date.

The Company has an Employee Benefit Trust (EBT), which acquires Class B Non-Voting shares of the Company in the open market, net of tax, to be delivered to employees upon vesting of their RSUs. Pursuant to the plan, the employees of AGF's Canadian subsidiaries will not have an option to receive cash settlement for their RSUs. Grants are expensed over the vesting period based on the fair value of the Class B Non-Voting shares at the date of grant and taking into account forfeitures.

Employees of non-Canadian subsidiaries participating in the plans receive cash settlements for their RSUs. The compensation expense and the related liability for these awards are recorded equally or graded over the three-year vesting period, taking into account fluctuations in the market price of Class B Non-Voting shares, dividends paid and forfeitures. AGF will redeem all of the participants' RSUs in cash equal to the value of one Class B Non-Voting share at the vesting date for each RSU.

The Company has a Deferred Share Unit (DSU) plan for non-employee Directors and certain employees. The plan enables Directors of the Company to elect to receive their remuneration in DSUs. These units vest immediately and compensation expense and the related liability are charged to net income in the period the DSUs are granted. DSUs granted to certain employees vest between one and 10 years from the grant date. Compensation expense and the related liability are recorded equally over the respective vesting periods, taking into account fluctuations in the market price of Class B Non-Voting shares, dividends paid and forfeitures. On termination, at the option of AGF, the Company will redeem all of the participants' DSUs in cash or shares equal to the value of one Class B Non-Voting share at the termination date for each DSU.

The Company has an incentive program for the investment team that provides compensation based on the performance of the designated AUM managed by the employee. The total compensation pool for this plan is determined by the total team's AUM multiplied by the applicable basis points. Upon grant, the employees will select RSUs or investment in any of AGF's mutual fund products. The compensation expense and the related liability are expensed over the vesting period based on the marked to market value of the AUM. Each plan fully vests on the third anniversary of the grant date. Upon vesting, the award is settled in cash.

(b) Termination Benefits

The Company recognizes termination benefits at the earlier of when it can no longer withdraw the offer of those benefits, or when it recognizes costs for a restructuring that involves termination benefits.

(c) Other Plans

The Company has a Unit Appreciation Rights (UAR) plan for certain employees of Doherty. The plan provides for the grant of performance appreciation rights to certain employees, the value of which are linked to the change in value of Doherty by reference to changes in Doherty's earnings before interest, taxes, depreciation and amortization (EBITDA). The Company has a Long-term Incentive plan for certain employees of Cypress. The plan provides revenue sharing based on Cypress's net revenue. The purpose of these plans is retention of key employees, including senior management and key succession employees, and to promote the profitability and growth of these two subsidiaries by creating a performance incentive for such key employees so that they may benefit from any appreciation in the value of Doherty and Cypress. Obligations related to the plans are recorded under accounts payable and accrued liabilities on the consolidated statement of financial position.

3.15 Capital Stock

AGF Class A Voting common shares and Class B Non-Voting shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from the proceeds, net of income tax.

3.16 Dividends

Dividends to AGF shareholders are recognized in the Company's consolidated financial statements in the period in which the dividends are declared by the Board of Directors.

3.17 Earnings per Share

Basic earnings per share are calculated by dividing net income applicable to AGF Class A Voting common shares and Class B Non-Voting shares by the daily weighted average number of shares outstanding. Diluted earnings per share are calculated using the daily weighted average number of shares that would have been outstanding during the year had all potential common shares been issued at the beginning of the year, or when other potentially dilutive instruments were granted or issued, if later.

The treasury stock method is employed to determine the incremental number of shares that would have been outstanding had the Company used proceeds from the exercise of options to acquire shares.

3.18 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. In addition to these general principles, AGF applies the following specific revenue recognition policies:

Management and advisory fees are based on the net asset value of funds under management multiplied by an agreed rate with the customer. Fees are recognized on an accrual basis as the service is performed. These fees are shown net of management fee rebates, fee waivers and expenses reimbursed to the funds or paid on the funds' behalf. Administration fees are recognized on an accrual basis as the service is performed.

Fees paid to institutional consultants related to the referral and placement of clients where the fee is paid at the commencement of client onboarding are not dependent on future revenue streams, and where the Company receives a fee directly from the client are capitalized and amortized over their estimated useful lives, not exceeding a period of three years. All other commissions, including selling commissions paid to dealers or brokers on mutual fund securities sold on a deferred sales charge (DSC) basis, are recognized as an expense on an accrual basis.

3.19 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 its CGUs based on the higher of its fair value less costs to sell (FVLCTS) and its value in use (VIU). The Company uses a discounted cash flow methodology to estimate these amounts. Such analysis involves management judgement in selecting the appropriate discount rate, terminal growth rate, future cash flows and synergies' inclusion rate to be used in the assessment of the impairment of non-financial assets. Refer to Note 9 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, or RSUs 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 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.

(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 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 identification of CGUs, the determination of whether intangible assets have finite or indefinite lives and the accounting implications related to certain legal matters.

3.20 Future Accounting Standards

Interest Rate Benchmark Reform

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

The Company continues to monitor future accounting standards and analyze the effect the standards may have on the Company's operations.

Note 4: Investments

The following table presents a breakdown of investments:

(in thousands of dollars) **November 30**		**2021**		**2020**
Fair value through profit or loss				
AGF mutual funds and other	$	21,836	$	17,248
Fair value through other comprehensive income				
Equity securities		913		610
Amortized cost				
Canadian government debt – Federal		325		311
	$	23,074	$	18,169

During the year ended November 30, 2021 and 2020, no impairment charges were recognized.

The continuity of investments for the years ended November 30, 2021 and 2020 is as follows:

(in thousands of dollars) **Years ended November 30**		**2021**		**2020**
Balance, beginning of the year	$	18,169	$	21,245
Additions		8,540		2,891
Disposals		(6,384)		(7,017)
Net realized and unrealized gains on investments classified as FVTPL		2,184		759
Reinvested dividends and interest		202		220
Net unrealized and realized gains on investments at FVTOCI		363		71
Balance, end of the year	$	23,074	$	18,169

Note 5: Investment in Joint Ventures and Long-term Investments

(a) Investment in Joint Ventures

The Company has ownership in joint ventures that manage our private alternative funds. Refer to Note 3.2(b) for details and ownership percentages. These joint ventures are accounted for using the equity method of accounting. The Company, through its interest in joint ventures, may be entitled to performance-based fees or carried interest distributions. These amounts are recognized by the Company and its joint ventures when the fund exceeds the related performance thresholds and when the risk of reversal is low.

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

The continuity for the years ended November 30, 2021 and 2020 is as follows:

	Years ended November 30			
(in thousands of dollars)		2021		2020
Balance, beginning of the year	$	1,780	$	2,626
Investment in joint venture		430		–
Share of profit		3,146		2,877
Distributions received		(4,573)		(3,723)
Balance, end of the year	$	783	$	1,780

For the year ended November 30, 2021, the Company recognized earnings of $3.1 million (2020 – $2.9 million) and received distributions of $4.6 million (2020 – $3.7 million) from its private alternatives business.

(b) Investment in Long-term Investments

Fair value adjustments and income distributions related to the Company's long-term investments in private alternatives are included in fair value adjustments and other income in the consolidated statement of income.

The continuity for the Company's long-term investments, accounted for at fair value through profit or loss (FVTPL), for the years ended November 30, 2021 and 2020 is as follows:

(in thousands of dollars) **Years ended November 30**		2021		2020
Balance, beginning of the year	$	151,949	$	136,664
Purchase of long-term investments		30,912		12,110
Return of capital		(22,051)		(1,363)
Fair value adjustment[1]		(89)		4,538
Balance, end of the year	$	160,721	$	151,949

[1] Fair value adjustment is based on the net assets of the fund less the Company's portion of the carried interest that would be payable by the fund upon crystallization.

As at November 30, 2021, the carrying value of the Company's long-term investments in the private alternatives business was $160.7 million (2020 – $151.9 million).

During the year ended November 30, 2021, the Company recognized income of $13.8 million (2020 – $7.8 million) in fair value adjustment and distributions related to its long-term investments.

The following shows the Company's commitment in funds and investments associated with the private alternative business as at November 30, 2021 and 2020.

(in thousands of dollars)		2021
Commitment, beginning of the year	$	219,478
Additional capital committed[1]		31,600
Return of capital, non-recallable		(22,051)
Commitment, end of the year	$	229,027
Funded capital		(158,110)
Remaining commitment to be funded, as at November 30[2]	$	70,917

(in thousands of dollars)		**2020**
Commitment, beginning of the year	$	208,841
Additional capital committed		12,000
Return of capital, non-recallable		(1,363)
Commitment, end of the year	$	219,478
Funded capital		(149,249)
Remaining commitment to be funded, as at November 30	$	70,229

[1] Additional capital committed includes $30.0 million committed to First Ascent's second fund. As at November 30, 2021, $2.7 million related to the commitment has been funded.
[2] Excludes anticipated commitment of US $50.0 million upon the successful launch of Instar's third fund.

The Company may temporarily provide capital to warehouse investments prior to formation of a fund. Upon closing of a fund with external investors, the Company receives a return of its capital.

Note 6: Leases

The Company leases property and office equipment. During the year ended November 30, 2021, the Company incurred lease modification and reassessment of $1.3 million, resulting in right-of-use assets of $76.1 million and total lease liabilities of $84.6 million recorded on the consolidated statement of financial position. The following shows the carrying amounts of the Company's right-of-use assets and lease liabilities by class and the movements during the years ended November 30, 2021 and 2020:

		Right-of-use assets						**Lease liabilities**
(in thousands of dollars)		**Property**		**Equipment**		**Total**		
As at December 1, 2020	$	80,181	$	958	$	81,139	$	85,663
Depreciation expense		(6,108)		(272)		(6,380)		–
Lease modification and reassessment		1,311		(5)		1,306		1,297
Interest expense		–		–		–		2,169
Payments		–		–		–		(4,500)
As at November 30, 2021	**$**	**75,384**	**$**	**681**	**$**	**76,065**	**$**	**84,629**

		Right-of-use assets						**Lease liabilities**
(in thousands of dollars)		**Property**		**Equipment**		**Total**		
As at December 1, 2019	$	14,569	$	1,188	$	15,757	$	19,880
Depreciation expense		(3,801)		(271)		(4,072)		–
Lease modification		(4,029)		–		(4,029)		(4,029)
New lease addition		73,442		41		73,483		73,483
Interest expense		–		–		–		1,057
Payments		–		–		–		(4,728)
As at November 30, 2020	**$**	**80,181**	**$**	**958**	**$**	**81,139**	**$**	**85,663**

The Company is committed under leases for office premises and equipment. The table below shows the Company's approximate remaining contractual minimum annual rental payments under the leases.

(in thousands of dollars) **Years ended November 30**		
2022	$	7,124
2023		5,775
2024		5,529
2025		5,443
2026		5,090
Thereafter		49,611
Total	**$**	**78,572**

Note 7: Other Fee-earning Arrangements

On May 26, 2021, the Company announced changes to its relationship with Instar Group Inc. The joint venture relationship in InstarAGF Asset Management Inc. (InstarAGF) was concluded following the establishment of its two flagship funds, InstarAGF Essential Infrastructure Fund I and II (together, the InstarAGF Funds). Based on the terms of the agreements, the Company maintained its respective long-term investments, as well as the carried interest participation in the InstarAGF Funds (carried interest entities). In addition, the Company and Instar entered into a fee arrangement whereby AGF will earn ongoing annual fees of 14 bps on the assets under management of the InstarAGF Funds. As at November 30, 2021, the InstarAGF Funds fee-earning assets were $2.1 billion.

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

The fee arrangement is classified as a contract with Instar under IFRS 15. Under IFRS 15, the annual fee will be recorded as income on an accrual basis over the remaining terms of each of the InstarAGF Funds. During the year ended November 30, 2021, the Company recognized $1.9 million of income related to the fee arrangement.

The Company's carried interest participation in the InstarAGF Funds is classified as a financial instrument under IFRS 9, specifically equity instrument, and measured at fair value through other profit and loss (FVTPL). The fair value of the carried interest investment as at November 30, 2021 is $1.2 million and is included in other assets in the consolidated statement of financial position. The Company has $1.2 million in long-term deferred income related to initial recognition of the carried interest entity, which will be recognized in the consolidated income statement as distributions are received. Fair value adjustment on the carried interest entities will result in changes to the asset with a corresponding change to deferred income. During the year ended November 30, 2021, the Company did not recognize any fair value adjustments or income on the carried interest investments.

Note 8: Assets Classified as Held for Sale

The Company completed the S&WHL sale on September 1, 2020. Based on the terms of the transaction structure, the Company received total cash of $296.2 million, excluding tax and one-time item 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 of $32.5 million, net of currency hedge. Net cash received upon close, after tax and one-time expenses, was $231.4 million, resulting in a gain on transaction of $94.4 million. The transaction was hedged at a rate of 1.68 UK pound sterling to Canadian dollar.

Dividends received when S&WHL was classified as held for sale were recorded as dividend income and did not reduce the carrying value of the investment. Foreign exchange revaluation on the carrying value of S&WHL was recorded through other comprehensive income. During the year ended November 30, 2020, the Company received $45.8 million in dividend income, net of currency hedge. As at November 30, 2021, the Company does not retain any equity consideration in S&WHL.

(in thousands of dollars) **Year ended November 30**		**2020**
Share of profit of associate	$	12
Dividend income		
Interim dividend		13,326
Special distribution, net of currency hedge		32,506
Gain on sale		
Proceeds received from sale of S&WHL, net of currency hedge (Note 10, Note 16)		250,354
Carrying value of S&WHL		(148,973)
OCI reclassification on S&WHL investment (Note 16)		11,861
Transaction expenses		(8,848)
Pre-tax gain on sale		104,394
Tax expense		(10,000)
Gain on sale	$	94,394

Note 9: Intangible Assets

(in thousands of dollars)	Management contracts	Customer contracts	Goodwill	Other intangibles	Total
At December 1, 2019					
Cost, net of derecognition and impairment	$ 689,759	$ 19,894	$ 250,830	$ 4,546	$ 965,029
Less: fully amortized assets	–	(17,254)	–	–	(17,254)
	689,759	2,640	250,830	4,546	947,775
Accumulated amortization	–	(19,699)	–	(3,780)	(23,479)
Less: fully amortized assets	–	17,254	–	–	17,254
	–	(2,445)	–	(3,780)	(6,225)
Net book amount	$ 689,759	$ 195	$ 250,830	$ 766	$ 941,550
Year ended November 30, 2020					
Opening net book amount	$ 689,759	$ 195	$ 250,830	$ 766	$ 941,550
Derecognition	–	(195)	–	–	(195)
Amortization	–	–	–	(99)	(99)
Closing net book amount	$ 689,759	$ –	$ 250,830	$ 667	$ 941,256
At November 30, 2020					
Cost, net of derecognition and impairment	$ 689,759	$ 2,445	$ 250,830	$ 4,546	$ 947,580
Less: fully amortized assets	–	(2,445)	–	(3,520)	(5,965)
	689,759	–	250,830	1,026	941,615
Accumulated amortization	–	(2,445)	–	(3,879)	(6,324)
Less: fully amortized assets	–	2,445	–	3,520	5,965
	–	–	–	(359)	(359)
Net book amount	$ 689,759	$ –	$ 250,830	$ 667	$ 941,256
Year ended November 30, 2021					
Opening net book amount	$ 689,759	$ –	$ 250,830	$ 667	$ 941,256
Amortization	–	–	–	(109)	(109)
Closing net book amount	$ 689,759	$ –	$ 250,830	$ 558	$ 941,147
At November 30, 2021					
Cost, net of derecognition and impairment	$ 689,759	$ –	$ 250,830	$ 1,026	$ 941,615
Less: fully amortized assets	–	–	–	(80)	(80)
	689,759	–	250,830	946	941,535
Accumulated amortization	–	–	–	(468)	(468)
Less: fully amortized assets	–	–	–	80	80
	–	–	–	(388)	(388)
Net book amount	$ 689,759	$ –	$ 250,830	$ 558	$ 941,147

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). The following is a summary of the goodwill allocation by CGU:

(in thousands of dollars)	Investment Management – Retail	Investment Management – Institutional	Cypress Capital Management Ltd.	Doherty & Associates Ltd.	Total
Year ended November 30, 2020					
Opening net book amount	$ 157,313	$ 76,762	$ 12,548	$ 4,207	$ 250,830
Closing net book amount	$ 157,313	$ 76,762	$ 12,548	$ 4,207	$ 250,830
Year ended November 30, 2021					
Opening net book amount	$ 157,313	$ 76,762	$ 12,548	$ 4,207	$ 250,830
Closing net book amount	$ 157,313	$ 76,762	$ 12,548	$ 4,207	$ 250,830

During the year ended November 30, 2021, in accordance with its accounting policies, the Company completed its impairment test on its goodwill and indefinite life intangibles. The total carrying value, net of deferred tax liability, for all CGUs as at November 30, 2021 was $780,274 (2020 – $869,987), of which $689,926 was in the Retail CGU (2020 – $740,585).

To determine whether an impairment loss should be recognized, the carrying value of the assets and liabilities of each CGU is compared to its recoverable amount, which is the higher of fair value less costs to sell (FVLCTS) and its value in use (VIU). As at November 30, 2021 and 2020, the Company has performed a discounted cash flow analysis for each CGU to estimate the recoverable amount.

The discounted cash flow analysis was based on projected cash flows expected over the next three fiscal years and thereafter based on an assumed terminal growth rate all discounted to present value at a market participant discount rate. Future cash flow projections are based on assets under management of which key drivers are assumptions about gross sales, redemptions, market growth, and revenue rate.

To arrive at a discount rate specific to each CGU, a base rate for the total Company was determined and a specific risk premium was applied for each CGU to reflect the CGU's non-systematic risk characteristics. The inputs for the base rate were derived based on observable market information and/or empirical studies. The specific risk premium took into consideration factors specific to each CGU, including but not limited to historical sales and redemption trends, fund performance, asset mix, and potential changes to the regulatory environment.

The terminal growth rate was selected taking into consideration the AUM composition within each CGU and long-term expected market returns, net of management expenses. Market participant synergies were estimated based on the Company's experience with prior acquisitions and giving consideration to the attributes of a likely purchaser of each CGU. A strategic purchaser would be able to realize synergies related to sales distribution and marketing activities, certain back office and support functions and other general and administrative costs. The estimated synergies were 69% of total costs in the Retail CGU and 73% of total costs in the Institutional CGU. These synergies were further discounted by the synergies' inclusion rate of 50%, resulting in synergies of approximately 35% included in the FVLCTS valuation. No synergies were assumed for the Cypress CGU and Doherty CGU, given the nature of private client businesses.

Based on the results of the annual impairment test, the Company concluded that no goodwill or management contracts were impaired as at November 30, 2021. The recoverable amount is further supported by AUM multiples from recent transactions for similar assets within the same industry.

The following is a summary of the valuation results for the Company's most significant CGU as at November 30, 2021:

(in thousands of dollars)		Investment Management – Retail
Recoverable amount applied – overall	$	1,203,642
Carrying amount		689,926
Excess	**$**	**513,716**
AUM	$	21,748,380
AUM multiple		5.50%
FVLCTS approach		
Discount rate		10.75%
Terminal growth rate		3.50%
Synergies inclusion rate		50.00%

The following is a summary of a sensitivity analysis performed based on alternative assumptions as at November 30, 2021.

(in thousands of dollars)		Investment Management – Retail
FVLCTS approach		
Discount rate		10.30%
Terminal growth rate		4.00%
Synergies inclusion rate		50.0%
Recoverable amount – high	$	1,354,518
Discount rate		11.20%
Terminal growth rate		3.00%
Synergies inclusion rate		50.00%
Recoverable amount – low	$	1,087,416

Management will continue to regularly monitor its intangibles for indications of potential impairment.

Note 10: Property, Equipment and Computer Software

(in thousands of dollars)	Furniture and equipment	Leasehold improvements	Computer hardware	Computer software	Total
At December 1, 2019					
Cost	$ 9,043	$ 8,208	$ 5,707	$ 4,213	$ 27,171
Less: fully depreciated assets	(10)	–	(821)	(845)	(1,676)
	9,033	8,208	4,886	3,368	25,495
Accumulated depreciation	(7,618)	(4,035)	(4,081)	(2,548)	(18,282)
Less: fully depreciated assets	10	–	821	845	1,676
	(7,608)	(4,035)	(3,260)	(1,703)	(16,606)
Net book amount	$ 1,425	$ 4,173	$ 1,626	$ 1,665	$ 8,889
Year ended November 30, 2020					
Opening net book amount	$ 1,425	$ 4,173	$ 1,626	$ 1,665	$ 8,889
Additions	80	537	987	1,731	3,335
Disposals	(33)	–	–	–	(33)
Depreciation	(276)	(1,225)	(1,051)	(1,299)	(3,851)
Closing net book amount	$ 1,196	$ 3,485	$ 1,562	$ 2,097	$ 8,340
At November 30, 2020					
Cost	$ 9,113	$ 8,745	$ 5,873	$ 5,099	$ 28,830
Disposals	(172)	–	–	–	(172)
Less: fully depreciated assets	(5)	(94)	(1,776)	(935)	(2,810)
	8,936	8,651	4,097	4,164	25,848
Accumulated depreciation	(7,884)	(5,260)	(4,311)	(3,002)	(20,457)
Disposals	139	–	–	–	139
Less: fully depreciated assets	5	94	1,776	935	2,810
	(7,740)	(5,166)	(2,535)	(2,067)	(17,508)
Net book amount	$ 1,196	$ 3,485	$ 1,562	$ 2,097	$ 8,340
Year ended November 30, 2021					
Opening net book amount	$ 1,196	$ 3,485	$ 1,562	$ 2,097	$ 8,340
Additions	107	10,322	1,252	1,592	13,273
Transfer of other asset[1]	–	1,397	–	–	1,397
Depreciation	(184)	(1,190)	(1,018)	(1,609)	(4,001)
Closing net book amount	$ 1,119	$ 14,014	$ 1,796	$ 2,080	$ 19,009
At November 30, 2021					
Cost	$ 9,043	$ 20,370	$ 5,349	$ 5,756	$ 40,518
Less: fully depreciated assets	358	(19)	(1,859)	(1,404)	(2,924)
	9,401	20,351	3,490	4,352	37,594
Accumulated depreciation	(7,924)	(6,356)	(3,553)	(3,676)	(21,509)
Less: fully depreciated assets	(358)	19	1,859	1,404	2,924
	(8,282)	(6,337)	(1,694)	(2,272)	(18,585)
Net book amount	$ 1,119	$ 14,014	$ 1,796	$ 2,080	$ 19,009

[1] Costs related to CIBC Square lease previously recorded as other assets prior to obtaining access.

Note 11: Accounts Payable

(in thousands of dollars) **Years ended November 30**		**2021**		**2020**
Compensation related payable	$	51,832	$	37,533
HST payable		10,053		8,900
Other		20,362		21,404
Accounts payable and accrued liabilities	$	82,247	$	67,837

Note 12: Long-term Debt

The Company's unsecured revolving credit facility (the Facility) has a maximum aggregate principal amount of $140.0 million and a $10.0 million swingline facility commitment. Advances under the Facility are made available by prime-rate loans in U.S. or Canadian dollars, under banker's acceptance (BAs) or by issuance of letters of credit. The Facility is due in full on November 6, 2023. As at November 30, 2021, AGF had drawn nil (2020 – nil) against the Facility. During the year ended November 30, 2021, the Company did not borrow against the Facility (2020 – repaid $208.5 million). AGF incurred $0.7 million of transaction fees on the Facility as at November 30, 2020, which is being amortized over the term of the Facility. As at November 30, 2021, the remaining balance of the transaction fee was $0.3 million. As at November 30, 2021, $150.0 million was available to be drawn from the revolving credit facility and swingline facility commitment.

Note 13: Deferred Income Tax and Liabilities

(a) The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

(in thousands of dollars) **November 30**		**2021**		**2020**
Deferred income tax assets				
Deferred income tax asset to be recovered after more than 12 months	$	1,980	$	2,555
Deferred income tax asset to be recovered within 12 months		4,105		4,038
	$	6,085	$	6,593
Deferred income tax liabilities				
Deferred income tax liability to be settled after more than 12 months	$	150,210	$	150,043
Deferred income tax liability to be settled within 12 months		84		–
		150,294		150,043
Net deferred income tax liabilities	$	144,209	$	143,450

The movement in deferred income tax assets and liabilities during the years ended November 30, 2021 and 2020, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(in thousands of dollars)

Year ended November 30, 2021	Balance, beginning of year	Recognized in income	Recognized in equity	Recognized in OCI	Balance, end of year
Deferred income tax assets					
Expenses deductible in future periods	$ 9,716	$ 152	$ 337	$ –	$ 10,205
Loss carryforwards	835	(709)	–	–	126
Deferred charges	63	(63)	–	–	–
Deferred sales commissions	1,027	(1,027)	–	–	–
Property and equipment	265	1,123	–	–	1,388
Other credits and carryforwards	54	(26)	10	–	38
	$ 11,960	$ (550)	$ 347	$ –	$ 11,757
Deferred income tax liabilities					
Management contracts and other intangibles	$ 150,987	$ 86	$ –	$ –	$ 151,073
Investments	4,412	442	(20)	48	4,882
Other	11	–	–	–	11
	$ 155,410	$ 528	$ (20)	$ 48	$ 155,966
Net deferred income tax liabilities	$ 143,450	$ 1,078	$ (367)	$ 48	$ 144,209

(in thousands of dollars)

Year ended November 30, 2020	Balance, beginning of year	IFRS 16 transitional adjustment	Recognized in income	Recognized in equity	Recognized in OCI	Balance, end of year
Deferred income tax assets						
Expenses deductible in future periods	$ 7,082	$ –	$ 2,574	$ 60	$ –	$ 9,716
Loss carryforwards	1,697	–	(862)	–	–	835
Deferred charges	365	–	(302)	–	–	63
Deferred sales commissions	1,164		(137)			1,027
Other credits and carryforwards	34	–	20	–	–	54
	$ 10,342	$ –	$ 1,293	$ 60	$ –	$ 11,695
Deferred income tax liabilities						
Management contracts and other intangibles	$ 151,026	$ –	$ (39)	$ –	$ –	$ 150,987
Investments	4,773	–	(371)	–	10	4,412
Property and equipment	679	(989)	45	–	–	(265)
Other	(220)	–	231	–	–	11
	$ 156,258	$ (989)	$ (134)	$ –	$ 10	$ 155,145
Net deferred income tax liabilities	$ 145,916	$ (989)	$ (1,427)	$ (60)	$ 10	$ 143,450

(b) Deferred income tax assets are recognized for tax loss carryforwards and other deductible expenses to the extent that the realization of the related tax benefit through future taxable profits is probable. The ability to realize the tax benefits of these losses is dependent upon a number of factors, including the future profitability of operations in the jurisdictions in which the tax losses arose. As at November 30, 2021, deferred income tax assets have not been recognized for $30.2 million of non-capital losses and $2.2 million of deductible expenses.

Non-capital loss carryforwards by year of expiry as at November 30, 2021 are summarized below:

(in thousands of dollars)		
2029	$	31
2030		77
2031		8
2032		100
2033		87
Thereafter		9,780
No expiry		20,160

(c) As at November 30, 2021, the aggregate amount of temporary differences associated with investments in subsidiaries for which deferred income tax liabilities have not been recognized is $4.8 million (2020 – $5.6 million).

Note 14: Provision for Elements Advantage

(in thousands of dollars) **Years ended November 30**		**2021**		**2020**
Balance, beginning of the year	$	1,338	$	1,450
Additional provision charged to the income statement		362		605
Paid during the year		(1,049)		(717)
Balance, end of the year		651		1,338
Less: non-current portion		–		424
Current portion	$	651	$	914

Note 15: Capital Stock

(a) Authorized Capital

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

(b) Changes During the Year

The change in capital stock is summarized as follows:

	Years ended November 30					
	2021			2020		
(in thousands of dollars, except share amounts)	Shares		Stated value	Shares		Stated value
Class A Voting common shares	57,600	$	–	57,600	$	–
Class B Non-Voting shares						
Balance, beginning of the year	69,868,569	$	425,460	78,223,104	$	474,178
Issued through dividend reinvestment plan	43,419		313	68,243		319
Stock options exercised	676,386		5,253	60,582		361
Repurchased for cancellation	(702,100)		(4,258)	(8,017,542)		(48,618)
Treasury stock purchased for employee benefit trust	(250,000)		(1,864)	(750,000)		(2,628)
Treasury stock released for employee benefit trust[1]	320,610		1,289	284,182		1,848
Balance, end of the year	69,956,884	$	426,193	69,868,569	$	425,460

[1] In December 2021, an additional 339,223 share units were released (2020 – 297,384).

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

AGF has obtained applicable regulatory approval to purchase for cancellation, from time to time, certain of its Class B Non-Voting shares through the facilities of the TSX (or as otherwise permitted by the TSX). AGF relies on an automatic purchase plan during the normal course issuer bid. The automatic purchase plan allows for purchases by AGF of its Class B Non-Voting shares 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. Under its normal course issuer bid, AGF may purchase up to 10% of the public float outstanding on the date of the receipt of regulatory approval or up to 5,067,167 shares for the period from February 8, 2021 to February 7, 2022 and up to 5,947,786 shares for the period from February 6, 2020 to February 5, 2021. During the year ended November 30, 2021, AGF purchased 702,100 (2020 – 1,000,000) Class B Non-Voting shares under the normal course issuer bid at a cost of $5.6 million (2020 – $5.1 million). During the year ended November 30, 2021, the discount of $1.4 million (2020 – excess $0.9 million) over the recorded capital stock value of the shares repurchased for cancellation was recorded in retained earnings.

During the year ended November 30, 2020, AGF completed a substantial issuer bid (SIB), 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. 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. 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.

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

During the year ended November 30, 2021, AGF purchased 250,000 (2020 – 750,000) Class B Non-Voting shares for the employee benefit trust at a cost of $1.9 million (2020 – $2.6 million). Shares purchased for the trust are purchased under the Company's normal course issuer bid and recorded as a reduction to capital stock. During the year ended November 30, 2021, 320,610 (2020 – 284,182) Class B Non-Voting shares purchased as treasury stock were released. As at November 30, 2021, 774,818 (2020 – 845,428) Class B Non-Voting shares were held as treasury stock.

Note 16: Accumulated Other Comprehensive Income

(in thousands of dollars)	Foreign currency translation	Fair value through OCI	Fair value on derivative instrument	Total
Opening composition of accumulated other comprehensive income at December 1, 2019				
Other comprehensive income (loss)	$ 8,243	$ 4,085	$ (1,062)	$ 11,266
Income tax expense	–	(8)	–	(8)
Balance, December 1, 2019	8,243	4,077	(1,062)	11,258
Transactions during the year ended November 30, 2020				
Other comprehensive income (loss)	(32)	74	–	42
Reclassification of AOCI to net income from the sale of asset classified as held for sale[1] (Note 8)	(9,712)	–	1,062	(8,650)
Income tax expense	–	(10)	–	(10)
Balance, November 30, 2020	(1,501)	4,141	–	2,640
Transactions during the year ended November 30, 2021				
Other comprehensive income	–	362	–	362
Income tax expense	–	(48)	–	(48)
Balance, November 30, 2021	$ (1,501)	$ 4,455	$ –	$ 2,954

[1] For the year ended November 30, 2020, the Company reclassified AOCI of $8.7 million to the statement of income as a result of the completion of the S&WHL sale.

During the year ended November 30, 2020, the Company recorded losses on the fair value on the foreign currency derivative instruments related to the sale of S&WHL of $14.6 million, which were subsequently reclassified to the Consolidated Statement of Income along with the opening fair value on derivative loss of $1.1 million, for a total loss of $15.7 million reclassified to the Consolidated Statement of Income. Refer to Note 8 for additional information. The following is a summary of the derivative loss recognized for the year ended November 30, 2020:

(in thousands of dollars) **Year ended November 30, 2020**	Opening AOCI balance	Change in fair value of derivative instrument recorded in OCI	Derivative loss recorded in net income	Reclassification of derivative loss from OCI to net income	Total derivative loss recorded in net income
S&WHL forward	N/A	$ (9,834)	$ 1,297	$ 9,834	$ 11,131
S&WHL put option	$ (1,062)	(4,775)	–	5,837	5,837
	$ (1,062)	$ (14,609)	$ 1,297	$ 15,671	$ 16,968

Note 17: Management, Advisory and Administration Fees

(in thousands of dollars) **Years ended November 30**	2021	2020
Management, advisory and administration fees	$ 440,660	$ 383,067
Fund expenses and waivers	(8,400)	(8,409)
	$ 432,260	$ 374,658

Note 18: Fair Value Adjustments and Other Income

(in thousands of dollars) **Years ended November 30**		**2021**		**2020**
Fair value adjustment related to investment gain classified as FVTPL (Note 4)	$	2,184	$	759
Fair value adjustment and distributions related to long-term investments (Note 5(b))		13,776		7,767
Interest income		540		936
Other[1]		1,597		693
	$	18,097	$	10,155

[1] For the year ended November 30, 2021, the Company recorded a gain on the sale of artwork for $1.2 million. Refer to Note 26 for more information.

Note 19: Expenses by Nature

(in thousands of dollars) **Years ended November 30**		**2021**		**2020**
Selling, general and administrative				
Salaries, benefits and performance-based compensation	$	131,313	$	115,661
Stock-based compensation		10,844		7,009
Sales and marketing		7,364		7,783
Information technology and facilities		28,017		28,708
Professional fees		13,145		11,014
Other fund costs		1,668		1,253
Other		2,778		3,306
	$	195,129	$	174,734

Note 20: Employee Benefit Expense

(in thousands of dollars) **Years ended November 30**		**2021**		**2020**
Compensation expense excluding stock-based compensation	$	131,313	$	115,661
Stock option plans		534		656
Share purchase plan		1,206		1,192
RSU plans		4,867		4,122
DSU plan		4,237		1,039
Stock-based compensation	$	10,844	$	7,009
	$	142,157	$	122,670

Note 21: Stock-based Compensation and Other Stock-based Payments

(a) Stock Option Plans

Under the Company's stock option plans, an additional maximum of 1,289,537 Class B Non-Voting shares could have been granted as at November 30, 2021 (2020 – 780,585).

The change in stock options during the nine months ended November 30, 2021 and 2020 is summarized as follows:

	Years ended			
	2021		2020	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Class B Non-Voting share options				
Balance, beginning of the year	7,214,162	$ 6.64	7,416,929	$ 6.91
Options granted	171,666	8.17	511,415	5.64
Options forfeited	(48,100)	8.32	(303,792)	7.18
Options expired	(632,518)	11.86	(349,808)	10.62
Options exercised	(676,386)	6.69	(60,582)	5.28
Balance, end of the year	6,028,824	$ 6.12	7,214,162	$ 6.64

The outstanding stock options as at November 30, 2021 have expiry dates ranging from 2022 to 2028. The following table summarizes additional information about stock options outstanding as at November 30, 2021 and 2020:

November 30, 2021 Range of exercise prices	Number of options outstanding	Weighted average remaining life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
$0.01 to $8.00	5,517,228	2.8 years	$ 5.92	4,393,150	$ 5.90
$8.01 to $15.00	511,596	2.6 years	8.26	339,930	8.30
	6,028,824	2.8 years	$ 6.12	4,733,080	$ 6.07

November 30, 2020 Range of exercise prices	Number of options outstanding	Weighted average remaining life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
$0.01 to $8.00	6,193,614	3.6 years	$ 6.00	4,134,968	$ 6.00
$8.01 to $15.00	1,020,548	0.8 years	10.51	1,020,548	10.51
	7,214,162	3.2 years	$ 6.64	5,155,516	$ 6.89

During the year ended November 30, 2021, 171,666 (2020 – 511,415) stock options were granted and compensation expense and contributed surplus of $0.5 million (2020 – $0.7 million) was recorded. The fair value of options granted during the year ended November 30, 2021 has been estimated at $1.65 per option (2020 – $1.01) using the Black-Scholes option-pricing model. The following assumptions were used to determine the fair value of the options granted during the years ended November 30, 2021 and 2020.

Years ended	2021	2020
Risk-free interest rate	1.4%	0.4%
Expected dividend yield	4.6%	5.7%
Five-year historical-based		
expected share price volatility	35.4%	37.0%
Forfeiture rate	4.4%	4.5%
Option term	5.3 years	5.2 years

(b) Other Stock-based Compensation

Other stock-based compensation includes RSUs and DSUs. Compensation expense related to cash-settled stock-based compensation for the year ended November 30, 2021 was $5.7 million (2020 – $1.5 million) and the liability recorded as at November 30, 2021 related to cash-settled stock-based compensation was $11.0 million (2020 – $5.9 million). Compensation expense related to equity-settled RSUs for the year ended November 30, 2021 was $3.4 million (2020 – $3.6 million) and contributed surplus related to equity-settled RSUs, net of tax, as at November 30, 2021 was $5.3 million (2020 – $5.5 million).

The change in share units of RSUs and DSUs during the nine months ended November 30, 2021 and 2020 is as follows:

	Years ended	
	2021	2020
	Number of share units	Number of share units
Outstanding, beginning of the year, non-vested	3,510,057	3,216,960
Issued		
Initial grant	1,071,034	846,525
In lieu of dividends	141,511	168,982
Settled in cash	(458,616)	(371,342)
Settled in equity	(320,610)	(284,182)
Forfeited and cancelled	(17,180)	(66,886)
Outstanding, end of the year	3,926,196	3,510,057
Settled in cash, end of the year	345,881	370,917
Settled in equity, end of the year	3,580,315	3,139,140

Note 22: Interest Expense

(in thousands of dollars) Years ended November 30		2021		2020
Interest on long-term debt and standby fees[1]	$	599	$	5,502
Lease interest expense (Note 6)		2,169		1,057
Tax-related interest expense (refund)		28		(193)
	$	2,796	$	6,366

[1] In September 2020, the Company fully repaid the long-term debt. As at November 30, 2021, the Company does not have any outstanding long-term debt.

Note 23: Income Tax Expense

(a) The following are major components of income tax expense:

(in thousands of dollars) **Years ended November 30**		**2021**		**2020**
Current income tax				
Current income tax on profits for the year	$	12,455	$	23,860
Adjustments in respect of prior years		26		(1,291)
Other		(1,058)		(621)
Total current income tax expense	$	11,423	$	21,948
Deferred income tax				
Origination and reversal of temporary differences	$	1,337	$	(1,778)
Adjustments in respect of prior years		(33)		1,095
Tax benefit arising from a previously unrecognized tax loss, tax credit or temporary difference		(226)		(744)
Total deferred income tax expense (benefit)		1,078		(1,427)
Income tax expense	$	12,501	$	20,521

A breakdown of income tax expense is as follows:

(in thousands of dollars) **Years ended November 30**		**2021**		**2020**
Income tax				
Total income tax on profits for the year	$	12,501	$	10,646
Tax impact on gain on sale of asset classified as held for sale, net of currency hedge		–		10,000
Adoption of IFRS 16		–		(125)
Total income tax expense	$	12,501	$	20,521

(b) The Company's effective income tax rate is comprised as follows:

(in thousands of dollars) **Years ended November 30**	**2021**	**2020**
Canadian corporate tax rate	26.5%	26.5%
Rate differential on earnings of subsidiaries	0.4	0.2
Tax-exempt income	(0.3)	(6.5)
Gains subject to different tax rates	(4.1)	(0.5)
Non-taxable profits arising on disposal of investment	–	(9.1)
Non-deductible expenses	0.4	0.2
Utilization of previously unrecognized tax losses and temporary differences	(0.4)	(0.4)
Change in deferred tax assets not recognized	3.3	0.7
Other	(1.7)	(0.5)
Effective income tax rate	24.1%	10.6%

(c) The tax charged relating to components of other comprehensive income is as follows:

(in thousands of dollars) **Years ended November 30**		**2021**		**2020**
Fair value gains on available for sale investments	$	48	$	10
	$	48	$	10

(d) The tax charged (credited) relating to components of equity is as follows:

(in thousands of dollars) **Years ended November 30**		**2021**		**2020**
Equity-settled share-based compensation	$	(241)	$	(60)
Other		(126)		–
	$	(367)	$	(60)

Note 24: Earnings per Share

(in thousands of dollars, except per share data) **Years ended November 30**		**2021**		**2020**
Numerator				
Net income for the year	$	39,297	$	173,908
Denominator				
Weighted average number of shares – basic		70,009,123		77,326,775
Dilutive effect of employee stock-based compensation awards		1,651,519		1,032,795
Weighted average number of shares – diluted		71,660,642		78,359,570
Earnings per share for the year				
Basic	$	0.56	$	2.25
Diluted	$	0.55	$	2.22

Note 25: Dividends

During the year ended November 30, 2021, the Company paid dividends of $0.34 (2020 – $0.32) per share. Total dividends paid, including dividends reinvested, in the year ended November 30, 2021 were $23.8 million (2020 – $24.9 million). On December 17, 2021, 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 $0.09 per share in respect of the three months ended November 30, 2021, amounting to a total dividend of approximately $6.3 million. These consolidated financial statements do not reflect this dividend.

Note 26: Related Party Transactions

(a) Key Management Compensation

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

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

(in thousands of dollars) **Years ended November 30**		**2021**		**2020**
Salaries and other short-term employee benefits	$	10,848	$	8,501
Share-based compensation		5,949		2,999
	$	16,797	$	11,500

During the year ended November 30, 2021, the Company and Goldring Capital Corporation reached an agreement to sell and transfer ownership of eleven pieces of artwork held by AGF to Goldring Capital Corporation for $1.2 million. The agreed upon selling price was approved by the board. The proceeds were received and recorded as other income on the income statement during the year ended November 30, 2021.

(b) Mutual Funds and Other Investments

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. is deemed for IFRS purposes to be a related party to AGF Funds since it is the manager of AGF Funds.

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, administration and investment advisory services and all costs connected with the distribution of securities of AGF Funds. A majority of the management and advisory fees the Company earned in the years ended November 30, 2021 and 2020 were from AGF Funds. As at November 30, 2021, the Company had $15.7 million (2020 – $15.3 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, 2021 on behalf of AGF Funds were approximately $10.3 million (2020 – $9.7 million).

The Company also invests in seed capital in AGF Funds and the private alternative business. For additional information on these investments refer to Notes 4 and 5(b), respectively.

Note 27: Financial Risk Management

(a) COVID-19

The COVID-19 pandemic remains a significant concern and source of volatility for the global markets.

Sustained and material volatility in the financial markets has the potential to create market risk to the Company's capital position and profitability. A significant portion of AGF's revenue is driven by its total average AUM excluding private alternatives. These AUM levels are impacted by both net sales and changes in the market. In general, for every $1.0 billion reduction in average AUM excluding private alternatives, management fee revenues, net of trailer fees, would decline by approximately $7.6 million.

(b) Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. In the normal course of business, the Company manages these risks as they arise as a result of its use of financial instruments.

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.

(i) Foreign Exchange Risk

The Company's main foreign exchange risk derives from the U.S. and international portfolio securities held in the 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 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 the AGF funds would have resulted in a corresponding change of approximately $1.3 billion in AUM for the year ended November 30, 2021. In general, for every $1.0 billion reduction in AUM, management fee revenue would decline by approximately $13.5 million (2020 – $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.

(ii) Interest Rate Risk

The Company has exposure to the risk related to changes in interest rates on floating-rate debt and cash balances. The Company does not have exposure to interest rate risk for the year ended November 30, 2021 and 2020 as the Company does not have any outstanding long-term debt.

At November 30, 2021, approximately 15% 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 $1.0 million in revenue for the year ended November 30, 2021.

(iii) 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 mutual funds managed by the Company of $21.8 million (2020 – $17.2 million), equity securities of $0.9 million (2020 – $0.6 million) and long-term investments of $160.7 million (2020 – $151.9 million) as at November 30, 2021. As at November 30, 2021, the effect of a 10% decline or increase in the value of investments would result in a

$18.3 million (2020 – $16.9 million) pre-tax unrealized gain or loss in net income and $0.1 million (2020 – $0.1 million) pre-tax unrealized gain or loss to other comprehensive income.

Credit Risk

The Company is exposed to the risk that third parties, including clients, who owe the Company 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. The Company'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. The Company does not have significant exposure to any individual counterparty.

Liquidity Risk

Liquidity risk is the risk that the Company may not be able to generate sufficient funds and within the time required to meet its obligations as they come due. The key liquidity requirements are the funding of deferred selling commissions paid on mutual funds, dividends paid to shareholders, obligations to taxation authorities, investment-related commitments in the alternative asset management business, and the repayment of long-term debt. While the Company currently has access to financing, unfavourable market conditions may affect its 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 in Capital Management (below) and Note 12. The Company manages its liquidity by monitoring actual and projected cash flows to ensure that it has sufficient liquidity through cash received from operations as well as borrowings under its revolving credit facility. Cash surpluses are invested in interest-bearing short-term deposits and investments with a maturity up to 90 days. The Company is subject to certain financial loan covenants under its revolving credit facility and has met all of these conditions.

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on the remaining period from November 30, 2021 and 2020 to the contractual maturity date.

(in thousands of dollars)		**1 year or less**		**1 to 5 years**
Year ended November 30, 2021				
Accounts payable and accrued liabilities	$	82,247	$	–
Provision for Elements Advantage		651		–
Other liabilities		–		10,421
Total	$	82,898	$	10,421
Year ended November 30, 2020				
Accounts payable and accrued liabilities	$	67,837	$	–
Provision for Elements Advantage		914		424
Other liabilities		–		9,267
Total	$	68,751	$	9,691

(c) Capital Management

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

As part of the ongoing strategic and capital planning, the Company regularly reviews its 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.

The Company's capital consists of shareholders' equity and long-term debt. Refer to Notes 12 and 15 for additional information. The Company reviews its three-year capital plan annually while detailing projected operating budgets and capital requirements. 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. The AGF Executive Management committee is responsible for the management of capital. The AGF Board of Directors is responsible for overseeing the Company's capital policy and management.

The Company's Investment Management businesses, in general, are not subject to significant regulatory capital requirements in each of the jurisdictions in which they are registered and operate.

(d) Fair Value Estimation

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

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

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

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

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

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

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

The following table presents the group's assets and liabilities that were measured at fair value at November 30, 2020:

(in thousands of dollars) **November 30, 2020**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit or loss				
Cash and cash equivalents	$ 94,009	$ –	$ –	$ 94,009
AGF mutual funds and other	17,248	–	–	17,248
Long-term investments	–	–	151,949	151,949
Financial assets at fair value through other comprehensive income				
Equity securities	610	–	–	610
Amortized cost				
Canadian government debt – Federal	–	311	–	311
Total financial assets	$ 111,867	$ 311	$ 151,949	$ 264,127

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

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

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

Level 3 instruments include long-term investments related to the alternatives asset management business and the fair value of the carried interest investments related to the InstarAGF Funds. Instruments classified in this category have a parameter input or inputs that are unobservable and that have a more than insignificant impact on either the fair value of the instrument or the profit or loss of the instrument.

The fair value of the Company's long-term investments as at November 30, 2021 has been estimated using the net asset value (NAV) as calculated by the asset manager of the fund. If the NAV were to increase or decrease by 10%, the fair value of the Company's long-term investment and pre-tax income would increase or decrease by $16.4 million. Refer to Note 5(b) for additional information.

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

The following table presents changes in level 3 instruments for the year ended November 30, 2021 and 2020:

(in thousands of dollars)		Total
Long-term investments		
Balance at December 1, 2020	$	151,949
Purchase of investment		30,912
Return of capital		(22,051)
Fair value adjustment recognized in profit or loss[1]		(89)
Balance at November 30, 2021	**$**	**160,721**
Carried interest		
Balance at December 1, 2020	$	–
Initial recognition		1,159
Balance at November 30, 2021	**$**	**1,159**

[1] The change in unrealized loss in investments currently held included in level 3 of the fair value hierarchy is $89 (2020 – gain of $4,538) for the year ended November 30, 2021.

(in thousands of dollars)		Total
Long-term investments		
Balance at December 1, 2019	$	136,664
Purchase of investment		12,110
Return of capital		(1,363)
Fair value adjustment recognized in profit or loss		4,538
Balance at November 30, 2020	**$**	**151,949**

There were no transfers into or out of level 1 and level 2 during the year ended November 30, 2021.

Note 28: Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where AGF currently has a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In the normal course of business, AGF has entered into various master netting agreements or other similar arrangements that do not meet the criteria for offsetting in the consolidated statement of financial position but still allow for the related amounts to be set off in certain circumstances, such as default or bankruptcy.

The following table presents the recognized financial instruments that are offset or subject to enforceable master netting arrangements or other similar agreements but not offset, as at November 30, 2021 and 2020, and shows what the net impact would be on the Company's consolidated statement of financial position if all set-off rights were exercised:

(in thousands of dollars)					
November 30, 2021		**Amounts offset**		**Amounts not offset**	**Net**
	Gross asset	Gross liability offset	Net amount presented		
Financial assets					
Cash and cash equivalents (Notes 28(a),(b))	$ 556,311	$ (469,827)	$ 86,484	$ –	$ 86,484
Total financial assets	$ 556,311	$ (469,827)	$ 86,484	$ –	$ 86,484
		Amounts offset		**Amounts not offset**	**Net**
	Gross liability	Gross asset offset	Net amount presented		
Financial liabilities					
Long-term debt (Note 28(b))	$ –	$ –	$ –	$ –	$ –
Total financial liabilities	$ –	$ –	$ –	$ –	$ –

(in thousands of dollars)					
November 30, 2020		**Amounts offset**		**Amounts not offset**	**Net**
	Gross asset	Gross liability offset	Net amount presented		
Financial assets					
Cash and cash equivalents (Notes 28(a),(b))	$ 480,385	$ (386,376)	$ 94,009	$ –	$ 94,009
Total financial assets	$ 480,385	$ (386,376)	$ 94,009	$ –	$ 94,009
		Amounts offset		**Amounts not offset**	**Net**
	Gross liability	Gross asset offset	Net amount presented		
Financial liabilities					
Long-term debt (Note 28(b))	$ –	$ –	$ –	$ –	$ –
Total financial liabilities	$ –	$ –	$ –	$ –	$ –

(a) Based on an agreement with a Canadian chartered bank, certain bank deposits are pooled into one concentration account and offset with bank overdrafts of the Company and its subsidiaries that are part of the pooling agreement. The net amount is included in cash and cash equivalents in the consolidated statement of financial position.

(b) The Company, through its subsidiary AGF Investments Inc. (AGFII), has a loan agreement with two Canadian chartered banks. Based on this agreement, in the event of a default or bankruptcy, the creditors have the right to offset the liability against any deposits of the Company and certain subsidiaries held by the creditors. These cash deposits are recorded under cash and cash equivalents in the consolidated statement of financial position. As at November 30, 2021, the Company does not have any outstanding long-term debt balance.

Note 29: Contingencies

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

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

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

Canada Revenue Agency (CRA) Audit – Acquisition of Tax-related Benefits

As previously disclosed in prior years' Annual Consolidated Financial Statements, the Company received correspondences from the CRA and Ministry of Finance (Ontario) confirming that the Company's objection had been allowed in full in respect to tax-related benefits acquired and utilized by the Company in the 2005 fiscal year. In 2020, the Company recorded $1.1 million of interest income in the Consolidated Statement of Income and received a substantial portion of the expected tax refunds. In 2021, the Company received the final reassessments and tax refunds from the Ministry of Finance (Alberta) and Revenu Québec. This matter is now resolved.

Note 30: Commitments and Guarantees

(a) Commitments

The Company is committed under contracts for service arrangements. The approximate minimum annual cash payments related to these arrangements are as follows:

(in thousands of dollars) **Years ended November 30**		**Service commitment**
2022	$	24,200
2023		12,643
2024		10,811
2025		9,610
2026		4,740
Thereafter		30,548
Total	$	92,552

Refer to Note 6 for additional information on the Company's contractual commitments related to leases for office premises and equipment. In addition, as at November 30, 2021, the Company has funded $158.1 million (2020 – $149.2 million) in funds and investments associated with the private alternative business and has $70.9 million (2020 – $70.2 million) remaining committed capital to be invested. In addition, the Company has also announced an anticipated commitment of US$50.0 million upon the successful launch of Instar's third fund.

(b) Guarantees

The Company, under an indemnification agreement with each of the directors of the Company, as well as directors of the mutual fund corporations, has agreed to indemnify the directors against any costs in respect of any action or suit brought against them in respect of the proper execution of their duties. To date, there have been no claims under these indemnities.

Note 31: Subsequent Event

Subsequent to the year ended November 30, 2021, the Company received letters from the CRA providing relief for a portion of the previously assessed interest in relation to the 2008 to 2015 taxation years on the resolved transfer pricing issue as disclosed in the Annual Consolidated Financial Statements from 2013 to 2020. The Company has received refunds from the CRA of approximately $3.8 million in relation to such interest. Interest and penalties related to income taxes are recognized and measured in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Accordingly, no asset had been recognized by the Company as of November 30, 2021 for the interest relief that the Company sought given it was not virtually certain of CRA's decision to grant relief. The interest relief will be recognized in 2022, the period in which the relief was granted. It is yet to be determined whether further amounts may be refunded by the CRA in relation to the same matter but such amounts are not expected to be significant. The Company expects to receive notices of reassessment shortly.

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