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**AGF GROUP OF FUNDS**

**Annual Information Form**

**Initial Offering of Mutual Fund Series, Series F and  
Series O Securities of**

**AGF DIVERSIFIED INCOME CLASS\***

**AGF HIGH INCOME CLASS\***

**October 1, 2011**

**\* Class of AGF All World Tax Advantage Group Limited.**

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## INTRODUCTION

In this annual information form,

**we, us, our** and **AGF** refer to AGF Investments Inc.

**you** refers to the registered or beneficial owner of a share of a Fund.

**Acuity Funds** refers to the Acuity mutual funds offered to the public under a simplified prospectus and annual information form.

**AGF and Acuity Trust Funds** refers to the AGF Funds and Acuity Funds that are structured as mutual fund trusts and issue units.

**AGF Group of Funds** or **AGF Funds** refers to all of our AGF mutual funds offered to the public under a simplified prospectus and annual information form, including the Funds.

**Aggregate Group of Funds** refers to, collectively, the AGF and Acuity Trust Funds, Harmony Tax Advantage Group Limited and Acuity Corporate Class Ltd.

**AIMI** refers to Acuity Investment Management Inc.

**Board** refers to the board of directors of the Tax Advantage Group.

**Class or Classes** refers to a class or classes of the Tax Advantage Group.

**Fund** or **Funds** means AGF Diversified Income Class (formerly, Acuity Diversified Income Class) and /or AGF High Income Class (formerly, Acuity High Income Class).

**MF Series** refers to the Mutual Fund Series securities of the Funds offered under a simplified prospectus

**registered dealer** refers to the firm the registered representative works for.

**Registered Plans** collectively refer to trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts.

**registered representative** refers to an individual who is registered to sell mutual funds.

**securities** refers to units and/or shares, as applicable.

**securityholders** refers to unitholders and/or shareholders, as applicable.

**Series F** refers to the Series F securities of the Funds offered under the simplified prospectus.

**Series O** refers to the Series O securities of the Funds offered under the simplified prospectus.

**Tax Advantage Group** refers to AGF All World Tax Advantage Group Limited, the continuing mutual fund corporation resulting from the amalgamation of Acuity Corporate Class Ltd. and AGF All World Tax Advantage Group Limited on October 1, 2011. The Tax Advantage Group currently offers 24 different classes of shares and may offer more classes in the future. Each class is like a separate mutual fund with its own investment objective.

**underlying fund** refers to a mutual fund (either an AGF Fund or otherwise) in which a Fund invests.

On February 1, 2011, AGF Management Limited and AGF Investments Inc. acquired all of the issued and outstanding shares of, and thus control of, Acuity Funds Ltd. Acuity Funds Ltd. is now a subsidiary of AGF Investments Inc. Notwithstanding, AGF Investments Inc. continues to be the investment fund manager of its group of funds, and Acuity Funds Ltd. continues to be the investment fund manager of its group of funds. Effective as of August 8, 2011, the back office systems of AGF Investments Inc. and Acuity Funds Ltd. were integrated, thereby resulting in an ease in operational switching between funds offered by the two investment fund managers. For instance, no deferred sales charges or low load sales charges apply to switches between the AGF and Acuity family of funds. All of the other consequences of switching described herein (for instance, the tax consequences of switching between funds) continue to apply notwithstanding the back office integration between the investment fund managers.

## NAME, FORMATION AND HISTORY OF THE FUNDS

The Funds belong to the AGF Group of Funds and are offered to the public and sold through registered dealers.

AGF is the manager of the Tax Advantage Group. The registered office and principal place of business of the Funds and AGF is located at Suite 3100, 66 Wellington Street West, Toronto Dominion Bank Tower, Toronto, Ontario M5K 1E9.

### AGF All World Tax Advantage Group Limited

The Tax Advantage Group is a mutual fund corporation amalgamated under the *Business Corporations Act* (Ontario).

The multi-class corporation was originally formed by Articles of Amalgamation dated September 30, 1994 amalgamating AGF American Growth Fund Limited, AGF Special Fund Limited, AGF Japan Fund Limited, AGF Asian Growth Fund Limited, AGF China Focus Fund Limited and AGF European Growth Fund Limited. Pursuant to Articles of Amalgamation dated October 1, 2010, that corporation was amalgamated with AGF Canadian Growth Equity Fund Limited and AGF Canadian Resources Fund Limited. Pursuant to Articles of Amalgamation dated October 1, 2011, that amalgamated corporation was amalgamated with Acuity Corporate Class Ltd.

The following chart shows when the Funds were started:

<u>Class</u>	<u>Date Started</u>
AGF Diversified Income Class	August 13, 2007
AGF High Income Class	August 13, 2007

The following is a summary of important changes to the Funds which were a part of the amalgamations to form the Tax Advantage Group and other material changes to the Tax Advantage Group. AGF may designate the name of each authorized Class. There are currently 100 authorized Classes.

Date	Description of Change
October 1, 2011	Amalgamated Acuity Corporate Class Ltd. with a predecessor of the Tax Advantage Group by Articles of Amalgamation. Acuity High Income Class and Acuity Diversified Income Class each continued as Classes within the Tax Advantage Group and re-named AGF High Income Class and AGF Diversified Income Class, respectively.
October 1, 2010	Amalgamated AGF Canadian Growth Equity Fund Limited and AGF Canadian Resources Fund Limited with a predecessor of the Tax Advantage Group by Articles of Amalgamation. AGF Canadian Growth Equity Fund Limited continued as AGF Canadian Growth Equity Class, and AGF Canadian Resources Fund Limited continued as AGF Canadian Resources Class – each continuing as a Class within a predecessor of the Tax Advantage Group.
March 31, 2010	<ul style="list-style-type: none"> <li>a) Changed the investment objective of AGF Diversified Income Class (formerly Acuity Diversified Income Class) to an objective of seeking a high level of current income and long-term growth of capital by investing primarily in units of the Acuity Diversified Income Fund.</li> <li>b) Changed name of Acuity Diversified Income Class from Acuity Global Dividend Class.</li> </ul>
April 15, 2008	<ul style="list-style-type: none"> <li>a) Increased the authorized capital of a predecessor of the Tax Advantage Group to 100 classes of shares, each issuable in an unlimited number and in series designated by the Board.</li> <li>b) Changed the designation of each authorized series of shares of each class into a generic name and authorized directors to refer to series by an alternate name.</li> <li>c) Authorized the Board to change the rights, privileges, restrictions and conditions attaching to a series if no shares of that series are outstanding.</li> </ul>

Date	Description of Change
April 11, 2005	Articles amended to refine certain definitions.
March 26, 2003	Provided for the issuance of Series D and Series O shares for each Class.
January 14, 2000	Provided for the issuance of Series F shares for each Class.
January 28, 1999	Provided for the convertibility of any other series of each Class into MF Series shares of such Class and the convertibility of MF Series shares of each Class into any other series of such Class.
May 1, 1998	Increased the authorized capital of a predecessor of the Tax Advantage Group to 24 classes of shares, each issuable in an unlimited number and in series designated by the Board.
September 30, 1994	<p>a) Amalgamated AGF American Growth Fund Limited, AGF Special Fund Limited, AGF Japan Fund Limited, AGF Asian Growth Fund Limited, AGF China Focus Fund Limited and AGF European Growth Fund Limited by Articles of Amalgamation to form a predecessor of the Tax Advantage Group, a single mutual fund corporation with multiple classes, each with a multiple series capital structure.</p> <p>b) Authorized twelve classes of shares, each issuable in series and created three series of shares for each class of shares of a predecessor of the Tax Advantage Group designated as Series A shares, Series B shares and Series C shares.</p>

## INVESTMENT RESTRICTIONS AND PRACTICES

Except as described below, the Funds are subject to certain standard investment restrictions and practices contained in securities legislation, including National Instrument 81-102 – *Mutual Funds* (“NI 81-102”). This legislation is designed, in part, to ensure that the investments of the Funds are diversified and relatively liquid and to ensure the proper administration of the Funds. The Funds are managed in accordance with these investment restrictions and practices.

A change to the fundamental investment objectives of the Funds cannot be made without obtaining securityholder approval. AGF may change the Funds’ investment strategies from time to time at its discretion.

The Funds have received an exemption from the requirement to deliver a current simplified prospectus and any amendments to that simplified prospectus to securityholders who participate in a regular investment plan as described under *Optional Services – Systematic investment plan* in the simplified prospectus of the Funds and who are not resident in Quebec, unless those securityholders have requested the documents. Additional information in this regard is set out in the simplified prospectus.

### **General Investment Practices**

Each Fund’s assets may be invested in such securities as the portfolio manager of the Fund sees fit, provided such investments do not contravene any investment restrictions or practices adopted. The proportion of a Fund’s investment in any type or class of security or country may vary significantly.

Portfolio managers may attempt to protect the net asset values and total returns of the Funds or underlying funds under their management by using derivative instruments for both hedging and non-hedging purposes.

## DESCRIPTION OF SECURITIES OFFERED BY THE FUNDS

The Funds may have an unlimited number of series of securities and may issue an unlimited number of securities of each series. The Tax Advantage Group is currently authorized to issue 100 classes. The Funds currently offer the following series of securities:

- MF Series:** Designed for any investors. MF Series securities are offered under the Funds' simplified prospectus and this annual information form.
- Series F:** Designed for investors who are: (i) participants in a fee-for-service or wrap account program sponsored by certain registered dealers, or (ii) employees of AGF Management Limited and its Canadian subsidiaries. Series F securities are offered under the Funds' simplified prospectus and this annual information form.
- Series O:** Designed for institutional investors, including funds, who meet the criteria established by AGF and who agree to pay fees directly to AGF. Series O securities may not be purchased by individuals. Series O securities are offered under the Funds' simplified prospectus and this annual information form.

AGF may reject purchase orders or may redeem securities held by a securityholder if the Fund or other securityholders of the Fund would suffer negative tax consequences or be otherwise prejudiced by the holding or continued holding of securities by such securityholder.

### ***Dividend Rights and Distributions of the Tax Advantage Group***

The Tax Advantage Group does not pay dividends at regular intervals. Any dividends would generally be allocated amongst all Classes on a proportional basis, but the Board has the right to pay dividends only to a particular Class, if the Board believes it is appropriate to do so based upon the recommendation of AGF. Any dividend payable by the Tax Advantage Group will be shared amongst all series of the Class, after adjusting for series specific expenses. The Board may introduce, upon the recommendation of AGF, a dividend policy at any time.

Certain Classes of the Tax Advantage Group have a policy to make to holders of Series T and Series V securities, monthly distributions of a return of capital so long as there is sufficient capital attributable to the relevant series. If a series of a Class is converted into Series T or Series V, it is necessary to determine how much capital will be added to the capital of Series T or Series V as a result of that conversion. To do so, the Tax Advantage Group must determine the capital of each existing series. Previously, it was not necessary for the Tax Advantage Group to track the capital attributable to each series. As some of the Classes of the Tax Advantage Group have been outstanding for many years, it is not possible to determine precisely what the actual aggregate capital of each existing series is. The Tax Advantage Group will use an amount as the initial aggregate capital for each series outstanding at the time Series T and Series V are first offered which it reasonably believes can be demonstrated to constitute capital for tax purposes but which may be less than the actual aggregate capital of such series if it could be definitively determined. No distribution of capital to Series T and Series V of a Class will be made if it exceeds that series' capital such that the determination of capital of existing series in this manner could reduce the amount available for distribution if there are conversions from existing series into Series T or Series V.

In the event of the liquidation or dissolution of the Tax Advantage Group, all Classes have the right to participate in the remaining property of the Tax Advantage Group based on the relative net asset value of each Class. In the event of the liquidation or dissolution of the Tax Advantage Group, if amounts payable on a return of capital in respect of a series of shares are not paid in full, the shares of all series of a Class participate ratably on a return of capital based on the relative net asset value of each series of such Class.

### ***Redemption***

All securities of a Fund are redeemable on the basis as described under *Selling Funds*.

In addition, a Fund may, in its discretion, redeem securities of any series at their net asset value per security: (a) if the total value of a securityholder's holdings of a Fund falls below a specified amount as fixed by the Manager from time to time; (b) to pay any outstanding fees or expenses owed by the securityholder in accordance with the simplified prospectus; (c) if a securityholder fails to meet the eligibility requirements for those securities and such securities are not, in the discretion of the Manager, converted to another series of securities; (d) if authorized to do so by applicable law or

by securities regulators; or (e) if the holding of such securities by such securityholder would have an adverse effect on other securityholders.

### **Conversions within the Tax Advantage Group**

The movement of your investment money from one Class to another Class within the Tax Advantage Group, or from one series to another series of the same Class are called conversions.

If you wish to change your investment objective within the Tax Advantage Group, you convert from one Class to another Class. If you wish to change fee structures, you may request that your securities of a series of a Class within the Tax Advantage Group be converted into securities of another series of the same Class, provided that you meet certain criteria that may be established by the Fund. If after conversion, you no longer satisfy the criteria, your securities may be converted back to securities of the MF Series or may be redeemed by the Tax Advantage Group, or may be converted into another series if you so direct, and if you meet the criteria for such series.

Conversions from Class to Class or from series to series within the same Class are generally not considered a disposition for tax purposes. No capital gain or loss will result.

### **Liquidation Rights**

In the event of the liquidation or dissolution of the Tax Advantage Group, all Classes have the right to participate in the remaining property of the Tax Advantage Group based on the relative net asset value of each Class.

### **Voting Rights**

Each holder of a whole security of a Fund is entitled to one vote at all meetings of the Fund, except meetings at which the holders of another Class or series of securities are entitled to vote separately as a Class or a series.

The Tax Advantage Group holds regular annual securityholder meetings to elect directors and appoint auditors.

Securityholders of a Class or a series of a Class have the right to vote on matters prescribed by the *Business Corporations Act* (Ontario) ("OBCA"), including in particular the modification of the rights and conditions attaching to securities of such Class or a series thereof. However, no vote of securityholders of a Class or a series of a Class is required (and no rights to dissent arise) to:

- increase any maximum number of authorized securities of a Class or a series of a Class having rights or privileges equal or superior to the securities of such Class;
- effect an exchange or cancellation of all or part of the securities of the Class or a series of a Class; or
- create a new Class or a series of a Class having rights equal or superior to the securities of such Class or a series of a Class .

In addition, if no securities of a series are outstanding, the Board may change the rights, privileges, restrictions and conditions attaching to such series. In some cases only some of the Classes or series of a Class will vote on a particular matter stated above and in other cases all of the Classes or series of a Class will vote on such matter.

Pursuant to current Canadian securities legislation, the approval of securityholders is also required for:

- a change in the basis of calculation of a fee or expense that is charged to a Fund in a way that could result in an increase in charges to that Fund;
- the introduction of a fee or expense that is charged to the Fund or directly to its securityholders that could result in an increase in charges to the Fund or its securityholders;
- a change in the manager of the Fund, unless the new manager is an affiliate of AGF;
- a change in the fundamental investment objectives of a Fund;
- a decrease in the frequency of the calculation of the net asset value per security of a Fund; or
- in certain cases, where a Fund undertakes a reorganization with, or transfers its assets to, another mutual fund, or acquires another mutual fund's assets.

## NET ASSET VALUE

### **Calculation of Net Asset Value**

The security price of each series of a Fund is called the net asset value per security of such series. The security price of a series of a Class of the Tax Advantage Group is calculated in the same way as set forth below, except that the general expenses of the Tax Advantage Group are first determined and then shared proportionately amongst all the Classes of the Tax Advantage Group. We calculate the security price of each series of a Fund by:

- adding up the assets of the Fund and determining the proportionate share of the series
- subtracting the liabilities of the Fund that are common to all series and determining the proportionate share of the series of the aggregate amount of liabilities common to all series
- subtracting the liabilities of the Fund that are specific to the series
- dividing the balance by the number of Fund securities of the series held by securityholders

Where a Fund only offers one series, the net asset value of the Fund is the same as the net asset value of the series.

When you buy, sell or switch securities of a Fund, the price per security is the next net asset value per security we calculate after receiving your order.

We usually calculate the net asset value of each series of a Fund at the end of each business day. A business day is any day that The Toronto Stock Exchange (“TSX”) is open. If we receive your buy, switch, or sell order before 4 p.m. Toronto time on a business day, we will process your order based on the net asset value calculated that day. If your order is received after 4 p.m. on a business day, we will process your order on the next business day based on that day’s net asset value. If the TSX’s trading hours are shortened on a given day or for other regulatory reasons, we may change the 4 p.m. deadline.

### **Valuation of Portfolio Securities and Liabilities**

The net asset value of the Funds must be calculated using the fair value of the assets and liabilities of the Funds. A summary of the valuation principles used to value the assets of the Funds are as follows:

Type of Asset	Method of Valuation
Liquid assets, including cash on hand or on deposit, bills, demand notes, accounts receivable and prepaid expenses	Valued at full face value.
Money market instruments	The purchase cost of money market instruments, together with the amortized discounts and accrued interest receivable, represents market value.
Underlying funds	If a Fund invests in another mutual fund, the series net asset value per security held by the Fund as of the end of the business day will be used.
Bonds, time notes, shares, subscription rights and other securities listed or traded on a stock exchange or other markets	<ul style="list-style-type: none"> <li>• If a security listed on a stock exchange or other markets was traded on the day that the net asset value is being determined, the closing sale price.</li> <li>• If a listed security was not traded on the day that the net asset value is being determined, a price which is the average of the closing recorded bid and ask prices or at a price no higher than the closing ask price and no lower than the closing bid price.</li> <li>• If no bid or ask price is available, then the price last determined for such security for the purpose of calculating the net asset value.</li> <li>• If the securities are listed or traded on more than one exchange or market, the Fund uses the closing sale price from the principal exchange or market on which such securities are listed or traded.</li> </ul>

Type of Asset	Method of Valuation
Restricted securities as defined in NI 81-102	<p>One of the following values, whichever is less:</p> <ul style="list-style-type: none"> <li>• the value based on the reported closing price; or</li> <li>• a percentage of the market value of unrestricted securities of the same class. This percentage is equal to the percentage of the securities' market value when the Fund bought them. If we know the date when the restriction will be lifted, we generally take into account what the actual value of the securities will be when they are no longer restricted.</li> </ul>
Long positions in clearing corporation options, options on futures, debt-like securities and warrants that are traded on a stock exchange or other markets	<ul style="list-style-type: none"> <li>• If a security listed on a stock exchange or other markets was traded on the day that the net asset value is being determined, the closing sale price.</li> <li>• If a listed security was not traded on the day that the net asset value is being determined, a price which is the average of the closing recorded bid and asked prices or at a price no higher than the closing ask price and no lower than the closing bid price</li> <li>• If no bid or ask price is available, then the price last determined for such security for the purpose of calculating the net asset value.</li> <li>• If the securities are listed or traded on more than one exchange or market, the Fund uses the closing sale price from the principal exchange or market on which such securities are listed or traded.</li> </ul>
Premiums received from written clearing corporation options, options on futures	Treated as deferred credits and valued at an amount equal to the market value that would trigger closing the position. The deferred credit is deducted when calculating the net asset value of the Fund. Any securities that are the subject of a written clearing corporation option will be valued as described above.
Futures contracts listed on a stock exchange	<ul style="list-style-type: none"> <li>• If the futures contract listed on a stock exchange was traded on the day the net asset value is being determined, the settlement price.</li> <li>• If the futures contract was not traded on the day that the net asset value is being determined, a price which is the average of the closing recorded bid and ask prices or at a price no higher than the closing ask price and no lower than the closing bid price.</li> <li>• If no bid or ask price is available, then the price last determined for such security for the purpose of calculating the net asset value.</li> </ul>
Foreign exchange forward contracts	<ul style="list-style-type: none"> <li>• Foreign exchange forward contracts are valued based on the difference between the contract forward rate and the forward rates prevailing on the valuation date.</li> </ul>

Acuity Funds Ltd., the manager of the Funds prior to October 1, 2011, did not exercise its discretion to deviate from the valuation principles for the Funds in the past three years.

The liabilities of each Fund include:

- all bills, notes and accounts payable
- all administrative expenses payable or accrued (including management fees)
- all contractual obligations for the payment of money or property
- distributions declared payable
- all allowances authorized or approved by AGF for taxes, and
- all other securities of the Fund except liabilities to investors for outstanding securities.

We will use the fair value when securities are not traded and where they are usually traded we will deviate from these valuation principles in circumstances where the above methods do not accurately reflect the fair value of a particular security at any particular time, for example, if trading in a security was halted because of significant negative news about a company.

While National Instrument 81-106 – *Investment Fund Continuous Disclosure* requires investment funds, such as the Funds to use fair value, it does not require investment funds to determine fair value in accordance with the Canadian Institute of Chartered Accountants Handbook (“the **CICA Handbook**”). The Funds calculate the net asset value of the securities of the Funds on the basis of the valuation principles set forth in this annual information form. Our valuation principles differ in some respects from the requirements of the CICA Handbook, which are used for financial reporting purposes only. The main differences are set out below:

Type of investments	AGF Valuation Principles	CICA Handbook
Securities listed on a public stock exchange or other market.	Closing sale price; if closing sale price is not available, use average of closing bid and ask prices.	Bid price for long securities and ask price for securities sold short; if bid/ask price is not available, use closing sale price.
Futures contracts listed on a principal exchange, including options.	Settlement price; if settlement price not available, use average of latest bid and ask prices.	Bid price for long commodity futures and ask price for short commodity futures; if bid/ask prices not available, use settlement price.
Foreign exchange forward contracts.	Valued based on the difference between the contract forward rate and the forward rates prevailing on the valuation date.	Valued based on the difference between the contract forward rate and the forward bid rate (for currency held) and the forward ask rate (for currency sold short).

## PURCHASES, SWITCHES AND REDEMPTIONS

### **Buying Funds**

You can buy securities of the Funds through your registered dealer. You can buy them at any time, and there is no limit to the number of securities you can buy. Your registered dealer will forward your completed purchase order to us for processing:

- on the same day if your order is received by us before 4 p.m. Toronto time on a business day, or
- on the next business day in all other cases.

The purchase price per series is based on the net asset value per security next determined after we receive your completed order. Your registered dealer is required to forward your purchase order to us on the same day it receives your completed purchase order or, on the next business day if it receives the order after normal business hours or on any day that is not a business day. Whenever practicable, your registered dealer is required to send your purchase order to us as soon as possible by courier, Priority Post or telecommunication facilities. It is the responsibility of your registered dealer to send orders to us in a timely manner. Your registered dealer is responsible for any costs associated with sending orders to us.

When you buy securities of the Funds, your registered dealer or AGF will send you a confirmation notice, which is proof of your purchase.

## The minimum amount you can buy

The minimum amount you can buy depends on the series you purchase:

MINIMUM INVESTMENT REQUIREMENTS (PER FUND)			
Fund	Initial Purchase	Subsequent Purchase	Systematic Investment Plan
MF Series and Series F	\$500	\$25	\$25
Series O	The minimum purchase amount will be agreed upon by you and AGF.		

We may waive the minimum investment amounts. If you switch the type of account you hold your securities in (for instance, switching from an investment account to an RRSP), you may pay a negotiable fee to your registered dealer of 0-2% of the net asset value in your account.

## Choosing a Sales Charge Option

When you buy securities of a Fund, you can choose any one of the following different sales charge options available for that series. You and your registered representative will determine which sales charge option is suitable for you.

### **Front-end option**

The front-end sales charge option is available for the Funds in all series. If you buy under this option, you pay a sales commission at the time of purchase. Commissions are not applicable for Series F and Series O securities purchased under this option. The commission is a percentage of the amount you invest and is paid to your registered dealer. See *Dealer Compensation* in the simplified prospectus for details. You and your registered representative negotiate the actual commission. See *Fees and expenses payable directly by you – Sales charges* in the simplified prospectus for the front-end sales charge rates.

### **Deferred sales charge (“DSC”) option**

The DSC option is available for the Funds in MF Series securities only. If you buy under this option, you don't pay a sales commission when you invest in the Fund. Instead, we pay your registered dealer an up-front commission. See *Dealer Compensation* in the simplified prospectus for details. However, under certain circumstances, if you sell or convert your MF Series securities within seven years of buying the original securities, you'll pay us a deferred sales charge at the time of your transaction. See *Fees and expenses payable directly by you – Redemption fees* in the simplified prospectus for the DSC rate schedule.

### **Low load option**

The low load option is available for the Funds in MF Series securities only. If you buy under this option, you don't pay a sales commission when you invest in the Fund. Instead, we pay your registered dealer an up-front commission. See *Dealer Compensation* in the simplified prospectus for details. However, under certain circumstances, if you sell or convert your MF Series securities within three years of buying the original securities, you'll pay us a deferred sales charge at the time of your transaction. See *Fees and expenses payable directly by you – Redemption fees* in the simplified prospectus for the low load rate schedule.

### **Changing sales charge options**

If after buying your securities, you agree with your registered representative to change your sales charge option from low load or DSC to front-end, whether or not you also switch from one series of securities to another within the same Fund, you will have to pay any deferred sales charge that applies at the time of such change.

## The regulatory rules for buying

Here are the rules for buying securities. These rules were established by the securities regulatory authorities:

- We must receive payment for the purchase of securities within three business days of receiving the order.

- If we do not receive payment within three business days, we are required to sell your securities at the close of business on the next business day. If the proceeds are greater than the payment you owe, the Fund keeps the difference. If the proceeds are less than the payment you owe, your registered dealer is required to pay the Fund the difference. Your registered dealer may in turn collect this amount from you.
- We have the right to refuse any order to buy securities within one business day of receiving it. If we reject your order, we will return your money immediately, without interest.

## Switches

### Switching between AGF Funds

A switch may involve moving money from a Fund to another AGF Fund or between series of the same AGF Fund. Generally, a switch may be an order to sell and buy, or to convert your securities. We describe these kinds of switches below. You can switch all or part of your investment in a Fund to another AGF Fund at any time by contacting your registered representative. When we receive your order, we'll sell or convert your securities from the first Fund and use the proceeds to buy the second AGF Fund. The steps for buying and selling Funds also apply to switches.

Your registered dealer will forward your order to us for processing:

- on the same day if your order is received by us before 4 p.m. Toronto time on a business day, or
- on the next business day in all other cases.

Your registered representative may charge you a fee for switching. You and your registered representative negotiate the fee. The AGF Fund may also charge you a short-term or frequent trading fee if you switch your securities within 90 calendar days of buying them, or make multiple switches within ten calendar days of purchase. See *Fees and expenses payable directly by you – Short-term or frequent trading fee* in the simplified prospectus for details about these fees.

You won't pay a deferred sales charge when you switch from one AGF Fund bought under the DSC option or low load option to another AGF Fund within the same sales charge option. See *Fees and expenses payable directly by you – Redemption fees* in the simplified prospectus for the DSC and low load option schedules.

We describe the types of switches below.

### Switching between Series of a Fund

Switching between series of shares of the same Class is called a conversion. You can convert shares of one series of a Class into shares of another series of the same Class if you are eligible for that series and the Class offers that series. When you convert shares between series, the value of your investment won't change (except for any fees you pay to convert), but the number of shares you hold will change. This is because each series has a different share price. In general, a conversion is not considered a disposition for tax purposes. No capital gain or loss will result. However, any redemption of shares to pay for a switch fee charged by your registered dealer will be considered a disposition for tax purposes. For a further discussion of the tax consequences, see *Income Tax Considerations*.

### Switching between Classes of the Tax Advantage Group

Switching between Classes within the Tax Advantage Group is called a *conversion*. You can convert shares of a Class into shares of another Class. When you convert shares between Classes, the value of your investment won't change (except for any fees you pay to convert), but the number of shares you hold will change. This is because each series of each Class has a different share price. In general, a conversion is not considered a disposition for tax purposes, so no capital gain or loss will result. However, any redemption of shares to pay for a switch fee charged by your registered dealer will be considered a disposition for tax purposes. For a further discussion of the tax consequences, see *Income Tax Considerations for Investors*.

### Taxable Switches

Switching between the Funds (which are both Classes of the Tax Advantage Group) and Trust Funds is considered a disposition for tax purposes. If you hold your securities in a non-registered account, you may realize a capital gain or loss on the disposition. For a further discussion of the tax consequences, see *Income Tax Considerations*.

## General

If you bought MF Series under the DSC or low load option and you convert them to another purchase option of another series, you'll have to pay any deferred sales charge that applies. See *Fees and expenses payable directly by you – Redemption fees* in the simplified prospectus for the DSC and low load option redemption schedules. If you convert from another series to MF Series you can choose the front-end sales charge, DSC or low load option.

Neither AGF nor any dealer is able to unilaterally switch an investor's DSC securities of any Fund into securities of the same Fund carrying a front-end sales charge or another available series of securities upon the completion of the investor's DSC redemption schedule. All switches of this nature require the direction or consent of the securityholder in accordance with the policies of AGF.

## Selling Funds

You can sell your securities by contacting your registered dealer who will forward your order to us for processing:

- on the same day if we receive your sale order before 4 p.m. Toronto time on a business day, or
- on the next business day in all other cases.

The sale price of the securities is based on the net asset value per security of the Fund, next determined after we receive your completed sale order. When you sell your securities, you receive the proceeds of your sale in cash. You may have to pay a deferred sales charge if you sell securities you bought under the DSC or low load option within seven years or three years, respectively, of buying them. See *Fees and expenses payable by you – Redemption fees* in the simplified prospectus for the DSC and low load option schedules. The Fund may also charge you a short-term or frequent trading fee if you sell securities within 90 calendar days of buying them, or make multiple sales within ten calendar days of purchase. See *Fees and expenses payable by you – Short-term or frequent trading fee* in the simplified prospectus.

## The rules for selling

Here are the rules for selling your securities:

- We will pay the proceeds of the sale to you, or to anyone else that you choose. We make payments by cheque or wire payment, within three business days of receiving a complete sale order.
- If the sale proceeds are more than \$25,000 or if you want the proceeds paid to someone else, your signature must be guaranteed by your bank, trust company or registered dealer. In some other cases, we may require other documents or proof of signing authority.
- If we haven't received all required documents within ten business days of receiving your sell order, we'll buy back the securities as of the close of business on the tenth business day. If the purchase cost is less than the sale proceeds, the Fund will keep the difference. If the purchase cost is more than the sale proceeds, the Fund will collect this amount and any related costs from your registered dealer, who may have the right to collect the shortfall from you.

The law allows us to suspend your right to sell your securities when:

- (i) normal trading is suspended on an exchange on which securities are listed and traded, or on which permitted derivatives are traded, if those securities or derivatives represent more than 50% by value, or underlying market exposure, of the total assets of the Fund without allowance for liabilities and if those securities or derivatives are not traded on any other exchange that represents a reasonable practical alternative for the Fund; or
- (ii) permission from securities regulatory authorities is received.

While your right to sell securities is suspended, we won't accept orders to buy securities of the Fund. You may withdraw your sell order before the end of the suspension period. Otherwise, we'll sell your securities at the next price calculated after the suspension period ends.

## RESPONSIBILITY FOR FUND OPERATIONS

### *The Manager*

AGF Investments Inc., a corporation amalgamated under the laws of the province of Ontario with offices located at 31<sup>st</sup> Floor, 66 Wellington Street West, Toronto Dominion Bank Tower, Toronto, Ontario M5K 1E9, is the manager of the Funds. The phone number of AGF is 416-367-1900, the email address is tiger@agf.com and the website address is www.agf.com.

AGF is responsible for providing or arranging for the Funds' day-to-day business administration (including valuation services, fund accounting, and securityholder records), marketing and overseeing all portfolio management and investment advisory services for the Funds, as applicable, and arranging for the distribution of securities of the Funds.

AGF may terminate the management agreement at any time on 90 calendar days written notice to the Funds. A change in the manager of the Funds (other than to an affiliate of AGF) may be made only with the approval of the securityholders of the Funds and of the securities regulatory authorities.

The Funds use Acuity Investment Management Inc., an affiliate of AGF, as portfolio manager. AGF is responsible for hiring and monitoring the portfolio manager. You'll find more information about the portfolio manager starting on page 17.

### *Officers and Directors of AGF Investments Inc.*

The names, municipalities of residence and principal occupations of the directors and officers of AGF during the last five years are as follows:

<b>Name and Municipality of Residence</b>	<b>Position With AGF Investments Inc.</b>	<b>Principal Occupation Within the Five Preceding Years</b>
Blake C. Goldring, M.S.M., CFA, LL.D. Toronto, Ontario	Director and Chairman	<ul style="list-style-type: none"> <li>- Director and Chairman of the Board of Directors, AGF Management Limited, AGF Investments Inc. and AGF Trust Company</li> <li>- Director and/or Senior Officer of certain subsidiaries of AGF Management Limited</li> </ul>
William Robert Farquharson, CFA Toronto, Ontario	Vice Chairman	<ul style="list-style-type: none"> <li>- Director and Vice Chairman of AGF Management Limited</li> <li>- Vice Chairman, AGF Investments Inc.</li> <li>- Director and/or Senior Officer of certain subsidiaries of AGF Management Limited</li> <li>- Director and President of AGF All World Tax Advantage Group Limited and Harmony Tax Advantage Group Limited</li> <li>- April 1996 – January 2011, Director, AGF Investments Inc.</li> </ul>
Robert J. Bogart, CPA Toronto, Ontario	Director, Executive Vice President and Chief Financial Officer	<ul style="list-style-type: none"> <li>- March 2010, Senior Officer of AGF Management Limited and Director and Senior Officer of certain subsidiaries of AGF Management Limited</li> <li>- March 2010, Director &amp; Senior Officer, AGF Investments Inc.</li> <li>- 2007-2010, Senior Vice President, Finance, Corporate Decision Support,</li> </ul>

Name and Municipality of Residence	Position With AGF Investments Inc.	Principal Occupation Within the Five Preceding Years
		Fidelity Investments - 2002-2007, Senior Vice President, Finance and Chief Financial Officer, Fidelity Human Resources Services Co.
Judy G. Goldring, LL.B Toronto, Ontario	Director, Executive Vice President, Chief Operating Officer and General Counsel	- April 2010, Director, AGF All World Tax Advantage Group Limited and Harmony Tax Advantage Group Limited - June 2007, Director, AGF Management Limited and AGF Trust Company - Senior Officer, AGF Management Limited - Director and Senior Officer, AGF Investments Inc. and of certain subsidiaries of AGF Management Limited
Robert D. Badun, MBA Toronto, Ontario	Executive Vice President	- Senior Officer, AGF Investments Inc. and AGF Management Limited - December 2006, Director and Senior Officer of certain subsidiaries of AGF Management Limited - Prior to December 2006, Chief Executive Officer, Highstreet Asset Management - May 2009 – January 2011, Director, AGF Investments Inc.
Rose Cammareri Toronto, Ontario	Executive Vice President, Retail Distribution	- Senior Officer, AGF Investments Inc.
Gordon Forrester Toronto, Ontario	Executive Vice President, Marketing & Product, and Head of Retail	- September 2010, Senior Officer, AGF Investments Inc. - November 1999 – December 2008, Head of Asia Pacific business, Putnam Investments
Martin Hubbes, CFA Toronto, Ontario	Executive Vice President, and Chief Investment Officer	- Senior Officer, AGF Investments Inc. - Director of AGF All World Tax Advantage Group Limited and Harmony Tax Advantage Group Limited - September 2005 – January 2011, Director, AGF Investments Inc.
Chris Jackson Oakville, Ontario	Chief Information Officer and Senior Vice President, IT & Operations	- January 2011, Senior Officer of AGF Management Limited and AGF Investments Inc. - December 2008-December 2010, President, Canadian Operations,

Name and Municipality of Residence	Position With AGF Investments Inc.	Principal Occupation Within the Five Preceding Years
		<p>Belzberg Technologies Inc.</p> <ul style="list-style-type: none"> <li>- January 2008 to October 2008, Managing Director, Perimeter Markets Inc., Executive Vice President, Sales &amp; Marketing</li> <li>- January 2007 to December 2007, Executive Vice President, Sales &amp; Marketing, Perimeter Financial Corp.</li> <li>- January 2006 to December 2006, Executive Vice President, Asset Management Services, Perimeter Financial Corp.</li> </ul>
Chris Boyle Toronto, Ontario	Senior Vice-President, Institutional	<ul style="list-style-type: none"> <li>- May 2011, Senior Officer of AGF Investments Inc. and AGF Investments America Inc.</li> <li>- 2007 - April 2011, Senior Vice President, CI Investments</li> <li>- 1997 - 2007, Vice President, National Accounts, Fidelity Investments Canada</li> </ul>
Anthony Genua Toronto, Ontario	Senior Vice President and Portfolio Manager	<ul style="list-style-type: none"> <li>- Senior Officer, AGF Investments Inc.</li> </ul>
Stephen W. Way, CFA Toronto, Ontario	Senior Vice President and Portfolio Manager	<ul style="list-style-type: none"> <li>- Senior Officer, AGF Investments Inc.</li> </ul>
Patricia A. Perez-Coutts, CFA Mississauga, Ontario	Senior Vice President and Portfolio Manager	<ul style="list-style-type: none"> <li>- November 2007, Senior Officer, AGF Investments Inc.</li> <li>- September 2001 – November 2007, Officer, AGF Investments Inc.</li> </ul>
Jean Charbonneau , MBA Boucherville, Quebec	Senior Vice President and Portfolio Manager	<ul style="list-style-type: none"> <li>- December 2006, Senior Officer, AGF Investments Inc.</li> <li>- 1997 to 2006 – Vice President, Global Fixed Income, CIBC Global Asset Management</li> </ul>
Robert Lyon, CFA Etobicoke, Ontario	Senior Vice President and Portfolio Manager	<ul style="list-style-type: none"> <li>- April 2008, Senior Officer, AGF Investments Inc.</li> <li>- 2006-2008 – Vice President and Director of Proprietary Trading, TD Newcrest</li> <li>- 1997-2006 – Vice President of Portfolio Management, BPI Mutual Funds (acquired by CI Funds in October 1999)</li> </ul>
Nadi Naderi	Senior Vice President,	<ul style="list-style-type: none"> <li>- September 2010, Senior Officer, AGF</li> </ul>

Name and Municipality of Residence	Position With AGF Investments Inc.	Principal Occupation Within the Five Preceding Years
Toronto, Ontario	Strategic Account Management	Investments Inc. - November 1993 – November 2008, Vice President, Investment Services, Guardian Capital
Tristan M. Sones, CFA Toronto, Ontario	Vice President and Portfolio Manager	- Officer, AGF Investments Inc.
Peter J. Frost Toronto, Ontario	Vice President and Portfolio Manager	- Officer, AGF Investments Inc. - November 2000 - November 2009, Portfolio Manager and Research Analyst, AMI Partners Inc.
Jacqueline Sanz, CA Etobicoke, Ontario	Vice President, Corporate Compliance and Oversight and Chief Privacy Officer	- Officer, AGF Management Limited and AGF Investments Inc. - Officer of certain subsidiaries of AGF Management Limited
Edna Man, CA Toronto, Ontario	Vice President, Fund Oversight	- Officer, AGF Investments Inc. - Treasurer of AGF All World Tax Advantage Group Limited. - Officer of certain subsidiaries of AGF Management Limited
Mark Adams, LL.B Toronto, Ontario	Associate General Counsel and Corporate Secretary	- Associate General Counsel and Corporate Secretary, AGF Management Limited and AGF Investments Inc. - Senior Officer of certain subsidiaries of AGF Management Limited - September 2005 - December 2007, Vice President, Legal Counsel, AGF Management Limited
C-J Chang, CA Toronto, Ontario	Associate Corporate Secretary	- April 2009, Officer, AGF Management Limited and AGF Investments Inc. - Officer of certain subsidiaries of AGF Management Limited - March 2008 – February 2011, Director of certain subsidiaries of AGF Management Limited - June 2004 – December 2007, Officer, AGF Management Limited

### **Directors and Officers of the Tax Advantage Group**

The names and municipalities of residence of the directors and officers of the Tax Advantage Group and their principal business occupations during the last five years are as follows:

<b>Name and Municipality of Residence</b>	<b>Position with the Tax Advantage Group</b>	<b>Principal Occupation Within the Five Preceding Years</b>
William Robert Farquharson, CFA Toronto, Ontario	Director and President	Senior Officer and Vice Chairman of AGF Management Limited and AGF Investments Inc.; Director and President of AGF All World Tax Advantage Group Limited and Harmony Tax Advantage Group Limited; Senior Officer of certain subsidiaries of AGF Management Limited, Toronto, Ontario
Hugh Ian Macdonald, OC Toronto, Ontario	Director	President Emeritus, Professor of Policy and Director of the Master of Public Administration Program, Schulich School of Business, York University, Toronto, Ontario
John B. Newman Toronto, Ontario	Director and Chairman of the Board	Chairman and Chief Executive Officer, Multibanc Financial Holdings Limited (investment holding company)
Joseph E. Martin Toronto, Ontario	Director	Director of Canadian Business History, Executive in Residence and Adjunct Professor of Business Strategy Executive in Residence with the Rotman School of Management, University of Toronto, Toronto, Ontario
Martin Hubbes, CFA Toronto, Ontario	Director	Executive Vice President, AGF Investments Inc.; June 2005, Chief Investment Officer, AGF Investments Inc.; September 2005 – January 2011, Director, AGF Investments Inc.; December 2002 – September 2005, Treasurer of AGF All World Tax Advantage Group Limited
Judy G. Goldring, LL.B Toronto, Ontario	Director	June 2007, Director, AGF Management Limited; September 2005, Director, AGF Investments Inc.; Senior Officer, AGF Management Limited and AGF Investments Inc.; Director and Senior Officer of certain subsidiaries of AGF Management Limited
Paul Hogan London, Ontario	Director	Managing Director, Lambton Fencing Ltd., Petrolia, Ontario
Louise Morwick, CFA Toronto, Ontario	Director	Director and President, Silvercreek Management Inc., Toronto, Ontario
William D. Cameron, CA Toronto, Ontario	Director	February 2005, Consultant, Self Employed (including providing services to AGF)
Mark Adams, LL.B	Corporate Secretary	Associate General Counsel and Corporate

<b>Name and Municipality of Residence</b>	<b>Position with the Tax Advantage Group</b>	<b>Principal Occupation Within the Five Preceding Years</b>
Toronto, Ontario		Secretary, AGF Management Limited and AGF Investments Inc.; September 2005 – December 2007, Vice President, Legal Counsel, AGF Management Limited; April 2004 – September 2005, Legal Counsel, AGF Management Limited
C-J Chang, CA Toronto, Ontario	Associate Corporate Secretary	Officer, AGF Management Limited, AGF Investments Inc.; Officer of certain subsidiaries of AGF Management Limited; March 2008 – February 2011, Director of certain subsidiaries of AGF Management Limited
Edna Man, CA Toronto, Ontario	Treasurer	Treasurer of AGF All World Tax Advantage Group Limited; Officer, AGF Investments Inc.

### ***Portfolio Managers***

The portfolio manager of each Fund is responsible for making and carrying out all investment decisions.

Acuity Investment Management Inc. an affiliate of AGF, is the portfolio manager of the Funds.

The following are the names of the persons employed by or associated with the portfolio manager who are principally responsible for the day-to-day management of a material portion of the portfolio of each Fund, implementing a particular material strategy or managing a particular segment of the portfolio of a Fund, and such person's business experience during the last five years.

<b>ACUITY INVESTMENT MANAGEMENT INC. (Toronto, Ontario, Canada)</b>		
<b>Individual</b>	<b>Details of Experience</b>	<b>Funds Managed</b>
Hugh G. McCauley, B.Sc. Eng., MBA, CFA Managing Director and Lead Portfolio Manager	Associated with Acuity Investment Management Inc. ("AIMI") since 1996.	AGF Diversified Income Class AGF High Income Class
David G. Stonehouse, B.Sc. Eng., MBA, CFA Director, Fixed Income and Portfolio Manager)	Associated with AIMI since 1998.	
Warren Fenton, B.Comm., CFA Director, Equities and Portfolio Manager	Associated with AIMI since 1999.	

ACUITY INVESTMENT MANAGEMENT INC. (Toronto, Ontario, Canada)		
Individual	Details of Experience	Funds Managed
Martin Grosskopf, BA, MES, MBA Director, Sustainability Research and Portfolio Manager	Associated with AIMI since 2000.	
Spencer Mellish, BA, CFA Director, Global Equities and Portfolio Manager	Associated with AIMI since 2006. Prior thereto, Manager, Non-Canadian Stocks (2004-2006), Senior Investment Officer (2002-2004) and Investment Officer (2001-2002) for the CN Investment Division of The Canadian National Railway Company.	

### **Brokerage Arrangements**

The portfolio manager of each Fund makes investment decisions to buy and sell portfolio securities and is responsible for executing portfolio transactions, including selecting the executing broker and negotiating commissions where applicable. The portfolio managers are responsible for seeking to obtain prompt execution of orders on favourable terms, with an aim to ensure best execution.

Best execution is intrinsically tied to portfolio-decision value and can:

- Not be evaluated independently,
- Not be known with certainty in advance,
- Be analyzed over time after the fact, and
- Be part of the repetitive and continuing trading practices of the portfolio manager.

In selecting brokers to execute portfolio transactions, portfolio managers may consider price, speed, volume, certainty of execution, access to markets and total transaction cost.

In addition to compensating brokers for order execution services, services directly related to the execution, handling, facilitation and settlement of an order, a portfolio manager may in its discretion allocate brokerage commissions to compensate brokerage firms for “permitted” research goods and services, which directly add value to an investment or trading decision and are to the benefit of the Funds.

“Permitted” research goods and services include: (i) advice as to the value of securities and the advisability of effecting transactions in securities; (ii) analyses and reports concerning securities, issuers, industries, portfolio strategy or economic or political factors and trends that may have an impact on the value of securities; and (iii) electronic tools, such as databases or software, that support (i) and (ii). Such goods and services may be provided by the executing dealer directly or by a party other than the executing dealer (third party). In certain circumstances, goods and services may be provided to portfolio managers in a bundled form and may include items that are not considered “permitted” research goods and services. Portfolio managers would ensure the costs of such *mixed-use* services are unbundled and portfolio managers would directly pay for those non-permitted goods and services. For example, the fee for Bloomberg terminals would not be considered as permitted, while the fee for the data feed would be.

Portfolio managers are required to ensure the Funds receive a reasonable benefit considering the cost of the services paid for by brokerage. Each portfolio manager conducts such reasonability testing and oversight activities it determines, in good faith, appropriate to ensure the Funds receive a reasonable benefit over time. AGF formally enquires into each portfolio manager’s soft dollars policies and practices on a quarterly basis.

For a list of any other dealer, broker or third party which provides research goods and services and/or order execution goods and services in respect of a Fund, at no cost, you can contact AGF toll free at 1-800-268-8583, or via email at [tiger@agf.com](mailto:tiger@agf.com).

Where it is in the best interest of the Funds, AGF may execute such transactions through AGF Securities (Canada) Limited, a wholly-owned subsidiary of AGF Management Limited. AGF Securities (Canada) Limited may execute such transactions directly or through other dealers and, from time to time, may receive brokerage business from other dealers who have executed transactions for AGF Securities (Canada) Limited or for the Funds directly. In such event, the compensation with respect to the execution of such transactions will be received by AGF Securities (Canada) Limited.

### ***Custodian***

The Custodian receives and holds cash, portfolio securities and other financial assets of the Funds for safekeeping. Under the terms of a custodian agreement and subject to applicable securities legislation, the custodian may appoint one or more sub-custodians to effect portfolio transactions outside of Canada. The Custodian does not hold any margin or other property of a Fund which has been delivered or pledged to another party nor contract documents relating to derivative transactions.

The Custodian to the Funds is Citibank Canada of Toronto, Ontario. Citibank Canada is independent of AGF Investments Inc.

### ***Auditors***

The auditor conducts an audit of the annual financial statements of each of the Funds in accordance with generally accepted auditing standards. Deloitte & Touche LLP was the auditor for the Funds when they were classes of Acuity Corporate Class Ltd. until June 27, 2011. PricewaterhouseCoopers LLP, Chartered Accountants, Toronto, Ontario is the auditor for the amalgamated corporation and all of its Classes, including the Funds.

### ***Transfer Agent and Registrar***

AGF is the transfer agent and registrar for the Funds. As such, we are responsible for receiving investor payments for Fund securities and for keeping a register of all Fund investors at our Toronto offices.

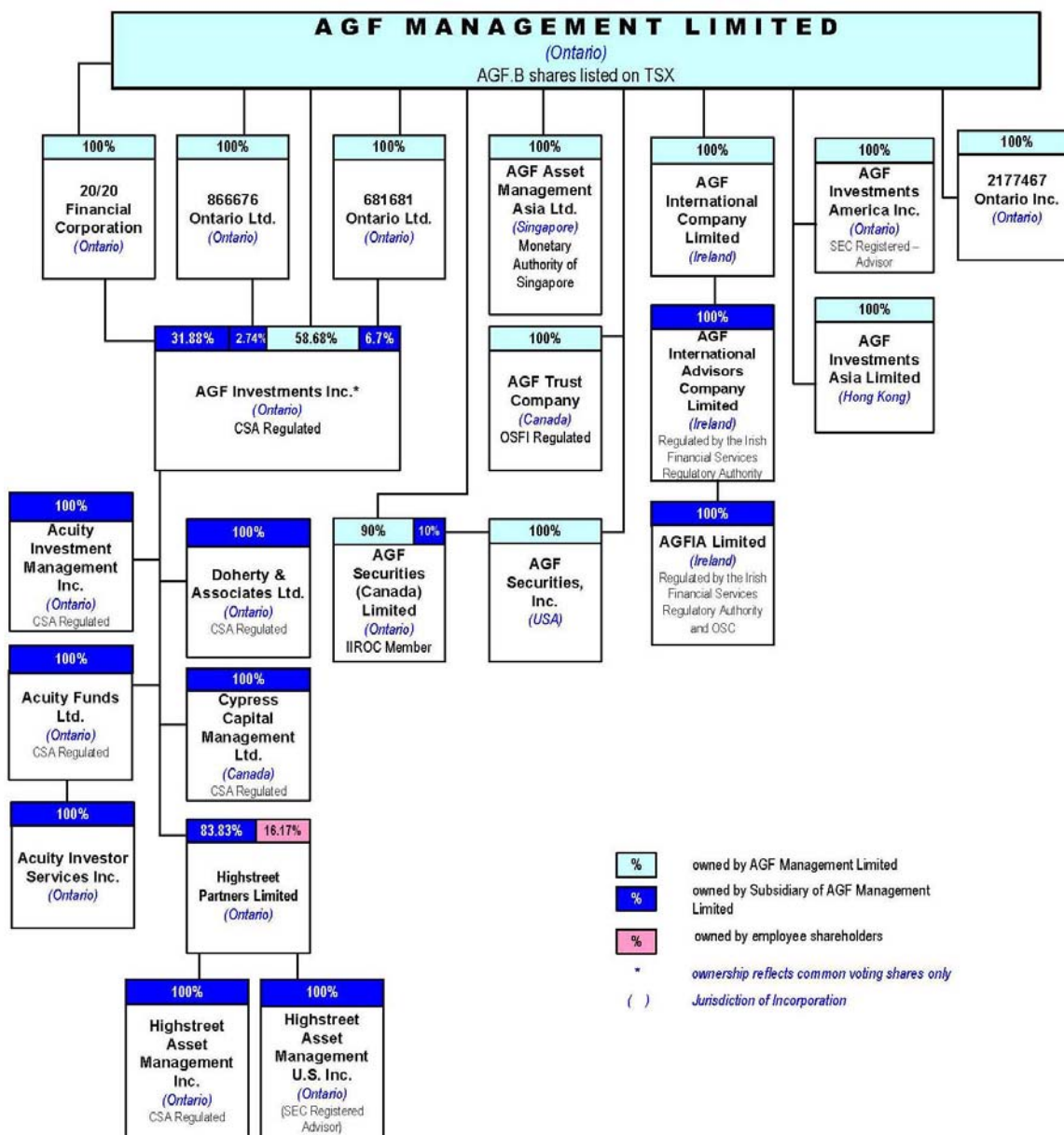
## CONFLICTS OF INTEREST

### Principal Holders of Securities

As of the date of this annual information form, AGF Management Limited directly and indirectly owns and controls 100% of AGF Investments Inc. Also as of the date of this annual information form, no person or company holds more than 10% of any of the Funds.

## AFFILIATED ENTITIES

The relationship between AGF and certain of its affiliates is shown below:



### **Dealer Manager Disclosure**

The Funds are considered dealer managed mutual funds and follow the dealer manager provisions prescribed by NI 81-102. These provisions provide that AGF shall not knowingly make an investment in securities of an issuer during, or for 60 calendar days after, the period in which AGF or an affiliate of AGF acts as an underwriter in the distribution of securities of such issuer. In addition, AGF shall not knowingly make an investment in securities where a partner, director, officer or employee of AGF or its affiliates is a partner, director or officer of the issuer of the securities.

### **FUND GOVERNANCE**

AGF has established an independent review committee (the “Independent Review Committee”) for all mutual funds managed by AGF.

The Independent Review Committee is composed of three members: John B. Newman (Chair), Louise Morwick, and Paul Hogan, each of whom is independent of AGF and its affiliates. The Independent Review Committee functions in accordance with National Instrument 81-107 – *Independent Review Committee for Investment Funds* (“NI 81-107”). In accordance with NI 81-107, the mandate of the Independent Review Committee is to review and make recommendations with respect to, or in certain circumstances, approve, conflicts of interest matters brought to it by AGF.

The Board is responsible for the oversight of the Tax Advantage Group, and to discharge its duties by, among other ways, providing certain advice and guidance to AGF, as manager of the Tax Advantage Group. The Board has appointed an audit committee (the “Audit Committee”). The Audit Committee members are John B. Newman (Chair), Paul Hogan, H. Ian Macdonald and Louise Morwick, all of whom are independent members of the Board.

Meetings of the Board are held at least quarterly, and more often as required. Five out of the nine members of the Board are unrelated and independent of AGF. The names and municipalities of residence of each member of the Board and their principal business occupations or associations within the last five years are as follows:

<b>Name and Municipality of Residence</b>	<b>Principal Business Association Within the Five Preceding Years</b>
*William D. Cameron, CA Toronto, Ontario	Consultant, Self Employed (including providing services to AGF)
*William Robert Farquharson, CFA Toronto, Ontario	May 2008, Director & President, Harmony Tax Advantage Group Limited; Director and Vice Chairman of AGF Management Limited; Vice Chairman, AGF Investments Inc.; Director and President of AGF All World Tax Advantage Group Limited; Director and/or Senior Officer of certain subsidiaries of AGF Management Limited; April 1996 – January 2011, Director, AGF Investments Inc.
*Judy G. Goldring, LL.B Toronto, Ontario	June 2007, Director, AGF Management Limited; Director and Senior Officer, AGF Investments Inc.; Senior Officer, AGF Management Limited; Director and Senior Officer of certain subsidiaries of AGF Management Limited
Paul Hogan London, Ontario	Managing Director, Lambton Fencing Ltd.
*Martin Hubbes, CFA Toronto, Ontario	Executive Vice President and Chief Investment Officer, AGF Investments Inc.; September 2005 – January 2011, Director, AGF Investments Inc.
Hugh Ian Macdonald, OC Toronto, Ontario	President Emeritus and Professor of Policy and Director of the Master of Public Administration Program, Schulich School of Business, York University
Joseph E. Martin Toronto, Ontario	Director of Canadian Business History, Executive in Residence and Adjunct Professor of Business Strategy with the Rotman School of Management, University of Toronto
Louise Morwick, CFA Toronto, Ontario	Director and President, Silvercreek Management Inc.

Name and Municipality of Residence	Principal Business Association Within the Five Preceding Years
John B. Newman Toronto, Ontario	Chairman and Chief Executive Officer, Multibanc Financial Holdings Limited (investment holding company)
*Not independent of AGF	

### ***Code of Ethics***

As described in this document, AGF is a member of the AGF Group of Companies. As such, directors, officers and employees of AGF and the Funds adhere to the AGF Group of Companies Code of Business Conduct and Ethics (the "Code"). The Code sets out general good business practices as well as specific rules in dealing with conflicts of interest, confidential information and insider trading. The AGF Code of Ethics for Personal Trading ("Personal Trading Code") applies to those individuals with access to information used in making investment decisions. A breach of any of the provisions of the Code and Personal Trading Code is grounds for disciplinary action up to and including termination of employment without notice.

### ***Policy on the Use of Derivatives***

The Funds may use derivatives as permitted under securities law. For more details, see the simplified prospectus of the Funds. Any use of derivatives by the Funds is governed by AGF's own policies and procedures relating to derivatives trading. The policy is reviewed annually by the board of directors of AGF. Limits and controls on derivatives trading are part of AGF's compliance regime. Use of derivatives by the Funds is subject to the usual portfolio manager oversight procedures which occur monthly and quarterly to ensure that the derivative positions of the Funds are within the existing control policies and procedures. The decision as to the use of derivatives is made by senior AGF portfolio managers and the designated registered options principal reviews any trading in derivatives as part of AGF's ongoing compliance procedures.

### ***Securities Lending, Repurchase and Reverse Repurchase Risk Management***

Pursuant to the requirements of NI 81-102, AGF has policies and procedures to provide for appropriate internal controls, records and procedures, as applicable. These include establishing lists of approved borrowers based on accepted creditworthiness standards, transaction and credit limits for each borrower and collateral diversification standards. The policies require a review, no less frequently than annually, of the adequacy of AGF's internal controls, of the Funds' agents to determine suitable administration is occurring in conformity with the regulatory requirements and of the terms of the related contracts. The policies also require appropriate changes to be implemented based on the findings of such reviews.

### ***Proxy Voting Policies and Procedures***

The Manager has delegated to Acuity Investment Management Inc. (the "Portfolio Manager", for purposes of this disclosure) responsibility over establishing, monitoring and amending (if necessary) the policies and procedures governing proxy voting. Generally speaking, such policies and procedures have been designed to ensure that proxies are voted in the best interests of the Funds.

The Portfolio Manager has adopted written proxy voting guidelines (the "Guidelines") to assist in voting proxies received by a Fund.

The Portfolio Manager's standing policy with respect to dealing with routine matters (eg., ratification of auditors) is, typically, to vote in favour of management's proposal. The Guidelines are available on the Funds' website, [www.agf.com](http://www.agf.com), or on request, at no cost, by calling toll-free at 1-800-268-8583 or writing to us at:

AGF Investments Inc.  
 Compliance Department  
 Suite 3100, 66 Wellington Street West  
 P.O. Box 50  
 Toronto Dominion Bank Tower  
 Toronto, Ontario M5K 1E9

While the Guidelines are intended to reflect the Portfolio Manager's general position on certain issues, the Portfolio Manager retains the discretion to depart from the Guidelines on any particular proxy vote depending upon the facts and circumstances. The Portfolio Manager will document, in writing, occurrences where a proxy vote was cast in a manner inconsistent with the Guidelines. The Portfolio Manager reviews the Guidelines on a periodic basis (at least annually) to ensure they remain consistent with the Portfolio Manager's overall guiding principles and investment philosophy.

The Portfolio Manager has also retained a third-party service provider to provide proxy analysis, vote recommendations and vote execution services on behalf of the Portfolio Manager and the Funds all in accordance with the Guidelines. Where a proxy vote raises a conflict of interest issue between either the Manager or the Portfolio Manager (or the third-party service provider) and the securityholders of the Fund, the proxy will be voted in a manner consistent with the Guidelines.

In certain cases, proxy votes may not be cast. For example, the Portfolio Manager may determine that it is not in the best interests of securityholders of the Fund to vote proxies. These situations can include situations where there would be extraordinary costs to vote proxies or where it may not be possible to vote certain proxies despite good faith efforts to do so (e.g., inadequate notice of the matter is provided).

The Portfolio Manager (or a third-party service provider) will maintain and prepare an annual proxy voting record for each Fund. A proxy voting record for each Fund's most recent annual period ended June 30 of each year is available free of charge to any investor upon request any time after August 31 of that year. Annual proxy voting records are also available on the internet at [www.agf.com](http://www.agf.com).

### **Fund of Fund Voting**

If a Fund invests in securities of another mutual fund, AGF will vote the securities the Fund holds in the underlying fund unless the underlying fund is managed by AGF or Acuity Funds Ltd., an affiliate of AGF. AGF will arrange for the securityholders of the Fund to vote the securities of the underlying fund where appropriate to do so in the circumstances.

### **Conflicts of Interest**

A conflict of interest may exist where a portfolio manager, its employees or an entity related to it maintains a relationship (that is or may be perceived as significant) with the issuer soliciting the proxy or a third party with material interest in the outcome of the proxy vote.

In cases where AGF is the portfolio manager and such a conflict of interest may exist, AGF has formed an independent proxy voting committee, which will include members independent of the conflict, to consider the matter that is subject to the vote and make a determination, based upon representations to it, as to how to vote the proxy. Review and recommendations by the Independent Review Committee in such cases will also be obtained where required.

As manager, AGF confirms that each portfolio manager maintains a Code of Ethics that identifies the conflicts of interest and requires, at all times, the best interests of the Fund or an underlying fund managed by AGF, be placed ahead of the conflicting interest. Where the interest is a personal interest, the Code of Ethics must provide for specific consequences to the individuals involved in the event the interests of the Fund or underlying fund are not placed ahead of their own.

### ***Short-term or Frequent Trading***

Generally, short-term and frequent trading activities in mutual funds may adversely affect securityholders. Short-term and frequent trading has the potential to increase costs associated with the administration of the trades and potentially poses challenges to portfolio managers in generating optimum returns through long term portfolio investments.

AGF has in place procedures designed to detect, identify and deter inappropriate short-term and frequent trading and may alter them from time to time, without notice. AGF reviews, at the time an order is received and processed for an account, purchases and redemptions (including switches) of a Fund to determine whether a redemption or switch out is made within a 90 calendar day period from the date of purchase, or whether there have been multiple redemptions or switches made within ten calendar days of purchase. Such trades are considered short-term or frequent trades. In considering whether the activity is inappropriate, AGF, in its discretion, reviews the value of the transaction and/or the frequency of activity to assess its potential impact to the Fund and other securityholders in the Fund.

If inappropriate short-term or frequent trading activity is detected, AGF will take such action as it considers appropriate to deter the continuance of such activity. Such action may include the charging of a short term or frequent trading fee on redemptions or switches and the rejection of future purchase orders where multiple instances of short-term or frequent trading activity is detected in an account or group of accounts.

The relevant Fund may charge you (and retain) a short-term or frequent trading fee of 2% of the amount you redeem, if the trade, as determined by AGF, is detrimental to the Fund or to other securityholders. The fee is deducted from the amount you redeem or switch, or it is charged to your account and is in addition to any other trading fees to which you would otherwise be subject under this annual information form.

The fee will not be applied in circumstances which do not involve inappropriate trading activity, including redemptions or switches:

- from money-market and short-term income funds
- that are systematic transactions available from AGF as optional services
- to access the 10% free redemption amount.

All securityholders of the Funds are subject to the short-term and frequent trading policies.

## FEES AND EXPENSES

### ***Management fee reductions***

AGF reserves the right to offer a reduced management fee to selected investors. The reduced management fee is negotiated between AGF and the investor's registered representative. It generally depends on the size of the investment in the Fund at the time the investment is made. In the following sections, reduced management fees on Classes of the Tax Advantage Group are referred to as *management fee rebates*.

For the Tax Advantage Group, securityholders will receive the amount of the reduction and will generally incur tax on any fee received in the form of management fee rebates.

## INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP, counsel to the Funds, the following is a fair summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "Tax Act"), as of the date hereof, for the Tax Advantage Group and for holders of securities who, for the purposes of the Tax Act are resident in Canada, hold such securities as capital property and deal with the Tax Advantage Group at arm's length. This summary is based on certain information provided to counsel by senior officers of AGF, the facts set out in this annual information form, the current provisions of the Tax Act and regulations thereunder, all specific proposals to amend the Tax Act and such regulations publicly announced by or on behalf of the Minister of Finance (Canada) (the "Minister") prior to the date hereof (the "Tax Proposals"), and counsel's understanding of the current published administrative and assessing policies of Canada Revenue Agency ("CRA").

Counsel has been advised that it is expected that the Tax Advantage Group will qualify as a "mutual fund corporation", as such term is defined in the Tax Act at all material times. If the Tax Advantage Group were to fail to so qualify at any time, the tax considerations could in some respects be materially different from those described herein.

**This summary is not exhaustive of all possible federal income tax considerations and, other than the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action. This summary does not deal with foreign or provincial income tax considerations, which might differ from the federal considerations. This summary does not constitute legal or tax advice to any particular investor. Investors are advised to consult their own tax advisors with respect to their particular circumstances.**

### ***Taxation of the Tax Advantage Group***

The Funds are Classes of the Tax Advantage Group. The Tax Advantage Group is a single legal entity for tax purposes. The Tax Advantage Group is not taxed on a series by series, or Class by Class, basis. Consequently, all of the Tax Advantage Group's revenues, deductible expenses, capital gains and capital losses in connection with all of the Tax Advantage Group's investment portfolios, and other items relevant to the tax position of the Tax Advantage Group (including the tax attributes of all of the Tax Advantage Group's assets), will be taken into account in determining the income or loss of the Tax Advantage Group and applicable taxes payable by the Tax Advantage Group as a whole, including refundable capital gains taxes payable. For example, all deductible expenses of the Tax Advantage Group, including both expenses common to all series or Classes of the Tax Advantage Group and expenses attributable to a particular series or Class, will be taken into account in computing the income or loss of the Tax Advantage Group as a whole. Similarly, capital losses of the Tax Advantage Group in respect of any segment of the Tax Advantage Group's

investment portfolio referable to a particular Class may be applied against capital gains of the Tax Advantage Group in respect of any segment of the Tax Advantage Group's investment portfolio referable to another Class in determining any refundable capital gains taxes payable by the Tax Advantage Group as a whole. In addition, any ordinary operating losses of the Tax Advantage Group (whether from the current year or carried forward from prior years) attributable to any particular Class may be applied against income or taxable income of the Tax Advantage Group attributable to any other Class.

The Tax Advantage Group is liable for tax on its net income (excluding taxable dividends from Canadian corporations), including net taxable capital gains, at full corporate tax rates without any general rate reduction. Taxes paid by the Tax Advantage Group on realized capital gains will be refundable on a formula basis when shares are redeemed or when the Tax Advantage Group pays capital gains dividends. Capital gains may be realized by the Tax Advantage Group in a variety of circumstances, including on the disposition of portfolio assets, as a result of securityholders of a Class converting their shares of one Class into shares of another Class.

In general, the Tax Advantage Group will not pay tax on taxable dividends received from taxable Canadian corporations. The Tax Advantage Group will be subject to the refundable tax under Part IV of the Tax Act on taxable dividends received by it from taxable Canadian corporations in an amount equal to 33-1/3% of such dividends, which tax will be refundable on the basis of \$1 for each \$3 of taxable dividends paid by the Tax Advantage Group to securityholders. If the Tax Advantage Group qualifies as an investment corporation, it will not be subject to the refundable Part IV tax and will be entitled to deduct from its tax otherwise payable an amount equal to a percentage generally of the amount, if any, by which its taxable income exceeds its net taxable capital gains.

In general, a Class that invests in derivatives will include gains and deduct losses on income account in connection with its derivative activities and will recognize such gains or losses for tax purposes at the time they are realized by the Tax Advantage Group.

The Tax Advantage Group is required to compute its net income and net realized capital gains in Canadian dollars for the purposes of the Tax Act and may, as a consequence, realize foreign exchange gains or losses that will be taken into account in computing its income for tax purposes. Also, where a Class of the Tax Advantage Group accepts subscriptions or makes payments for redemptions or distributions in U.S. dollars or other foreign currency, the Tax Advantage Group may experience a foreign exchange gain or loss between the date the order is accepted or the distribution is calculated and the date the Tax Advantage Group receives or makes payment.

In certain circumstances, a capital loss realized by the Tax Advantage Group may be denied or suspended and, therefore, may not be available to offset capital gains. For example, a capital loss realized by Tax Advantage Group will be suspended if, during the period that begins 30 days before and ends 30 days after the date on which the capital loss was realized, the Tax Advantage Group (or a person affiliated with the Tax Advantage Group for the purposes of the Tax Act) acquires a property that is, or is identical to, the particular property on which the loss was realized.

On August 27, 2010 the Minister released for consultation Tax Proposals to implement tax measures previously announced in the 2010 Canadian federal budget, which was tabled in the House of Commons on March 4, 2010. As previously announced, prior Tax Proposals relating to the taxation of investments in foreign investment entities (the "FIE Proposals") will not be implemented. Instead, existing section 94.1 of the Tax Act will stay in force subject to certain limited enhancements. The Tax Advantage Group may be subject to existing section 94.1 of the Tax Act if it holds or has an interest in "offshore investment fund property". In order for existing section 94.1 of the Tax Act to apply to the Tax Advantage Group, the value of the interests must reasonably be considered to be derived, directly or indirectly, primarily from portfolio investments of the offshore investment fund property. If applicable, these rules can result in the Tax Advantage Group including an amount in its income based on the cost of its offshore investment fund property multiplied by a prescribed interest rate. These rules would apply in a taxation year to the Tax Advantage Group if it could reasonably be concluded, having regard to all the circumstances, that one of the main reasons for the Tax Advantage Group acquiring, holding or having the investment in the entity that is an offshore investment fund property, was to benefit from the portfolio investments of the entity in such a manner that the taxes on the income, profits and gains therefrom for any particular year were significantly less than the tax that would have been applicable if such income, profits and gains had been earned directly by the Tax Advantage Group. Counsel has been advised that none of the reasons for the Tax Advantage Group acquiring an interest in "offshore investment fund property" may reasonably be considered to be as stated above. As a result, based on the Tax Proposals, existing section 94.1 should not apply to the Tax Advantage Group.

On June 27, 2007, specified investment flow-through ("SIFT") rules were enacted that significantly changed the income tax treatment of certain publicly traded trusts and partnerships (referred to as "SIFT trusts" and "SIFT

partnerships”), other than certain real estate investment trusts (“REITs”), and distributions or allocations, as the case may be, from these entities to their investors. In particular, certain income earned by these entities is taxed at the entity level in a manner similar to income earned by a corporation, and distributions or allocations made by these entities to investors are taxed in a manner similar to dividends from taxable Canadian corporations. This dividend will be deemed to be an eligible dividend for the enhanced dividend tax credit if paid or allocated to a resident of Canada.

### ***Taxation of Securityholders***

Where securities of a Class are not held through a registered plan, the holder of such securities will be required to compute their net income and net realized capital gains in Canadian dollars for purposes of the Tax Act and may, as a consequence, realize income or capital gains by virtue of changes in the value of the United States dollar relative to the value of the Canadian dollar in connection with U.S. dollar denominated holdings of Funds purchased in U.S. Dollars.

Taxable dividends and/or eligible dividends paid by the Tax Advantage Group, other than capital gains dividends, whether received in cash or reinvested in additional securities, will be included in computing a securityholder’s income. The dividend gross-up and tax credit treatment normally applicable to taxable dividends and eligible dividends paid by a taxable Canadian corporation will apply to such dividends in the case of a securityholder who is an individual. Return of capital distributions are not included in income but reduce the adjusted cost base of the securityholder’s shares.

In the case of a securityholder of the Tax Advantage Group that is a corporation, taxable dividends paid by the Tax Advantage Group, whether received in cash or reinvested in additional securities, will be included in computing its income but generally will also be deductible in computing its taxable income. A “private corporation” or a “subject corporation” (as defined in the Tax Act) which is entitled to deduct such dividends in computing its taxable income will normally be subject to the Part IV refundable tax under the Tax Act. Securityholders of the Tax Advantage Group that are corporations, other than private corporations and certain financial intermediary corporations, should consult their own tax advisors regarding the potential application of Part IV.1 of the Tax Act in respect of taxable dividends, if any, received by them on securities of the Tax Advantage Group.

The Tax Advantage Group may also make distributions to securityholders of net realized capital gains by way of capital gains dividends. Capital gains dividends may be paid by the Tax Advantage Group to securityholders of any particular Class or Classes in order to obtain a refund of capital gains taxes payable by the Tax Advantage Group as a whole, whether or not such taxes relate to the investment portfolio attributable to such class. Capital gains dividends paid by the Tax Advantage Group will be treated as realized capital gains in the hands of securityholders and will be subject to the general rules relating to the taxation of capital gains which are described below.

A securityholder of the Tax Advantage Group, generally is required to include in his or her income for tax purposes for a particular year any rebate to the securityholder of management fees paid by the Funds. However, in certain circumstances, the securityholder may elect under the Tax Act that such management fee rebates instead may be deducted in computing the cost to the securityholder of securities of such Fund.

The conversion by a securityholder of securities of a series of one Class of the Tax Advantage Group into securities of another Class or securities of a different series of the same Class will not be a disposition under the Tax Act of the securities so converted. As a result, such a securityholder will not realize a capital gain or capital loss on the conversion. The securityholder’s cost of the securities of a series of a Class of the Tax Advantage Group acquired on the conversion will be deemed under the Tax Act to be the adjusted cost base to the securityholder of the securities of the series of the Class of the Tax Advantage Group, so converted immediately before the conversion. This cost will be required to be averaged with the adjusted cost base of other securities of such series owned by the securityholder.

The redemption of securities of the Tax Advantage Group in order to satisfy the negotiable conversion fee payable by a securityholder will be a disposition for tax purposes of such securities to the securityholder and will give rise to a capital gain (capital loss) equal to the amount by which the proceeds of disposition of such securities exceeds (or is less than) the aggregate of the adjusted cost base of such securities and any reasonable costs of disposition.

Where a securityholder redeems or otherwise disposes of, or is deemed to dispose of, securities of a security of a Fund, a capital gain (or a capital loss) will generally be realized to the extent that the proceeds of disposition of the security of the Fund exceed (or are exceeded by) the aggregate of the adjusted cost base to the securityholder of the security and any reasonable costs of disposition. The portion of capital gains included in income as taxable capital gains and the portion of capital losses that are allowable capital losses is one-half, subject to and in accordance with the detailed rules of the Tax Act. A securityholder that is throughout the relevant taxation year a “Canadian-controlled private corporation”, as defined in the Tax Act, may be liable to pay, in addition to the tax otherwise payable under the

Tax Act, a refundable tax of 6 2/3% determined by reference to its aggregate investment income for the year, which is defined to include an amount in respect of taxable capital gains.

In certain situations, where you dispose of securities of the Tax Advantage Group and would otherwise realize a capital loss, the loss will be denied. This may occur if you, your spouse or another person affiliated with you (including a corporation controlled by you) has acquired securities of the same series of the Tax Advantage Group within 30 days before or after you disposed of your securities, which are considered to be “substituted property”. In these circumstances, your capital loss may be deemed to be a “superficial loss” or a “suspended loss” and denied. The amount of the denied capital loss will be added to the adjusted cost base of the owner of the securities which are substituted property in the case of a superficial loss or kept with you until the owner sells the substituted property to a non-affiliated person in the case of a suspended loss.

In certain other situations, where you receive dividends and would otherwise realize a capital or non-capital loss, you must reduce any loss realized by the amount of the dividends received. This generally relates to deductible or non-taxable dividends. The loss would be reduced unless you owned the securities of the Tax Advantage Group for at least 365 days before sustaining the loss and you, alone or with persons not dealing at arm's length with you, did not own more than 5% of any series of a class of the Tax Advantage Group at the time the dividend was received.

### **Alternative Minimum Tax**

Individuals and certain trusts and estates are subject to an alternative minimum tax. Such persons may be liable for this alternative minimum tax in respect of realized capital gains and/or dividends from taxable Canadian corporations.

### **Registered Plans**

In general, the amount of distributions or dividends paid or payable to a Registered Plan from a Fund will not be taxable under the Tax Act. However, the amount of dividends reinvested in additional securities of the Fund will increase the registered plan's tax cost of the securities of the Fund. Registered Plan holders are responsible for keeping a record of their investment.

A Registered Plan that sells, switches or otherwise disposes of securities (other than a conversion of securities as discussed above) will be considered to have disposed of those securities for the purpose of the Tax Act. In general, gains from a switch or sale will not be taxable under the Tax Act until they are withdrawn from the Registered Plan. However, withdrawals from tax-free savings accounts (“TFSA”) are not subject to tax, and trusts governed by registered education savings plans and registered disability savings plans are subject to special rules.

### **Eligibility for Investment**

Provided the Tax Advantage Group qualifies as a “mutual fund corporation” under the Tax Act at all times, securities of each Fund will be “qualified investments” under the Tax Act for Registered Plans. However, holders of TFSAs should consult with their own tax advisers as to whether securities of the Funds would be prohibited investments under the Tax Act in their particular circumstances. The 2011 Federal Budget, released on June 6, 2011, proposed amendments to the Tax Act to extend similar rules to trusts governed by registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”) and their annuitants.

Investors who choose to purchase securities of a Fund through a Registered Plan should consult their own professional advisors regarding the tax treatment of contributions to and acquisitions of property by such Registered Plan.

## **REMUNERATION OF DIRECTORS, TRUSTEE AND OTHERS**

The aggregate remuneration paid or payable to the directors in their capacity as directors of the Tax Advantage Group, advisory board members of the AGF and Acuity Trust Funds, and directors of Harmony Tax Advantage Group Limited and Acuity Corporate Class Ltd., (collectively, the “**Aggregate Group of Funds**”) in respect of the last completed financial year was \$392,500. W. Robert Farquharson, Judy G. Goldring, and Martin Hubbes did not receive any remuneration in their capacity as directors or advisory board members of the Aggregate Group of Funds. The directors and advisory board members of the Aggregate Group of Funds are also entitled to be reimbursed for any expenses incurred by them in connection with their duties as directors and advisory board members, including travelling expenses associated with their attendance at meetings.

Executive officers of the Aggregate Group of Funds do not receive any remuneration in their capacity as executive officers.

The total remuneration paid or payable to the non-employee directors, advisory board members, and members of the IRC by the Aggregate Group of Funds for the fiscal year ended September 30, 2011 was as follows:

Name	Director Remuneration - Aggregate Group of Funds			Expenses Reimbursed	Total Fees
	Director Retainer for Board Chair or Member <sup>1</sup>	Audit and audit (Advisory) Retainer for Chair or Member <sup>1</sup>	AGF IRC Chair or IRC Member Fee <sup>1</sup>		
	\$	\$	\$	\$	\$
John Newman	59,000	16,000	37,000	0	112,000
William D. Cameron	38,000	0	0	0	38,000
Paul Hogan	37,000	9,000	31,000	0	77,000
Hugh Ian Macdonald	39,000	9,000	0	0	48,000
Joseph E. Martin	37,500	0	0	0	37,500
Louise Morwick	39,000	9,000	32,000	0	80,000

<sup>1</sup>Includes per meeting fees, as applicable

The director retainer and audit and audit (advisory) retainer paid or payable by the Aggregate Group of Funds is allocated equally amongst the Aggregate Group of Funds except that the retainers for the Trust Funds is paid by AGF. The IRC fee for the Aggregate Group of Funds is allocated equally amongst the Aggregate Group of Funds.

## MATERIAL CONTRACTS

The material contracts that have been entered into by the Funds are as follows:

### **Articles**

AGF All World Tax Advantage Group Limited was amalgamated under the *Business Corporations Act* (Ontario) by way of Articles of Amalgamation dated October 1, 2011.

### **Management Agreement**

The Funds have been included in the amended and restated Master Management Agreement between AGF and the AGF Funds dated as of April 20, 2007, as amended from time to time. AGF may terminate the management agreement at any time by giving 90 days written notice to the Board. If the Board wishes to terminate the agreement, it must first consult with AGF and upon approval by AGF, it must then call a meeting of securityholders of the Fund to obtain securityholder approval. The management agreement can also be terminated in accordance with applicable law.

See *Fees and Expenses* in the simplified prospectus for a description of the fees for management services paid by the Funds.

### **Custodian Agreement**

The Funds have been included in the Global Custodial Services Agreement dated October 1, 2010 between Citibank Canada, AGF All World Tax Advantage Group Limited and AGF in its capacity as manager and trustee of the AGF Funds and effective for a Fund on the date that such Fund's assets are transferred to Citibank Canada as custodian. This contract may be terminated by either the custodian or the trustee of the Funds giving 60 days' prior written notice to the other party.

## **Services Agreement**

The Funds have been included in the Services Agreement between AGF and Citigroup Fund Services Canada, Inc., relating to the provision of various securityholder record-keeping, fund accounting and other administrative services. The Services Agreement is dated October 3, 2005, as amended from time to time.

## **Investment Management Agreement**

Investment Management Agreement dated October 1, 2011 between AGF and Acuity Investment Management Inc., with respect to AGF Diversified Income Class and AGF High Income Class.

Copies of the agreements described above may be inspected during regular business hours on any business day at the registered office of the Funds.

## **OTHER MATTERS**

In September 2004, AGF received a notice from the Ontario Securities Commission ("OSC") related to its industry wide mutual fund probe into late trading and market timing practices. On December 16, 2004, the OSC approved a settlement with AGF in which AGF agreed to compensate affected investors in certain global funds targeted by a small number of market timers between August 2000 and June 2003. The total amount of AGF's compensation approved by the OSC as part of the settlement was \$29.2 million, plus interest and certain amounts received from the Investment Dealers Association in connection with its settlement with certain of its member firms, which was distributed to affected investors in accordance with a distribution plan approved by the OSC on June 30, 2005. The process of distributing the compensation to affected investors was completed in January 2006. Any uncashed cheques that were originally distributed to such investors have been paid into the relevant AGF funds, as of June 1, 2011. The OSC has stated that they have found no evidence of late trading or of insiders of the Company engaging in market timing. The Company has taken measures to prohibit the practice of frequent trading market timing.

A motion to institute a class action proceeding against AGF and other fund companies was filed in the Superior Court of the Province of Quebec on October 25, 2004, claiming a breach of fiduciary duty in respect of market timing practices. The claim, as amended, proposed a class of all Canadian residents who held securities in certain AGF funds between January 1, 2000 and December 31, 2003.

A proposed class action proceeding against AGF and other fund companies was filed in the Superior Court of the Province of Ontario in December 2005 claiming inappropriate "market timing transactions" in certain funds. The proceeding proposed a class of all Canadian residents, except for Quebec residents, who held securities in certain AGF Funds between August 2000 and June 2003. A motion for certification brought by the Plaintiffs was dismissed on or about January 12, 2010. The Plaintiffs filed a Notice of Appeal.

In September 2010, AGF entered into a settlement agreement with the proposed representative plaintiffs in the Quebec and Ontario proceedings to resolve the issues raised in the proceedings (including the appeal) without any admission of liability. The settlement payment, net of amounts approved by the Ontario Superior Court and the Quebec Superior Court for plaintiffs' legal fees and disbursements and disbursements incurred in implementing the settlement, has been paid to the AGF Funds listed in the settlement agreement. The respective courts approved the settlement at their hearings on December 17, 2010, and the settlement was effective January 17, 2011.

## **INDEPENDENT AUDITOR'S CONSENT**

**AGF Diversified Income Class (formerly Acuity Diversified Income Class)**

**AGF High Income Class (formerly Acuity High Income Class)**

**(collectively, the "Funds")**

We have read the Simplified Prospectus (the "Prospectus") and the accompanying Annual Information Form of the Funds dated October 1, 2011 relating to the sale and issue of shares of the Funds. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference in the above-mentioned Prospectus, of our report dated March 7, 2011 to the Securityholders of each of Acuity Diversified Income Class and Acuity High Income Class on the statements of investment portfolio as at December 31, 2010, the statements of net assets as at December 31, 2010 and 2009, and the statements of operations and changes in net assets for the years then ended.

***"Deloitte & Touche LLP"***

Chartered Accountants  
Licensed Public Accountants  
Toronto, Ontario  
October 1, 2011

**CERTIFICATE OF  
AGF ALL WORLD TAX ADVANTAGE GROUP LIMITED**

AGF Diversified Income Class    AGF High Income Class

Dated October 1, 2011

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of all provinces and territories of Canada and do not contain any misrepresentations.

*“William Robert Farquharson”*

William Robert Farquharson, CFA  
President and in the capacity of  
Chief Executive Officer of AGF All  
World Tax Advantage Group Limited

*“Edna Man”*

Edna Man, CA  
Treasurer and in the capacity of Chief  
Financial Officer of AGF All World Tax  
Advantage Group Limited

On behalf of the Board of Directors of AGF All World Tax Advantage Group Limited:

*“Martin Hubbes”*

Martin Hubbes, CFA  
Director

*“John B. Newman”*

John B. Newman  
Director

On behalf of AGF Investments Inc., as Manager of AGF All World Tax Advantage Group Limited:

*“Blake C. Goldring”*

Blake C. Goldring, M.S.M, CFA, LL.D.  
Chairman and in the capacity of Chief  
Executive Officer of AGF Investments Inc.  
in its capacity as Manager of AGF All World  
Tax Advantage Group Limited

*“Robert J. Bogart”*

Robert J. Bogart, CPA  
Executive Vice President and Chief  
Financial Officer of AGF Investments Inc.  
in its capacity as Manager of AGF All  
World Tax Advantage Group Limited

On behalf of the Board of Directors of AGF Investments Inc.:

*“Judy G. Goldring”*

Judy G. Goldring, LL.B.  
Director



What are you doing after work?®

**AGF GROUP OF FUNDS**

**Annual Information Form**

**AGF DIVERSIFIED INCOME CLASS\***

**AGF HIGH INCOME CLASS\***

\* Class of AGF All World Tax Advantage Group Limited.

Additional information about the Funds is available in their most recently filed Fund Facts, their most recently filed annual financial statements and annual management report of fund performance, and interim financial statements and interim management report of fund performance. You can get a copy of these documents at no charge by contacting your registered representative, calling us toll-free at 1-800-268-8583 or in Toronto at 416-367-1900, e-mailing us at [tiger@agf.com](mailto:tiger@agf.com) or writing to us at the address below. These documents and other information about the Funds are also available on the AGF internet site at [www.agf.com](http://www.agf.com), or at [www.sedar.com](http://www.sedar.com).

Unless otherwise indicated herein, information about the Funds which may otherwise be obtained on the AGF website is not, and shall not be deemed to be, incorporated by reference in this annual information form.

**Manager of the AGF Funds:**

AGF Investments Inc.  
Suite 3100, 66 Wellington Street West  
Toronto Dominion Bank Tower  
Toronto, Ontario M5K 1E9



What are you doing after work?®