



What are you doing after work?

AGF GROUP OF FUNDS

Simplified Prospectus

Offering of Mutual Fund Series, Series F and Series O Units of

**AGF DIVIDEND INCOME FUND
(formerly, ING Canadian Dividend Income Fund)**

August 5, 2005

No securities regulatory authority has expressed an opinion about these units. It is an offence to claim otherwise.

The Fund and the units offered under this simplified prospectus are not registered with the U.S. Securities and Exchange Commission. Units of the Fund are offered and sold in the United States only in reliance on exemptions from registration.

What's inside

Introduction	1
What is a Mutual Fund and What are the Risks of Investing in a Mutual Fund?	2
Specific Information About AGF Dividend Income Fund	4
Organization and Management of the Fund	4
Fund Details	5
Purchases, Switches and Redemptions	11
Optional Services	16
Fees and Expenses	18
Impact of Sales Charges	21
Dealer Compensation	22
Dealer Compensation from Management Fees	22
What Are Your Legal Rights?	24

Introduction

In this simplified prospectus:

- **we, us, our** and **AGF** refer to AGF Funds Inc.
- **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.
- **Fund** means the AGF Dividend Income Fund offered under this simplified prospectus.
- **registered representative** refers to an individual who is registered to sell mutual funds.
- **registered dealer** refers to the firm the registered representative works for.
- **unit or units** refer to share or units of the Fund.
- **unitholders** refer to the owner of units of the Fund.
- **MF Series** refers to the Mutual Fund Series units offered in this simplified prospectus.
- **Series F** refers to the Series F units offered in this simplified prospectus.
- **Series O** refers to the Series O units offered in this simplified prospectus.

The Fund now offers three series of units under this simplified prospectus: MF Series, Series F and Series O.

Additional information about the Fund is available in its annual information form, the Fund's most recently filed annual financial statements and annual management report of fund performance and interim financial statements of the Fund and interim management report of fund performance. These documents are incorporated by reference into this document, which means they legally form part of this document just as if they were printed in it.

You can get a copy of these documents (which includes all of the above, including a statement of portfolio transactions) at no charge by contacting your registered representative, by calling us toll-free at 1-800-268-8583, by e-mailing us at tiger@agf.com or by writing us at:

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

These documents and other information about the Fund are also available at www.sedar.com.

What is a Mutual Fund and What are the Risks of Investing in a Mutual Fund?

Mutual funds offer a simple and affordable way for investors to meet financial goals, such as saving for retirement or a child's education. But what exactly is a mutual fund and what are the risks of investing in a mutual fund?

What is a mutual fund?

A mutual fund is an investment that allows people with similar investment goals to pool their money in a diversified portfolio. A professional portfolio manager uses that money to buy securities, such as stocks, bonds, cash or a combination of these, depending on the fund's investment objectives. The portfolio manager makes all the decisions about which securities to buy and when to buy and sell them. Sometimes, the portfolio manager receives advice from a portfolio advisor as well.

You invest in a mutual fund by buying securities of the fund. Each security represents a portion of the value of the investments of the fund. Fund investors share in the fund's income and expenses, as well as in any gains or losses, in proportion to the number of units or shares they own.

There are a number of advantages to investing in mutual funds over investing in securities on your own:

- **Professional money management.** Professional portfolio managers devote their time and expertise to research potential investments and to make the investment decisions. They have access to up-to-the-minute information on trends in the financial markets and other in-depth data that may not be readily available to individual investors.
- **Diversification.** Investment values can change at different times and for different reasons. Owning a variety of investments can help reduce the effect that a poorly performing investment may have on your portfolio and increase the potential for better returns over time.
- **Accessibility.** Mutual funds tend to have low investment minimums, making them accessible to most investors. It's easy to buy,

switch and sell mutual funds through your registered representative.

How mutual funds are structured

AGF has mutual fund trusts and mutual fund corporations. Both types allow you to pool your money with other investors, however, there are a few differences you should know about:

- You buy "units" of a mutual fund trust or sometimes referred to as a *trust fund* and "shares" of a mutual fund corporation or sometimes referred as a *corporate fund*. Units and shares both represent ownership.
- If a mutual fund corporation has more than one investment objective, each investment objective is represented by a separate class of shares. Each class works like a separate mutual fund. Shares are issued and redeemed on the basis of the net asset value of the class.
- A mutual fund trust has one investment objective.
- When you change between classes of a mutual fund corporation, this is called a *conversion*. A conversion is not considered a sale for tax purposes so no taxes are payable solely as a result of the conversion. If you move from one trust fund to another trust fund or to a corporate fund, this is considered a sale for tax purposes and may give rise to taxable capital gains or losses.
- The mutual fund corporation is a single entity and taxpayer regardless of how many classes it offers. The mutual fund corporation must consolidate its income, capital gains, expenses and capital losses from all the investments made for all classes in order to determine the amount of tax payable. For example, capital gains of one class are offset by capital losses of another class. With trust funds, the capital losses of one trust fund cannot be offset against the capital gains of another trust fund. Trust funds are separate taxpayers.
- A mutual fund corporation pays dividends, while a mutual fund trust pays out distributions. A mutual fund corporation may pay capital gains dividends. A mutual fund corporation will have to pay tax on all sources of income other than capital gains in the event

that it pays capital gains dividends. For this reason, the investment objective of classes of a mutual fund corporation is usually capital growth and not income. A trust fund will not pay taxes on any source of income or capital gains as long as it distributes its net taxable income to unitholders.

What are the risks?

Just like any investment, mutual funds have an element of risk. A mutual fund's portfolio is made up of many different investments, depending on its investment objectives. The value of these investments can change from day to day because of changes in interest rates, economic conditions, market and company news. As a result, the unit or share price of a mutual fund may go up or down based on these changes. When you sell your investment in a mutual fund, you could receive less money than you invested.

The level of risk depends on the fund's investment objectives and the kinds of securities it invests in. A general rule of investing is that the higher the risk, the higher the potential for capital gains as well as

capital losses. Funds that invest in highly liquid, short-term securities, such as treasury bills, usually offer the lowest risk because their potential returns are tied to short-term interest rates. Funds that invest mainly in bonds typically have higher long-term returns, but they carry more risk because their prices can change when interest rates change. Funds that invest in equity securities expose investors to the highest level of risk because the prices of these securities can rise and fall significantly in a short period of time.

You should keep in mind that mutual funds come with no guarantees. AGF doesn't guarantee that the full amount of your original investment in the Fund will be returned to you. Unlike bank accounts or guaranteed investment certificates (GICs), your investment in a mutual fund isn't covered by the Canada Deposit Insurance Corporation (CDIC) or any other government deposit insurer. Under exceptional circumstances, we may temporarily suspend unitholders' rights to sell their securities. See *When you may not be able to buy, switch or sell units* on page 15 for details.

Specific Information About AGF Dividend Income Fund

Organization and Management of the Fund

Manager AGF Funds Inc. Suite 3100, 66 Wellington Street West Toronto Dominion Bank Tower Toronto Dominion Centre Toronto, Ontario M5K 1E9	The manager is responsible for the overall business and operation of the Fund. This includes providing or arranging for the day-to-day administration of the Fund.
Portfolio manager ING Investment Management, Inc. Toronto, Ontario	The portfolio manager makes the investment decisions for the Fund, buys and sells the investments for the Fund's portfolio and manages the portfolio.
Distributors	Units of the Fund are distributed through registered dealers.
Registrar AGF Funds Inc. Toronto, Ontario	The registrar keeps a record of the owners of units of the Fund.
Auditors PricewaterhouseCoopers LLP Toronto, Ontario	The auditors conduct an audit of the financial statements of the Fund in accordance with generally accepted auditing standards. PricewaterhouseCoopers LLP is an independent chartered accounting firm.
Custodian CIBC Mellon Global Securities Services Company ("CIBC Mellon") Toronto, Ontario	The custodian receives and holds all of the Fund's securities and portfolio assets, including cash, for safekeeping. The Fund has appointed CIBC Mellon as its custodian. CIBC Mellon is independent of AGF Funds Inc.

AGF Dividend Income Fund (Formerly, ING Canadian Dividend Income Fund)

Fund Details

Type of fund:	Canadian Dividend Income Fund
Date Fund started:	April 14, 2003
Units offered/ start date:	Units of a mutual fund units: MF Series: May 1, 2003 Series F: May 1, 2003 Series O: May 1, 2003
Registered plan eligibility:	Yes
Portfolio manager:	ING Investment Management, Inc. (Toronto, Ontario)
Custodian:	CIBC Mellon (Toronto, Canada)

What Does the Fund Invest In?

Investment Objectives

The Fund's objective is to provide investors with long-term capital appreciation along with the potential for monthly income, primarily through investing in high dividend yielding shares trading on Canadian stock exchanges. The Fund may also invest in money market instruments and fixed income investments issued by corporations and governments of Canada.

Any change to the fundamental investment objectives must be approved by a majority of votes cast at a meeting of unitholders called for that purpose.

Investment Strategies

When selecting companies to invest in, the portfolio manager focuses on securities which offer an attractive current yield combined with the following characteristics: superior management, industry leadership, a high level of profitability relative to others in that industry, a sound financial position and strong earnings and dividend growth.

The portfolio manager looks for companies with attractive valuations relative to their longer-term growth prospects. Because of the Fund's focus on dividend-paying securities, the Fund will typically be

invested in relatively mature yet growing businesses and, as such, will have limited exposure to early stage growth companies, companies which require high levels of capital expenditures or companies with high rates of internal reinvestment.

The Fund invests primarily in common shares, rights, warrants, securities convertible into common shares, instalment receipts, unit trusts, exchange traded funds and fixed income securities.

The Fund may use options, forward contracts and other permitted derivatives as long as the use of these derivatives is consistent with the Fund's objectives and is permitted by law. It may use derivatives in the following ways:

- to hedge against declines in security prices, financial markets, exchange rates and interest rates
- to gain exposure to securities, financial markets and foreign currencies. This can be less expensive and more flexible than investing directly in the underlying assets
- to profit from declines in financial markets
- to enhance income in the Fund through the generation of premium income

When the Fund uses derivatives for purposes other than hedging, it holds enough cash or money market instruments to fully cover its positions, as required by securities regulations.

The Fund may enter into repurchase agreements to enhance the Fund's returns, similar to securities lending transactions. While no fixed percentage of the Fund's net assets is dedicated to investing in the securities of other mutual funds, the Fund may invest up to 10% of its investments in securities of other mutual funds. The Fund does not intend generally to invest in other mutual funds unless it is more efficient or provides more diversity than investing in a specific security. It may also invest in cash or cash equivalents. The Fund may choose to deviate from its investment objectives by temporarily investing most or all of its assets in cash or fixed income securities during periods of

market downturns or for other reasons. You'll find more information about derivatives, repurchase agreements and investing in other mutual funds under the section *What are the risks of investing in the Fund?* on page 6 of this simplified prospectus.

The Fund may enter into securities lending transactions. Securities lending transactions may be used in conjunction with the Fund's other investment strategies in a manner considered most appropriate to achieving the Fund's investment objectives and to enhance the Fund's return.

Trading costs may increase depending upon the portfolio manager's buying and selling activities of the Fund's investments. This may in turn lower the Fund's returns. It also increases the possibility that you'll receive distributions. Generally, distributions are taxable if you hold the Fund in a non-registered account.

Top 10 holdings

The following investments represent the 10 largest holdings of the Fund as at July 31, 2005. The Fund's top 10 holdings can change as the portfolio manager buys and sells securities. To get an updated list, contact your registered representative or call us toll-free at 1-800-268-8583.

Security Name	% of Total
Telus Corporation	5.35
Royal Bank of Canada	5.12
TD Bank	4.48
Manulife Financial Corporation	4.08
Bank of Montreal	3.93
Bank of Nova Scotia	3.84
National Bank of Canada	3.55
Enbridge Inc.	3.36
BCE Inc.	3.19
Power Financial Corporation	3.18

What are the risks of investing in the Fund?

The Fund is subject to the following risks:

Concentration risk

The Fund may concentrate its investments in securities of a small number of issuers. The result is that the securities in which it invests may not be diversified across many sectors or they may be concentrated in specific regions or countries. The

Fund may also have a significant portion of its portfolio invested in the securities of a single issuer. A relatively high concentration of assets in a single or small number of investments may reduce the diversification and liquidity of the Fund.

Credit risk

Credit risk is the risk that an issuer of a bond or other fixed income security won't be able to pay interest or repay the principal when it's due. Credit risk is generally lowest among issuers that have a high credit rating from an independent credit rating agency. It is generally highest among issuers that have a low credit rating or no credit rating. The prices of securities with a low rating or no rating tend to fluctuate more than securities with higher ratings. They usually offer higher interest rates, which may help to compensate for the higher credit risk.

Derivative risk

A derivative is a contract between two parties. The value of the contract is based on or derived from an underlying asset, such as a stock, a market index, a currency, a commodity or a basket of securities. It's not a direct investment in the underlying asset itself. Examples of derivatives are options and forward contracts. Some funds may also invest in futures contracts, another form of derivatives, where permitted.

- An **option** is the right, but not the obligation, to buy or sell a security, currency, commodity, or market index at an agreed upon price by a certain date. The buyer of the option makes a payment—called a premium—to the seller for this right.
- A **forward contract** is an agreement to buy or sell an asset, such as a security or currency, at an agreed upon price at a future date or to pay the difference in value between the contract date and the settlement date. Forward contracts are generally not traded on organized exchanges and aren't subject to standardized terms and conditions.
- Like a forward contract, a **futures contract** is an agreement between two parties to buy or sell an asset at an agreed upon price at a future date or to pay the difference in value between the contract date and the settlement date. Futures contracts are normally traded on a registered futures exchange. The exchange

usually specifies certain standardized features of the contract including the basket of securities. Only certain funds will invest in futures contracts.

While derivatives can be useful for hedging against losses, making indirect investments and gaining exposure to financial markets and other assets, they have certain risks:

- There's no guarantee that hedging will be effective.
- There's no guarantee a market will exist for some derivatives. This could prevent the Fund from making a profit or limiting its losses.
- Exchanges can impose trading limits that could prevent us from carrying out the derivative contract.
- The price of a derivative may not accurately reflect the value of the underlying asset.
- The other party to a derivative contract may not be able to honour its obligations under the contract.
- If we've deposited money with a derivatives dealer and the dealer goes bankrupt, we may lose our deposit.
- Derivatives don't prevent changes in the market value of the investments in the Fund's portfolio or prevent losses if the market value of the investments falls.

Equity risk

The prices of individual equity securities can rise and fall with the fortunes of the companies that issue them or with general stock market conditions. Changes in the price of individual equity securities held by the Fund will affect the Fund's price.

Foreign currency risk

Securities that are priced in foreign currencies can lose value when the Canadian dollar rises against the foreign currency. Foreign governments may impose currency exchange restrictions, which could limit the Fund's ability to buy and sell certain foreign investments and could reduce the value of the foreign securities the Fund holds.

Foreign market risk

Foreign investments involve additional risks because financial markets outside of Canada and

the U.S. may be less liquid and companies may be less regulated and have lower standards of accounting and financial reporting. There may not be an established stock market or legal system that adequately protects the rights of investors. Foreign investments can also be affected by social, political, or economic instability. Foreign governments may impose investment restrictions. In general, securities issued by companies in more developed markets, such as Western Europe, have lower foreign market risk. Securities issued in emerging or developing markets, such as Southeast Asia or Latin America, have higher foreign market risk.

Interest rate risk

Changes in interest rates have an impact on a whole range of investments. When interest rates rise, the prices of fixed-rate bonds or other securities like treasury bills tend to fall. When interest rates fall, the prices of the fixed-rate bonds or treasury bills tend to rise. Fixed income securities with longer terms to maturity are usually more sensitive to changes in interest rates. Changes in the prices of these securities will affect the price of the Fund.

Liquidity risk

Investors often describe the speed and ease with which an asset can be sold and converted into cash as its liquidity. Most of the securities owned by a Fund can usually be sold promptly at a fair price and therefore can be described as relatively liquid. But the Fund may also invest in securities that are illiquid, which means they can't be sold quickly or easily. Some securities are illiquid because of legal restrictions, the nature of the investment itself, settlement terms, or for other reasons. Sometimes, there may simply be a shortage of buyers. The Fund that has trouble selling a security can lose value or incur extra costs. In addition, illiquid securities may be more difficult to value accurately and may experience larger price changes. This can cause greater fluctuations in a Fund's value.

Repurchase agreement risk

Through a repurchase agreement, the Fund sells a security at one price and agrees to buy it back from the buyer at a fixed price on a specified date. Repurchase agreements involve certain risks. If the other party to the repurchase agreement goes bankrupt, the Fund could experience delays in receiving payment. We try to minimize the risk of loss to the Fund by requiring that the cash delivered

to the Fund under the repurchase agreement is in an amount equal to at least 102% of the market value of the sold securities and this is valued daily. If the amount realized by the Fund in disposing of the cash (or qualified liquid securities) is less than the value of the securities on the date that they were to be repurchased by the Fund, the Fund will suffer a loss. We also enter into repurchase agreements only with parties that we believe, through conducting credit analysis, have adequate resources and financial strength to meet their obligations under the repurchase agreement.

Securities lending risk

Securities lending involves lending for a fee portfolio securities held by the Fund for a set period of time to willing, qualified borrowers who have posted collateral. The Fund intends to enter into securities lending arrangements to the extent permitted from time to time. In lending its securities, the Fund is subject to the risk that the borrower may not fulfill its obligations leaving the Fund holding collateral worth less than the securities it has lent, resulting in a loss to the Fund. To limit this risk, the Fund must hold collateral worth no less than 102% of the value of the loaned securities and the amount of collateral is adjusted daily to ensure this level is maintained, the collateral may only consist of cash, qualified securities or securities that can be immediately converted into identical securities to those that have been loaned, the Fund cannot lend more than 50% of the total value of its assets through securities lending or repurchase transactions and the Fund's total exposure to any one borrower in securities, derivative transactions and securities lending must be less than 10% of the total value of the Fund's assets.

Small company risk

Investing in securities of smaller companies may be riskier than investing in larger, more established companies. Smaller companies may have limited financial resources, a less established market for their shares and fewer shares issued. This can cause the share prices of smaller companies to fluctuate more than those of larger companies. The market for the shares of small companies may be less liquid.

Substantial unitholder risk

The purchase or redemption of a substantial number of units of the Fund may require the

portfolio manager to change the composition of the Fund's portfolio significantly or may force the portfolio manager to buy or sell investments at unfavourable prices, which can affect the Fund's returns. Therefore, the redemption of units by a substantial unitholder may adversely affect the performance of the Fund.

Investing in other mutual funds

The Fund may invest in securities of another mutual fund, including other mutual funds managed by AGF, if, among other things,

- the other mutual fund is subject to National Instrument 81-102
- the investment objective of the other mutual fund is consistent with the Fund's investment objective
- where AGF is the manager of the other mutual fund, AGF does not vote the Fund's holdings in the other mutual fund
- at the time the Fund purchases securities of the other mutual fund, the other mutual fund holds no more than 10% of the market value of its net assets in securities of another mutual fund
- the securities of the other mutual fund are qualified for distribution in the same jurisdiction as the Fund
- no management fees or portfolio management fees are payable by the Fund that would duplicate a fee payable by the other mutual fund
- where AGF is the manager of the other mutual fund, no sales fees or redemption fees are payable by the Fund in relation to its purchases or redemptions of the securities of the other mutual fund
- no sales fees or redemption fees are payable by the Fund in relation to its purchases or redemptions of the securities of the other mutual fund that would duplicate a fee payable by the other mutual fund

Who should invest in this Fund?

Consider this Fund if:

- you're seeking a well-diversified Canadian fund
- you're investing for the medium to long-term
- you prefer moderate risk

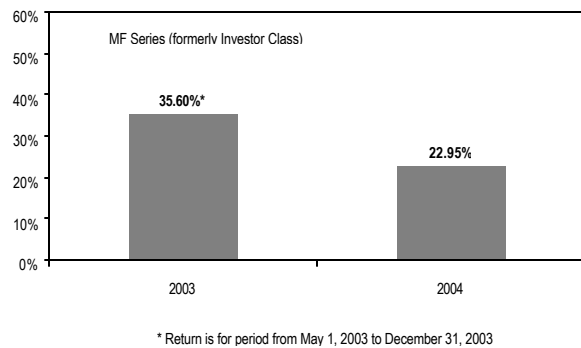
Past performance (as at December 31)

This section shows how the Fund has performed in the past and it also gives you an idea of the risk involved. These figures don't tell you how the Fund will perform in the future. The performance data for each series of securities of the Fund is measured from the date of first purchase. This may be different than the date the series was established.

Currently, there are no Series F and O unitholders, therefore, no performance history is shown for these series.

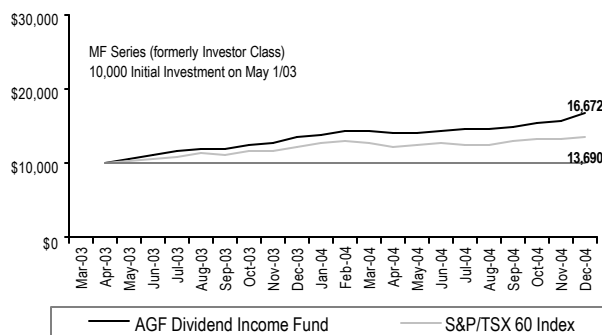
Year-by-year returns

The following charts show how the Fund's annual performance changes from year to year.



Overall past performance

The following charts show how a \$10,000 investment in the Fund would have changed in value, compared with the S&P/TSX 60 index. The S&P/TSX 60 Total Return Index is a capitalization-weighted index. It represents approximately 75% of Canadian market capitalization. Its 60 companies make it ideal as a large-cap proxy.



Annual compound returns

The following table compares the Fund's annual compound return as at December 31, 2004 with the S&P/TSX 60 index.

	1 year	3 years	5 years	Since Inception
Fund (%)	22.95	-	-	35.89
S&P/TSX 60 (%)	11.60	-	-	20.74

Distribution policy

The Fund currently makes monthly distributions, which may include interest, capital gains and return of capital. In any event, the Fund will distribute, at least annually, sufficient income and capital gains so that the Fund will not be subject to ordinary income tax. When the distributions include a return of capital, you will not incur any tax on such distribution of capital but the amount of such distribution will reduce the adjusted cost base of your units. See *Income Tax Considerations for Investors*.

Distributions on units held in AGF registered plans are always reinvested in additional units of the Fund. Distributions on units held in other registered plans or non-registered accounts are reinvested in additional units of the Fund, unless you tell us in writing that you want cash payments instead.

Each series of the Fund ranks equally with the other series of the Fund in the payment of distributions (other than management fee distributions and returns of capital). Each series of the Fund is generally entitled to the portion of a distribution equal to its share of adjusted net income of the Fund, after deducting specific expenses of the Fund attributable to that series and management fee distributions. Adjusted net income is the Fund's net income adjusted for series expenses. As a result, the amount of distributions per unit will likely be different for each series of the Funds. For information about how distributions can affect your trades, see *Income Tax Consideration for Investors*.

Financial highlights

Distributions and Net Asset Value Per Unit (\$)

	2003 ¹	2004 ²
Distributions:		
from net income	0.59	0.74
from realized gain	0.85	0.88
return of capital	0.01	-
Total annual distributions	1.45	1.62
Net asset value per unit	12.31	13.42

Ratios and Supplemental Data

	2003 ¹	2004 ²
Net assets (\$000)	17,073	81,145
Number of units outstanding (000)	1,387,107	6,045,564
MER (%) ³	2.05	2.10
MER without expense absorption (%) ⁴	3.43	2.39
Portfolio turnover rate (%) ⁵	765	772

1. For 2003, the figures represent period from May 1, 2003 to December 31, 2003 and are as at December 31, 2003.

2. For 2004, the figures are as at December 31, 2004.

3. Annualized and excluding management fee and operating expenses rebate but including GST.

4. The manager absorbed or waived certain expenses that were otherwise payable by the Fund. The amount of expenses absorbed or waived was determined on an annual basis at the discretion of the manager.

5. Portfolio turnover rate is calculated based on the lesser of purchases or sales excluding short-term securities, divided by weighted average value of the portfolio securities.

Fund expenses indirectly borne by investors

This example shows how much the Fund would pay in expenses on a \$1,000 investment with a 5% annual return and assumes reinvestment of the 5% return.

Fees and expenses payable over (\$)	1 year	3 years	5 years	10 years
MF Series	21.53	67.86	118.94	270.74

Purchases, Switches and Redemptions

You can invest in the Fund through different accounts we offer, such as the registered plans described under *Optional Services*. You can also invest in the Fund through accounts or plans offered by other financial institutions. Ask your registered representative for details.

Series of units

The Fund offers three series of units: MF Series, Series F and Series O units.

Each series of units is intended for different kinds of investors as follows:

MF Series:

MF Series units are available to all investors and they can be purchased under this simplified prospectus.

Series F:

Series F units are for investors who are:

- participants in a fee-for-service or wrap account program sponsored by certain registered dealers
- employees of AGF Management Limited and its Canadian subsidiaries

Series F units can be purchased under this simplified prospectus only through your investment advisor who has obtained the consent of AGF to offer Series F units. Participation in the offering of Series F units by a dealer organization is subject to terms and conditions relating to the distribution of Series F units including the requirement of your investment advisor to notify AGF if you are no longer enrolled in the fee-for-service or wrap account program.

If AGF is notified that you no longer meet the eligibility criteria, we will sell your Series F units in accordance with the instructions from your investment advisor. In the absence of instructions, we may automatically sell your Series F units or reclassify them to the MF Series. There may be tax implications arising from any sale. See *Income Tax Considerations for Investors* for more details.

Series O:

Series O units are intended for institutional investors, including funds, who meet the criteria established by AGF and who enter into an agreement whereby the Series O investor agrees to pay to AGF and the advisors, respectively, the management and advisory fees in Canadian dollars plus GST. Series O units may not be purchased by individuals. Series O units are generally offered pursuant to this simplified prospectus. Series O investors should consult their own tax advisors regarding the tax treatment of management and advisory fees paid directly by them.

How we calculate the price of a unit

You can buy and switch units of the Fund through your registered dealer. You can sell your units through your registered dealer or by writing to us directly. Selling your units is also known as redeeming. All transactions are based on the Fund's unit price next determined after we receive your purchase, switch, or sale request in good order. This price is also called the net asset value per unit.

We usually calculate the unit price of each series of the Fund at the end of each business day. A business day is any day that The Toronto Stock Exchange (TSX) is open. In unusual circumstances, we may suspend the calculation of Fund prices. We calculate the net asset value per unit of each series of the Fund by:

- adding up the assets of the Fund and determining the proportionate share of the series
- subtracting the proportionate share of the series of the aggregate amount of expenses common to all series
- subtracting the expenses of the Fund that are specific to the series
- dividing by the number of Fund units of the series held by unitholders

The Fund is valued in Canadian dollars. You can only make Canadian dollar investments in AGF registered plans.

How we process orders

Your order must be in the proper form and include all necessary supporting documents. Your registered representative is responsible for sending your order to us. If we receive your order to buy, switch or sell before 4 p.m. Toronto time on a business day, we'll process your order based on the price calculated that day. If we receive your order after 4 p.m. on a business day, we'll process your order based on the price calculated on the next business day. If the TSX's trading hours are shortened or changed for other regulatory reasons, we may change the 4 p.m. deadline. Your registered representative or AGF will send you a confirmation of your order once we process it. With systematic investment or withdrawal plans, you will receive a confirmation for your first order only.

Buying units of the Fund

Minimum Investment

The minimum amount you can buy depends on the kind of account you have:

- For AGF RRSPs, RRIFs, PRIFs, LIRAs, Locked-in RSPs, LIFs, LRIFs and RESPs, the minimum initial investment is \$100. Each additional investment is \$25.
- For AGF group RRSPs, the minimum initial investment and each additional investment is \$25.
- For our systematic investment plan, the minimum for all investments is \$25. You'll find more about the systematic investment plan in *Optional Services*.
- For all other accounts, the minimum initial investment is \$1,000 and each additional investment is \$100.

You have to pay for your units when you buy them. If we don't receive payment for your purchase within three business days of receiving your order, we'll sell your units as of the close of business on the next business day. If the proceeds from the sale are more than the cost of buying the units, the Fund will keep the difference. If the proceeds are less than the cost of buying the units, your registered dealer must pay the shortfall and may in turn have the right to collect it from you.

We can reject all or part of your order within one business day of the Fund's receiving it. If we reject your order, we'll immediately return any money received, without interest.

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

If your investment falls below the minimum requirement

Because of the high cost of maintaining small accounts, we require that investors keep at least \$750 invested in each of their accounts. If the value of the investment in your account falls below the minimum requirement, we may sell or reclassify your units and send you the proceeds. We'll give you 30 days notice before selling or reclassifying, as applicable, so that you can buy more units if you wish to raise the balance above the minimum.

Choosing a sales charge option

When you buy units of the 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 option is available for the Fund in the MF Series, Series F and Series O units.

If you buy under this option, you pay a sales commission at the time of purchase. The commission is a percentage of the amount you invest and is paid to your registered dealer. See *Dealer Compensation* for details. You and your registered representative negotiate the actual commission. See *Fees and expenses payable directly by you - Sales charges* on page 19 for the front-end sales charge rates.

Deferred sales charge ("DSC") option

The DSC option is available for the Fund in the MF Series units only. If you buy under this option, you don't pay a commission when you invest in the Fund. Instead, we pay your registered dealer a commission. See *Dealer Compensation* for details. However, under certain circumstances, if you sell or reclassify your MF Series units within seven years of buying them, you'll pay a deferred sales charge at the time of your transaction. See *Fees and expenses*

payable directly by you - Redemption fees on page 19 for the DSC rate schedule.

Low load option

The low load option is available for the Fund in the MF Series units only. If you buy under this option, you don't pay a commission when you invest in the Fund. Instead, we pay your registered dealer a commission. See *Dealer Compensation* for details. However, under certain circumstances, if you sell or reclassify your MF Series units within three years of buying them, you'll pay a deferred sales charge at the time of your transaction. See *Fees and expenses payable directly by you - Redemption fees* on page 19 for the low load rate schedule.

Changing sales charge options

If after buying your units, 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 units to another within the Fund, you will have to pay a deferred sales charge that applies at the time of such change.

Selling units of the Fund

When you sell units of the Fund, you receive the proceeds of your sale in cash. You must give us written instructions to sell your units. We may accept a faxed copy of your instructions from your registered representative only if your registered dealer has made arrangements with us to accept faxed instructions.

The Fund may charge you a short-term trading fee if you sell your units within 90 days of buying them. See *Fees and Expenses* for details about these fees.

We'll send your payment to you or to someone else you choose by cheque or wire payment within three business days of receiving your properly completed order. You'll receive payment in the currency in which you bought the Fund, unless you request payment in another currency through our currency exchange service. See *Optional Services* for details.

If you want the proceeds paid to someone else, or if you are selling more than \$20,000 of the Fund, your signature must be guaranteed by your bank, trust company or registered dealer. In some cases, we may require other documents or proof of signing authority. You can contact your registered representative or us to find out the documents that are required to complete the sale.

If we haven't received all the required documents within 10 business days of receiving your sell order, we'll issue the same number of units on the 10th business day after the redemption request. If the issue price is less than the sale proceeds, the Fund will keep the difference. If the issue price is more than the sale proceeds, your registered dealer must pay the shortfall. Your registered dealer may have the right to collect it from you.

If you hold your units in a non-registered account, you may realize a capital gain or loss. Capital gains are taxable. For a discussion of the tax consequences, see *Income Tax Considerations for Investors*.

Selling units under the DSC option

If you invest in MF Series units under the DSC option and, under certain circumstances, sell or reclassify those units within 7 years of buying them, we will deduct the applicable deferred sales charge from your transaction.

Your MF Series units will be sold in the order of purchase, with your oldest units being sold first. For purposes of calculating the order of selling units, both the purchased units and units issued on the reinvestment of distributions on such purchased units are deemed to be issued on the same date. At the time of redemption, the purchased units of the Fund outstanding at that time are redeemed in priority to the reinvested units of such Fund deemed issued on the same date.

You won't pay DSC on:

- MF Series units you hold for 7 years or more
- MF Series units that qualify for the 10% free amount, provided you reinvest distributions you received on such units as explained under the *10% free amount* section
- MF Series units you receive from reinvested distributions
- cash distributions
- MF Series units you switch from the Fund to another AGF Fund, provided you remain in the same series and sales charge option.

Selling units under the low load option

If you invest in MF Series units under the low load option and, under certain circumstances, sell or reclassify those units within 3 years of buying them, we will deduct the applicable deferred sales charge from your transaction.

Your MF Series units will be sold in the order of purchase, with your oldest units being sold first. For purposes of calculating the order of selling units, both the purchased units and units issued on the reinvestment of distributions on such purchased units are deemed to be issued on the same date. At the time of redemption, the purchased units of the Fund outstanding at that time are redeemed in priority to the reinvested units of such Fund deemed issued on the same date.

You won't pay a low load sales charge on:

- MF Series units you hold for 3 years or more
- MF Series units that qualify for the 10% free amount, provided you reinvest distributions you receive on such units as explained under the *10% free amount* section
- MF Series units you receive from reinvested distributions
- cash distributions
- MF Series units you switch from the Fund to another AGF Fund, provided you remain in the same series and sales charge option.

10% free amount

Each calendar year, you can sell or switch up to 10% of the market value of the MF Series units you bought under the DSC option without paying a deferred sales charge (provided you reinvest any distributions you receive on your units). You may also sell or switch up to 10% of the market value of the MF Series units you bought under the low load option in each calendar year without paying a deferred sales charge (provided you reinvest any distributions you receive on your units). This is referred to as the 10% free amount. The 10% free amount for each year is equal to:

- 10% of the market value, measured as at December 31 of the previous year, of your MF Series units you bought under the DSC option and that you have held for less than 7 years, or

10% of the market value, measured as at December 31 of the previous year, of your MF Series units you bought under the low load option and that you have held for less than 3 years; *plus*

- 10% of the market value of your MF Series units you bought under the DSC option in the current year, or 10% of the market value of your MF Series units bought under the low load option in the current year.

Any unused 10% free amount in a given year cannot be carried over to the next year.

Switches

Switching to another AGF Fund

A switch involves moving money from the Fund to another AGF Fund. A switch may be an order to sell and buy, or to reclassify your units. We describe these kinds of switches below. When we receive your order, we'll sell or reclassify your units from the Fund and use the proceeds to buy the second AGF Fund. The steps for buying and selling the Fund also apply to switches.

When you switch units of the Fund, your registered representative may charge you a fee. You and your registered representative negotiate the fee. The Fund may also charge you a short-term trading fee if you switch your units within 90 days of buying them. See *Fees and expenses payable directly by you - Switch fees* on page 19 for details about these fees.

Taxable Switches

Certain switches are considered a sale for tax purposes. If you hold your units in a non-registered account, you may realize a capital gain or loss. Capital gains are taxable. For example, when you switch from units of the Fund to units of another AGF Fund, you will realize a capital gain or loss.

Switching between Series of the Fund

Switching between series of the Fund is called a *reclassification*. You can reclassify units of one series to units of another series of the Fund if you are eligible for that series. When you reclassify units of the Fund, the value of your investment won't change (except for any fees you pay to reclassify), but the number of units you hold will change. This is because each series has a different unit price. In general, a reclassification is not considered a sale for tax purposes. No capital gain or loss will result. However, any redemption of units to pay for a

switch fee charged by your registered dealer will be considered a sale for tax purposes. For a further discussion of the tax consequences, see *Income Tax Considerations for Investors*.

If you bought MF Series units under the DSC or low load option and you reclassify them to another series, you'll have to pay any deferred sales charge that applies. See *Fees and expenses payable directly by you - Redemption fees* for the DSC and low load option redemption schedules. If you reclassify from another series to MF Series, you can choose the front-end sales charge, DSC or low load option. See *Buying Funds - Choosing a Sales Charge Option* for details.

Short-term trading fee

AGF has in place procedures to detect and deter inappropriate short-term trading and may alter them from time to time, without notice. Short-term trading generally involves the purchase and redemption (including switches) of the Fund within a 90 day period and will be inappropriate if it is evident to AGF, in its discretion, that it is detrimental to other unitholders in the Fund.

If inappropriate short term trading is detected, AGF will take such action as it considers appropriate to deter the continuance of such activity. Such action may include rejection of future purchase orders and the charging of a short term trading fee on redemptions or switches.

The Fund may charge you a short-term trading fee of 2% of the total amount you redeem, if you sell or switch your units within 90 business days of buying them. The fee is deducted from the amount you redeem or switch, or it is charged to your account. The short-term trading fee is in addition to any other trading fees to which you would otherwise be subject under this simplified prospectus.

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.

We may impose or waive the fee in other appropriate circumstances.

When you may not be able to buy, switch or sell units

Securities regulations allow us to temporarily suspend your right to sell your Fund units and postpone payment of your sale proceeds when:

- normal trading is suspended on any exchange on which securities or derivatives that make up more than 50% of the Fund's value or its underlying market exposure are traded and there is no other exchange that is a reasonable alternative, or
- securities regulators give us permission.

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

Optional Services

This section tells you about the accounts, plans and services that are available to investors in the AGF Funds. Ask your registered representative or call us at 1-800-268-8583 for full details.

Currency exchange service

When you sell your units, you can ask for the proceeds in a foreign currency, at the current rate of exchange.

We can also exchange currency when you buy units. If you provide payment for your purchase in another currency, we can convert it to Canadian dollars. Please call us for further details.

Electronic transaction services

You can arrange for your registered representative to place orders to buy, switch and sell units of the Fund by telephone or electronically. You can also arrange for your registered representative to have money electronically transferred from or to your bank account when you buy or sell units of the Fund in Canadian dollars. We don't offer this service for U.S. dollar investments.

Registered Plans

We offer both individual and group AGF RRSPs, RRIFs, LIRAs, Locked-in RSPs, LIFs, LRIFs, and RESPs. You will find the minimum investment amounts for these plans on page 12 under *Buying Funds*. There are no annual administration fees to open, maintain or close a plan charged by AGF.

You can also hold your units in self-directed registered plans that you set up with other financial institutions. You may be charged a fee for these plans. You should consult your tax advisor for more information about the tax implications of registered plans.

Systematic distribution transfers

We'll automatically transfer your reinvested distributions from one Fund to another AGF Fund within the same series and under the same sales charge option. The transfer will be processed and trade dated on the next business day immediately after a distribution has been reinvested.

Systematic investment plan

You can make regular investments in the Fund, biweekly, monthly, bimonthly, quarterly, every four months, semi-annually or annually, on any business day of the month, for as little as \$25. We'll automatically transfer money from your Canadian dollar chequing account and invest it in the Fund. We don't offer this service for U.S. dollar investments, AGF RRIFs or Locked-in plans.

When you enrol in our systematic investment plan, you will receive a copy of the Fund's current simplified prospectus and any amendments to that prospectus. Thereafter, unless you are resident in Quebec, we will only send you an annual renewal prospectus and amendments upon request.

You can request that a copy of the Fund's annual renewal prospectus and any amendments be sent to you at the time you enrol in our systematic investment plan, or at any time thereafter by calling us toll free 1-800-268-8583, by emailing us at tiger@AGF.com or by asking your registered representative. You can also find the annual renewal prospectus and any amendments at www.sedar.com or on our website at www.AGF.com. You have a statutory right to withdraw from an initial purchase of the Fund under the systematic investment plan but, unless you are a resident of Quebec, you do not have a statutory right to withdraw from subsequent purchases of the Fund under the systematic investment plan. However, you continue to have all other statutory rights under securities law, including a misrepresentation right as described under *What are Your Legal Rights?* on page 23, whether or not you have requested a renewal prospectus.

Systematic switching plan

You can make regular switches between AGF Funds. We'll automatically sell securities of one AGF Fund and use the proceeds to buy another AGF Fund within the same series and under the same sales charge option. You may have to pay a negotiable fee to your registered representative. You and your registered representative negotiate the fee. See *Fees and Expenses* for details. If you hold your units in a non-registered account, you may realize a capital gain or loss. Capital gains are taxable.

Systematic withdrawal plan

You can receive regular Canadian dollar payments from your Fund through our systematic withdrawal plan. We'll sell the number of units needed to make the payment and send the proceeds to you by cheque or deposit to your bank account. You can choose to receive payments biweekly, monthly, bimonthly, quarterly, every four months, semi-annually or annually, on any business day. We don't offer this service for automatic deposits in U.S. dollars or for AGF RRSPs. If you hold your units in a

non-registered account, you may realize a capital gain or loss when your units are sold. Capital gains are taxable.

If the value of the investment in your account falls below \$750, we may sell your units and send you the proceeds. See page 12 for details. If you withdraw more money than your Fund units are earning, you'll eventually use up your investment.

Fees and Expenses

This table lists the fees and expenses you may have to pay if you invest in the MF Series, Series F or Series O units of the Fund. You may have to pay some of these fees and expenses directly. The Fund pays some of these fees and expenses, which reduces the value of your investment.

We require unitholder approval to introduce a fee or expense or change the basis on which a fee or expense is charged to the Fund or its unitholders if the change results in a higher charge. Unitholder approval isn't required if the Fund is independent of the person or company charging the fee or expense and if unitholders are notified in writing at least 60 days before the day the change becomes effective.

Fees and expenses payable by the Fund					
Management fees	<p>This fee is calculated and accrued daily and paid monthly. The total annual rate of the management and advisory fees for each series are:</p> <table style="margin-left: 40px;"> <tr> <td>MF Series units:</td> <td style="text-align: right;">1.75%</td> </tr> <tr> <td>Series F units:</td> <td style="text-align: right;">1.00%</td> </tr> </table> <p>The management and advisory fees for Series O units are negotiable by the investor and are payable directly to AGF and the advisors, respectively. The maximum amount will not exceed the Series F total annual rate.</p> <p>Management fee reductions We sometimes negotiate a lower management fee for investors with very large holdings in the Fund. The fee reduction is directly received by the investor in the form of a rebate.</p> <p>Fund of funds If the Fund invests all or a portion of its assets in securities of another mutual fund, no management or incentive fees will be paid that will duplicate the fees payable by the other fund and no sales fees or redemption fees will be payable by the Fund which will duplicate a fee payable by an investor in the Fund. If the other mutual fund is also a fund managed by AGF, no sales fees or redemption fees may be paid.</p>	MF Series units:	1.75%	Series F units:	1.00%
MF Series units:	1.75%				
Series F units:	1.00%				
Operating expenses	<p>Each series of the Fund pays its own expenses and its share of the Fund's expenses that are common to all series. Common expenses include legal fees, custodian fees, audit fees and costs of preparing and delivering annual and quarterly reports. Expenses that are specific to a series include filing fees, and management and advisory fees. We may waive or absorb any of these expenses. AGF has agreed with investors in Series O units that no common or series expenses typically forming part of the management expense ratio will be charged to that series of the Fund. As a result, the Series O net asset value will not be reduced by such expenses.</p>				

Fees and expenses payable directly by you																	
Sales charges	<p>Front-end sales charge</p> <p>MF Series, Series F and Series O units are available under the front-end sales charge option. You and your registered representative negotiate the sales charge. The sales charge is up to 6% of the amount you invest and is deducted from the purchase amount.</p>																
Switch fees	<p>If you switch a series of units of the Fund to the same series of units of another AGF Fund, you may pay a fee to your registered dealer of 0-2% of the net asset value being switched.</p>																
	<p>Reclassification fee</p> <p>If you reclassify MF Series units you bought under the DSC option or low load option to another series, you'll also have to pay any deferred sales charge that applies. See below for details about the deferred sales charge. If you reclassify units from Series F or Series O to MF Series, you can choose the front-end sales charge option or the DSC option or the low load option. See <i>Choosing a sales charge option</i> on page 12 for details.</p> <p>You'll find more information about reclassification under <i>Switches</i> on page 14.</p>																
Redemption fees	<p>DSC</p> <p>The DSC option is available for MF Series units only. You may have to pay a deferred sales charge if you buy MF Series units under the DSC option and sell or reclassify them within 7 years of buying them. Some exceptions apply. See <i>Selling Funds - Selling units under the DSC option</i> on page 13 for details. The deferred sales charge is based on the value of the units when you bought them and is deducted from the value of the units you sell or reclassify. The rate depends on how long you held your units:</p> <table border="0"> <thead> <tr> <th>Units you sell or reclassify</th> <th>DSC rate</th> </tr> </thead> <tbody> <tr> <td>within two years of buying them</td> <td>5.5%</td> </tr> <tr> <td>during the third year after buying them</td> <td>5.0%</td> </tr> <tr> <td>during the fourth year after buying them</td> <td>4.5%</td> </tr> <tr> <td>during the fifth year after buying them</td> <td>4.0%</td> </tr> <tr> <td>during the sixth year after buying them</td> <td>3.0%</td> </tr> <tr> <td>during the seventh year after buying them</td> <td>1.5%</td> </tr> <tr> <td>after seven years of buying them</td> <td>Zero</td> </tr> </tbody> </table>	Units you sell or reclassify	DSC rate	within two years of buying them	5.5%	during the third year after buying them	5.0%	during the fourth year after buying them	4.5%	during the fifth year after buying them	4.0%	during the sixth year after buying them	3.0%	during the seventh year after buying them	1.5%	after seven years of buying them	Zero
	Units you sell or reclassify	DSC rate															
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after seven years of buying them	Zero																
	<p>Low load</p> <p>The low load option is available for the MF Series units only. You may have to pay a deferred sales charge if you buy MF Series units under the low load option and sell or reclassify them within 3 years of buying them. Some exceptions apply. See <i>Selling Funds - Selling units under the low load option</i> on page 14 for details. The deferred sales charge is based on the value of the units when you bought them and is deducted from the value of the units you sell or reclassify. The rate depends on how long you held your units:</p> <table border="0"> <thead> <tr> <th>Units you sell or reclassify</th> <th>Low load sales charge rate</th> </tr> </thead> <tbody> <tr> <td>within the first year of buying them</td> <td>3.0%</td> </tr> <tr> <td>during the second year after buying them</td> <td>2.5%</td> </tr> <tr> <td>during the third year after buying them</td> <td>2.0%</td> </tr> <tr> <td>after 3 years of buying them</td> <td>Zero</td> </tr> </tbody> </table>	Units you sell or reclassify	Low load sales charge rate	within the first year of buying them	3.0%	during the second year after buying them	2.5%	during the third year after buying them	2.0%	after 3 years of buying them	Zero						
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during the third year after buying them	2.0%																
after 3 years of buying them	Zero																

Fees and expenses payable directly by you....cont'd.	
Short-term trading fee	The Fund may charge you a short-term trading fee of 2% if you sell or switch units within 90 days of buying them. The Fund deducts the fee from the value of the units you're selling or switching, subject to certain exceptions. This fee is in addition to any other redemption fees. See <i>Purchases, Switches and Redemptions - Short-term trading fee</i> on page 15.
Registered plan fees	None
Other fees	Systematic investment plan: None Systematic withdrawal plan: None Dishonoured cheques or insufficient funds: \$25 for each transaction

Impact of Sales Charges

The table below shows the fees that you would have to pay under our different sales charge options. It assumes that:

- you invest \$1,000 in units of the Fund for each period and sell all of your units immediately before the end of the period.
- the sales charge under the front-end sales charge option is 6%. See *Fees and expenses payable directly by you - Sales charges* on page 19 for the front-end sales charge rates.
- the deferred sales charge under the DSC option applies only if you sell your MF Series units within seven years of buying them. See *Fees and expenses payable directly by you - Redemption fees* on page 19 for the DSC rate schedule.
- the deferred sales charge under the low load option applies only if you sell your MF Series units within three years of buying them. See *Fees and expenses payable directly by you - Redemption fees* on page 19 for the low load rate schedule.
- you haven't used your 10% free amount under the DSC or low load option.

Sales Charge Options	At Time of Purchase	1 Year	3 Years	5 Years	10 Years
Front-end sales charge option	\$60	n/a	n/a	n/a	n/a
DSC option ⁽¹⁾	n/a	\$55	\$50	\$40	n/a
Low load option ⁽²⁾	n/a	\$30	\$20	n/a	n/a

⁽¹⁾ Series F and Series O units cannot be purchased under the DSC option.

⁽²⁾ Series F and Series O units cannot be purchased under the low load option.

Dealer Compensation

Sales commissions

Your registered dealer usually receives a sales commission when you invest in the MF Series, Series F or Series O units of the 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 sales charge option

The front-end sales charge option is available in the MF Series, Series F or Series O units. When you buy under this option, you and your registered representative negotiate the sales charge. We deduct the sales charge from your investment and pay it to your registered dealer. The sales charge is up to 6% for the Fund.

DSC option

The DSC option is available in the MF Series only. When you buy MF Series units under this option, we pay your registered dealer a commission of 4.9% of the amount you invest. You may have to pay a charge if you sell your MF Series units within 7 years of buying them. See *Fees and expenses payable directly by you - Redemption fees* on page 19 for details on the DSC redemption schedule.

Low load option

The low load option is available in the MF Series only. When you buy MF Series units under this option, we pay your registered dealer a commission of 2.5% of the amount you invest. You may have to pay a charge if you sell your MF Series units within three years of buying them. See *Fees and expenses payable directly by you - Redemption fees* on page 19 for details on the low load redemption schedule.

Trailing commission

For purchases of MF Series units, we pay your registered dealer a trailing commission, subject to certain eligibility requirements. Your registered dealer may choose to receive the trailing commission either on a monthly or quarterly basis.

For purchases of Series F or Series O units, we do not pay any trailing commission to your registered dealer. Your registered dealer is paid a fee in respect of Series F units under the terms of your arrangement with your registered dealer.

Generally, the trailing commission is a percentage of the total value of MF Series units held by a registered representative's clients. The maximum annual rate of the trailing commission depends upon the sales charge option chosen, the type of fund and the purchase date. See the following for the maximum annual trailing commissions rates:

Front-end:	1.00%
DSC:	0.50%
Low load:	0.50% for the first 3 years, 1.00% thereafter

Other kinds of dealer compensation

In addition to the commissions described above, we may also provide educational conferences and events, marketing support programs and other programs to registered dealers or financial advisors and their registered representatives. These include:

- materials describing the benefits of mutual fund investing
- conferences sponsored by registered dealers, for which we pay up to 10% of the cost
- audio and video materials for dealer seminars
- co-operative dealer advertising, for which we pay up to 50% of the cost
- national media advertising

We may change the terms and conditions of these commissions and programs or discontinue them, at any time.

Dealer Compensation from Management Fees

During the financial year ended December 31, 2004, ING Investment Management, Inc., the former manager of the Fund, paid approximately 55.16% of its total management fees to registered dealers in dealer compensation for the Fund.

Income Tax Considerations for Investors

This section is a summary of how investing in the Fund can affect your taxes. For more detailed information, refer to *Income Tax Considerations* in the annual information form. This summary assumes that you're an individual, a Canadian resident and you hold your units as capital property. This information may or may not apply to you. We recommend that you consult your tax advisor about your own situation.

How your investment can make money

Your investment in the Fund can make money from:

- distributions of any earnings the Fund makes or realizes on its investments. This includes income, such as dividends paid on stocks, interest income, income from income trusts and other funds that the Fund invests in, or gains realized from futures or forwards and capital gains from selling investments at a profit
- any capital gains that you realize when you switch or sell your units of the Fund at a profit. If you switch or sell your investment at a loss, it's called a capital loss

In general, the Fund will pay enough of its net income and net realized capital gains (calculated in Canadian dollars) each year to unitholders so it won't have to pay ordinary income tax, after taking into account any applicable losses of the Fund and the capital gains refunds, if any, it is entitled to. This kind of payment is called a *distribution*. Income of the Fund if it invests in certain foreign investment entities may include amounts that are deemed to arise to the Fund for tax purposes, even though the Fund has not received such amount.

How your investment is taxed

The tax you pay on your mutual fund investment depends on whether you hold your units in a non-registered account or in a registered plan, such as an RRSP.

Units held in a registered plan

If you hold units of the Fund in a registered plan, you generally pay no tax on distributions from the Fund on those units or on any capital gains that your registered plan makes from selling or

switching or otherwise disposing of units. However, any withdrawals from registered plans are generally subject to tax.

Units held in a non-registered account

If you hold units of the Fund in a non-registered account, you must include your share of the Fund's distributions of net income and the taxable portion of net capital gains (in Canadian dollars) in your income. These amounts are taxed as if you received them directly. Distributions must be included in your income, whether you receive them in cash or have them reinvested in the Fund. If you've negotiated a management fee reduction, the management fee distribution paid to you may be taxable.

Distributions, including management fee distributions for the Fund, may include a return of capital. When the income available for distribution of a mutual fund is less than the amount distributed, the difference may be a return of capital. A return of capital is not taxable, but will reduce the adjusted cost base of your units of the Fund. We explain how to calculate adjusted cost base below.

The Fund makes distributions monthly and at the end of each calendar year. If you buy units of the Fund just before it makes a distribution, you'll be taxed on that distribution, even though the Fund earned the money before you owned it. That means you may have to pay tax on your share of the income and capital gains the Fund earned for the whole year.

We'll issue a tax slip to you each year that shows the taxable portion of your distributions, including any management fee distributions. You can claim any tax credits that apply to those earnings. For example, if the Fund's distributions include Canadian dividend income or foreign income, you may qualify for those tax credits as permitted by the *Income Tax Act* (Canada) (the "Tax Act").

All switches and sales of units, except for reclassifications, are considered sales for tax purposes. If the value of the units sold is greater than the adjusted cost base of the units, you will have a capital gain. If the value of the units sold is less than the adjusted cost of the units, you will have a capital loss which can be applied against capital gains. In general, you must include one-half of the amount of a capital gain in your income for tax purposes.

A reclassification involves moving money from one series to another series of the Fund. In general, a reclassification is not considered a sale for tax purposes, so no capital gain or loss will result.

Calculating adjusted cost base

Your capital gain or loss for tax purposes is the difference between the amount you receive when you sell or switch your units and the adjusted cost base of those units. In general, the adjusted cost base of your investment in the Fund equals:

- your initial investment, including any applicable charges you paid, *plus*
- any additional investments, including any applicable charges you paid, *plus*
- any reinvested distributions, including management fee distributions, *minus*
- any distributions that were a return of capital, *minus*
- the adjusted cost base of any units previously disposed of

You should keep detailed records of the cost of your investments and distributions you receive on those units so you can calculate their adjusted cost base. You may want to get advice from your tax advisor.

What Are Your Legal Rights?

Securities legislation in some provinces gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the simplified prospectus, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy your securities and get your money back, or to make a claim for damages, if the simplified prospectus, annual information form or financial statements misrepresent any facts about the Fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult your lawyer.

AGF GROUP OF FUNDS

Simplified Prospectus

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

**AGF DIVIDEND INCOME FUND
(formerly, ING Canadian Dividend Income Fund)**

You can find additional information about the Fund in its annual information form and its most recently filed annual and interim financial statements and the most recently filed annual and interim management report of fund performance. These documents are incorporated by reference into this simplified prospectus, which means they legally form part of this document just as if they were printed in it.

You can get a copy of these documents (which includes all of the above, including a statement of portfolio transactions) at no charge by contacting your registered representative, by calling us toll-free 1-800-268-8583, by e-mailing us at tiger@agf.com or by writing to us at the address below.

These documents and other information about the Fund Is also available at www.sedar.com.

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