



**SIMPLIFIED PROSPECTUS
OF HARMONY POOLS**

**INITIAL OFFERING OF EMBEDDED SERIES, SERIES T, SERIES V
AND WRAP SERIES SECURITIES OF**

**Harmony Diversified Income Pool
Harmony Global Fixed Income Pool**

October 28, 2011



What are you doing after work?®

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

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

TABLE OF CONTENTS

INTRODUCTION	1
WHAT IS A MUTUAL FUND AND WHAT ARE THE RISKS OF INVESTING IN A MUTUAL FUND?	3
ORGANIZATION AND MANAGEMENT OF THE POOLS	11
PURCHASES, SWITCHES AND REDEMPTIONS	12
OPTIONAL SERVICES	16
FEEES AND EXPENSES	19
IMPACT OF SALES CHARGES	23
DEALER COMPENSATION	23
INCOME TAX CONSIDERATIONS FOR INVESTORS	26
PURCHASERS' STATUTORY RIGHTS	27
SPECIFIC INFORMATION ABOUT EACH OF THE POOLS DESCRIBED IN THIS DOCUMENT	27
HARMONY DIVERSIFIED INCOME POOL	30
HARMONY GLOBAL FIXED INCOME POOL	33

INTRODUCTION

This document contains selected important information to help you make an informed investment decision about the Pools and to help you understand your rights as an investor. This document contains information about the Pools and the risks of investing in mutual funds generally, as well as the name of the firm responsible for the management of the Pools. In this simplified prospectus:

- we, us, our and AGF refer to AGF Investments Inc.
- Class(es) refers to a Corporate Class Portfolio.
- Corporate Class Portfolios refer to the Harmony mutual fund Portfolios that are structured as classes of Harmony Tax Advantage Group and issue shares.
- CRA refers to Canada Revenue Agency.
- DPSP refers to a deferred profit sharing plan.
- Embedded Series refers to the Embedded Series securities of the Pools offered in this simplified prospectus.
- ETFs refers to investment funds traded on a stock exchange (i.e. exchange-traded funds).
- Group RRSP refers to a group registered retirement savings plan.
- Group TFSA refers to a group tax-free savings account.
- Harmony Tax Advantage Group refers to Harmony Tax Advantage Group Limited, the mutual fund corporation that offers the Corporate Class Portfolios. Each Corporate Class Portfolio is like a separate mutual fund with its own investment objectives.
- LIF refers to a life income fund.
- LIRA refers to a locked-in retirement account.
- LRIF refers to a locked-in retirement income fund.
- LRSP refers to a locked-in retirement savings plan.
- Pools refer to Harmony Diversified Income Pool and Harmony Global Fixed Income Pool, and Pool refers to either one of them.
- Portfolios refer to all of the Harmony mutual fund Portfolios within the Harmony Investment Program, whether offered as Trust Portfolios or

Corporate Class Portfolios, and Portfolio refers to any one of them.

- PRIF refers to a prescribed retirement income fund in Saskatchewan and Manitoba.
- registered dealer refers to the firm the registered representative works for.
- registered representative refers to an individual who is registered to sell mutual funds.
- RLIF refers to a restricted life income fund.
- RLSP refers to a restricted locked-in savings plan.
- RRIF refers to a registered retirement income fund.
- RRSP refers to a registered retirement savings plan.
- securities refers to both units and/or shares.
- securityholders refers to both unitholders and/or shareholders.
- Series T refers to the Series T securities of the Pools offered in this simplified prospectus.
- Series V refers to the Series V securities of the Pools offered in this simplified prospectus.
- TFSA refers to a tax-free savings account.
- Trust Pools and Trust Portfolios refer to the Harmony mutual fund Pools and Portfolios that are structured as mutual fund trusts and issue units, including the Pools.
- Underlying Pool refers to a Trust Pool in which a Trust Portfolio or a Corporate Class Portfolio invests.
- Wrap Series refers to the Wrap Series securities of the Pools offered in this simplified prospectus.

This simplified prospectus is divided into two parts. The first part, from pages 1 to 29 contains general information that applies to both Pools. The second part, from pages 30 to 35 contains specific information about each of the Pools.

Additional information about the Pools is available in the following documents:

- the annual information form
- the most recently filed Fund Facts
- the most recently filed annual and interim financial statements

- the most recently filed annual and interim management report of fund performance

These documents are incorporated by reference into this document. That means they legally form part of this document just as if they were printed in it. You can get a copy of these documents at no charge by contacting your registered representative, by calling our Harmony Client Services team at 1-800-387-2563, by emailing us at harmony@agf.com or by writing us at:

Harmony Client Services
c/o 2920 Matheson Blvd. East
Mississauga, ON L4W 5J4

These documents and other information about the Pools are also available on the internet site of SEDAR 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 seeking 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 mutual fund's investment objectives. The portfolio manager makes all the decisions about which securities to buy and when to buy and sell them.

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. Mutual fund investors share in the fund's income and expenses, as well as in any gains or losses in proportion to the number of securities they own, after taking into account any special dividends or distributions.

How mutual funds are structured

The Pools are mutual fund trusts. Harmony Tax Advantage Group is a mutual fund corporation which offers Corporate Class Portfolios. Each Corporate Class Portfolio within Harmony Tax Advantage Group is like a separate mutual fund with its own investment objectives.

Both mutual fund trusts and mutual fund corporations 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 and "shares" of a mutual fund corporation. Units and shares both represent ownership.
- Each of the Pools offered under this simplified prospectus has only one investment objective. In contrast, Harmony Tax Advantage Group has several different investment objectives and each investment objective is represented by a separate class (i.e. a Corporate Class Portfolio) of shares. Each class of a mutual fund corporation works like a separate mutual fund.

Shares are issued and redeemed on the basis of the net asset value of the class.

- Both mutual fund trusts and classes of a mutual fund corporation offer different series of securities, each of which has different features, including some that offer distributions of capital.
- If you switch from a mutual fund trust to another mutual fund trust or from a mutual fund corporation to a mutual fund trust, this is considered a disposition for tax purposes and may give rise to taxable capital gains. When you switch between classes of a mutual fund corporation or between series of the same class, this is called a conversion. In general, a conversion is not considered a disposition for tax purposes so no taxes are payable solely as a result of the conversion.
- A 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 mutual fund trusts, the capital losses of one mutual fund trust cannot be offset against the capital gains of another mutual fund trust. Mutual fund trusts are separate taxpayers.
- A mutual fund corporation pays dividends out of income or capital gains, while a mutual fund trust pays distributions out of income or capital gains. Unlike mutual fund trust distributions, dividends are not declared regularly by a mutual fund corporation. 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. A mutual fund corporation typically pays out sufficient dividends to recover tax it pays on dividends received from taxable Canadian corporations. For this reason, the investment objective of a class of a mutual fund corporation is usually capital growth and not income. A mutual fund trust will not pay taxes on any source of income or capital gains as long as it distributes its net taxable income to securityholders.
- Both mutual fund corporations and mutual fund trusts may pay distributions out of capital.

- In some cases, the same investment objective and portfolio manager may be offered both by a mutual fund trust and a class of a multi-class mutual fund corporation, although not all the same series. In such circumstances, the investor has the additional option to select a fund based on the tax consequences most suitable to the investor's needs. A multi-class mutual fund corporation may offer tax advantages to both taxable investors and registered plans, depending on the investment program of the investor and the type of registered plan.
- While the investment objective of a mutual fund trust and a class of the mutual fund corporation may be identical, the performance of the respective funds may not be identical. While the portfolio manager will generally seek to fairly allocate portfolio investments between the funds, timing differences will occur in available cash flow to each fund. As a consequence, the price at which a portfolio investment may be bought or sold for one fund may differ from the other fund or some of the investments in the funds may not be the same.

What are the Pools?

The Pools are mutual funds that are offered as part of the Harmony Investment Program, a personalized investment management service. Your registered representative works with you to determine your overall investment goals and then recommends a customized portfolio of Pools suited to your goals and tolerance for risk. Minimum investments are usually higher than for traditional mutual funds.

What are the risks?

Just like any investment, Pools have an element of risk. Their holdings are made up of many different investments, depending on their investment objectives. The value of these investments can change from day to day because of changes in interest rates, economic conditions, and market and company news. As a result, the price of the securities of a Pool may go up or down based on these changes. When you sell your investment in a Pool, you could receive less money than you invested.

The level of risk depends on the Pool's investment objectives and the kinds of securities it invests in. A general rule of investing is that the higher the potential for gains from a particular investment, the higher the risk and potential for losses associated with that investment. Pools that invest in or have exposure to 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. Pools that mainly invest in or gain exposure to bonds and other fixed income securities typically have higher long-term returns, but they carry more risk because their prices can change when interest rates change. Pools that invest in or gain exposure to equity securities, such as common shares, 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'll find the specific risks of investing in each Pool in the Pool descriptions starting on page 30.

You should keep in mind that the Pools (like other mutual funds) come with no guarantees. AGF doesn't guarantee that the full amount of your original investment in the Pools 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 investors' rights to sell securities. See *When you may not be able to buy, switch or sell securities* on page 16 for details.

Specific risks of the Pools

The value of a Pool's investments can change for many reasons. You'll find the specific risks of investing in each Pool in the Pool descriptions starting on page 30.

What follows is a description of the risks (listed in alphabetical order) that may apply to a Pool either directly or indirectly.

Changes in legislation risk

There can be no assurance that income tax, securities or other laws, or any administrative practice or interpretation thereof will not be changed in a manner which adversely affects mutual funds or their securityholders.

Commodity risk

Pools that invest in natural resource companies or in income or royalty trusts based on commodities, such as oil and gas, will be affected by changes in commodity prices. Commodity prices tend to be cyclical and government regulations can affect the price of commodities.

In addition, some Pools invest directly or indirectly in commodities such as gold or silver. The net asset value of these Pools will be affected by changes in the price of such commodities which may occur as a result of a number of factors, including supply and demand, speculation, central bank and international monetary activities, political or economic instability and changes in interest rates. The price of such commodities may fluctuate significantly over a short period of time causing volatility in a Pool's net asset value.

Concentration risk

A Pool may concentrate its investments in a relatively small number of securities, certain sectors or specific regions or countries. The result is that the securities may not be diversified across many sectors or they may be concentrated in specific regions or countries. A relatively high concentration of assets in a single or small number of investments may reduce the diversification and liquidity of the Pool.

Counterparty risk

The Pools may enter into derivatives with one or more counterparties. In entering into a derivative, the Pools will be fully exposed to the credit risk associated with the counterparty. Securityholders will have no recourse or rights against the assets of the counterparty or any affiliate thereof in respect of the derivatives or arising out of the derivatives or in respect of any payments due to securityholders.

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.

Depository securities and receipts risk

In some cases, rather than directly holding securities of non-Canadian and non-U.S. companies, a Pool may hold these securities through a depository security and receipt (an "ADR" – American Depository Receipt, a "GDR" – Global Depository Receipt, or an "EDR" – European Depository Receipt). A depository receipt is issued by a bank or

trust company to evidence its ownership of securities of a non-local corporation. The currency of a depository receipt may be different than the currency of the non-local corporation to which it relates. The value of a depository receipt will not be equal to the value of the underlying non-local securities to which the depository receipt relates as a result of a number of factors. These factors include the fees and expenses associated with holding a depository receipt, the currency exchange relating to the conversion of foreign dividends and other foreign cash distributions into local currencies, and tax considerations such as withholding tax and different tax rates between the jurisdictions. In addition, the rights of the Pool, as a holder of a depository receipt, may be different than the rights of holders of the underlying securities to which the depository receipt relates, and the market for a depository receipt may be less liquid than that of the underlying securities. The foreign exchange risk will also affect the value of the depository receipt and, as a consequence, the performance of the Pool holding the depository receipt. As the terms and timing with respect to the depository for a depository receipt are not within the control of a Pool or its portfolio manager and if the portfolio manager chooses only to hold depository receipts rather than the underlying security, the Pool may be forced to dispose of the depository receipt, thereby eliminating its exposure to the non-local corporation, at a time not selected by the portfolio manager of the Pool, which may result in losses to the Pool or the recognition of gain at a time which is not opportune for the Pool.

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. 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 Pool 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 money has been deposited with a derivatives dealer and the dealer goes bankrupt, the mutual fund may lose its deposit.
- Derivatives don't prevent changes in the market value of the investments in a Pool's portfolio or prevent losses if the market value of the investments falls.
- Some exchange traded derivatives may lack liquidity when we try to complete the derivative contract.

Equity risk

The prices of individual equity securities, such as stocks, can rise and fall with the fortunes of the companies that issue them or with the general stock market or economic trends. Changes in the prices of individual equity securities held by a Pool may affect the net asset value of the Pool.

ETF general risks

The Pools may invest in ETFs. There are risks to investing in ETFs generally.

Absence of an active market and lack of operating history risk

There is no guarantee that any particular ETF will be available or will continue to be available at any time. The ETFs may be newly or recently organized investment funds with limited or no previous operating history. Although the ETFs are or will be listed on a Canadian or U.S. stock exchange, or such other stock exchanges as may be approved from time to time by Canadian securities regulators, there can be no assurance that an active public market for the ETF will develop or be sustained.

Leverage risk

Some ETFs may employ leverage (Leveraged ETF) in an attempt to magnify returns by either a multiple or an inverse multiple of the particular commodity, benchmark, market index, or industry sector. This can result in the Leveraged ETF experiencing more volatility than the particular commodity, benchmark, market index, or industry sector, and achieving longer-term returns that deviate significantly from the particular commodity, benchmark, market index,

or industry sector. An investment in a Leveraged ETF may therefore be highly speculative. In addition, Leveraged ETFs can magnify potential gains or losses, and as a result typically have a higher degree of risk than an ETF that simply tracks the particular commodity, benchmark, market index, or industry sector.

Redemption risk

A Pool's ability to realize the full value of an investment in an underlying ETF will depend on such Pool's ability to sell such ETF units or shares on a securities market. If a Pool chooses to exercise its rights to redeem ETF units or shares, then it may receive less than 100% of the ETF's then net asset value per unit or share.

Reinvestment risk

If an underlying ETF pays distributions in cash that a Pool is not able to reinvest in additional units or shares of the ETF on a timely or cost-effective basis, then the performance of such Pool will be impacted by holding such uninvested cash.

Trading price of ETFs risk

Units or shares of an ETF may trade in the market at a premium or discount to the ETF's net asset value per unit or share and there can be no assurance that units or shares will trade at prices that reflect their net asset value. The trading price of the units or shares will fluctuate in accordance with changes in the ETF's net asset value, as well as market supply and demand on the stock exchange.

ETF index risks

The Pools may invest in ETFs involving index participation units, which (i) invest in securities that are included in one or more indices in substantially the same proportion as those securities are reflected in a referenced index or indices, or (ii) invest in a manner that substantially replicates the performance of such a referenced index or indices, whether on a leveraged or unleveraged basis.

Calculation and termination of the indices risk

If the computer or other facilities of the index providers or a stock exchange malfunction for any reason, calculation of the value of the indices and the determination by the manager of the prescribed number of units or shares and baskets of securities may be delayed and trading in units or shares of the ETF may be suspended for a period of time. In the event that an index provider ceases to calculate the

indices or the license agreement with the manager of an ETF is terminated, the manager of the ETF may terminate the relevant ETF, change the investment objective of the ETF or seek to replicate an alternative index (subject to investor approval in accordance with the ETF's constating documents), or make such other arrangements as the manager determines.

Cease trading of constituent securities risk

If constituent securities of the indices are cease traded at any time by order of a stock exchange, a securities regulatory authority or other relevant regulator, the manager of the ETF may suspend the exchange or redemption of units or shares of the ETF until such time as the transfer of the securities is permitted by law.

Index investment strategy risk

The indices on which the ETFs are based were not created by the index providers for the purpose of the ETFs. The index providers have the right to make adjustments or to cease calculating the indices without regard to the particular interests of the manager of the ETF, the ETFs, or the investors in the ETF.

Rebalancing and adjustment risk

Adjustments to baskets of securities held by ETFs to reflect rebalancing of and adjustments to the underlying indices on which they are based will depend on the ability of the manager of the ETF and its brokers to perform their respective obligations. If a designated broker fails to perform, an ETF would be required to sell or purchase, as the case may be, constituent securities of the index on which it is based in the market. If this happens, the ETF would incur additional transaction costs that would cause the performance of the ETF to deviate more significantly from the performance of such index than would otherwise be expected.

Risk of not replicating the indices

The ETFs will not replicate exactly the performance of the underlying indices on which they are based because the total return generated will be reduced by the management fee payable to the manager of the ETF and transaction costs incurred in adjusting the portfolio of securities held by the ETFs and other expenses of the ETFs, whereas such transaction costs and expenses are not included in the calculation of such indices. It is also possible that, for a short period of time, the ETFs may not fully replicate the performance of such indices due to the

temporary unavailability of certain securities that are included in an index in the secondary market or due to other extraordinary circumstances.

Tracking error risk

Deviations in the tracking by an ETF of the index on which it is based could occur for a variety of reasons. For example, where an ETF tenders securities under a successful takeover bid for less than all securities of a constituent issuer and the constituent issuer is not taken out of the applicable index, the ETF would be required to buy replacement securities for more than the takeover bid proceeds.

Adjustments to the basket of securities necessitated by the rebalancing of or adjustment to an index could affect the underlying market for constituent securities of the applicable index which in turn would be reflected in the value of that index. Similarly, subscriptions for units or shares of an ETF by designated brokers and underwriters may impact the market for constituent securities of the index, as the designated broker or underwriter seeks to buy or borrow such securities to constitute baskets of securities to deliver to the ETF as payment for the units or shares to be issued.

ETF industry sector risk

Exposure to non-traditional asset classes entails additional risks. In addition, the Pools may invest in ETFs that involve one or more industry sector risks.

Investing in one specific sector of the stock market entails greater risk (and potential reward) than investing in all sectors of the stock market. If a sector declines or falls out of favour, the share values of most or all of the companies in that sector will generally fall faster than the market as a whole. The opposite is also true.

An industry can be significantly affected by supply and demand, speculation, events relating to international political and economic developments, energy conservation, environmental issues, increased competition from other providers of services, commodity prices, regulation by various government authorities, government regulation of rates charged to customers, service interruption due to environmental, operational or other mishaps, the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards, and general changes in market sentiment. Moreover, it is possible that other developments, such as increasingly strict environmental and safety laws and regulations and enforcement policies thereunder and

claims for damages to property or persons resulting from operations, could result in substantial costs and liabilities, delays or an inability to complete projects or the abandonment of projects.

Exposure to equity securities that have exposure to commodity markets may entail greater volatility than traditional securities. The value of securities exposed to commodity markets may be affected by commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes and tariffs.

The extent of these factors cannot be accurately predicted and will change from time to time, but a combination of these factors may result in issuers not receiving an adequate return on invested capital. Many industries are very competitive and involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome.

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 ability of a Pool (or ETF, as applicable) to buy and sell certain foreign investments and could reduce the value of the foreign securities a Pool (or ETF) 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 a 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 the U.S. and Western Europe, have lower foreign market risk. Securities issued in emerging or developing markets, such as Southeast Asia or Latin America, tend to have a higher foreign market risk.

A Pool may trade in futures, forward and option contracts on exchanges located outside Canada and outside the United States where the regulations of Canadian or U.S. commodity futures regulators do not apply. Some foreign exchanges, in contrast to

Canadian or U.S. exchanges, are “principals’ markets” in which performance with respect to a contract is the responsibility only of the individual member with whom the trader has entered into a contract and not of the exchange or clearinghouse, if any. In the case of trading on such foreign exchanges, the Pool will be subject to the risk of the inability of, or refusal by, the counterparty, to perform with respect to such contracts. The Pool also may not have the same access to certain trades as do various other participants in foreign markets. Due to the absence of a clearinghouse system on certain foreign markets, such markets are significantly more susceptible to disruptions than Canadian or U.S. exchanges.

Gold and silver ETFs risk

The Pools may invest in ETFs that invest directly in gold or silver. There is a risk that part or all of the ETF’s gold or silver could be lost, damaged or stolen, notwithstanding the handling of deliveries of the commodity by and storage of the commodity in the vaults of the custodian or subcustodian of the ETF. The custodian of the ETF does not typically inspect the fineness or quality of the gold or silver that is delivered to it and there can be no assurance as to the fineness or quality of the gold or silver delivered.

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 may affect the net asset value of the relevant Pool.

Liquidity risk

Investors often describe the speed and ease with which an asset can be sold and changed into cash as its liquidity. Most of the investments owned by a Pool (or ETF, as applicable) can usually be sold promptly at a fair price and therefore can be described as relatively liquid. But a Pool (or ETF) may also hold investments that are illiquid, which means they can’t be sold quickly or easily. Some investments 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. A Pool (or ETF) that has trouble selling an investment can lose money or incur extra costs. In addition, illiquid investments may be more difficult to value accurately and may experience larger price changes. This can cause greater fluctuations in a Pool's value.

Repurchase agreement risk

Through a repurchase agreement, a Pool 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. In entering into repurchase agreements, the Pool is subject to the risk that the purchaser may not fulfill its obligations leaving the Pool holding cash in an amount that is less than the value of the sold securities at the relevant time. To limit this risk, a Pool must hold cash equal to not less than 102% of the value of the sold securities and the amount of the cash is adjusted daily to ensure this level is maintained. A Pool cannot lend more than 50% of the total value of its assets through securities lending or repurchase transactions. We also enter into repurchase agreements only with parties that have the approved credit ratings as mandated by the securities regulatory authorities.

Reverse repurchase agreement risk

Through a reverse repurchase agreement, a Pool buys securities for cash from a counterparty at a price set at the date of purchase and at the same time agrees to resell the same securities for cash to the counterparty at a price (usually higher) at a later date. Reverse repurchase agreements involve certain risks. The Pool is subject to the risk that the counterparty may not fulfill its obligation to repurchase the securities leaving the Pool holding securities which are trading at a price lower than the agreed repurchase price. Further, if the trading price decreases below the price at which the Pool initially bought the security, the Pool may suffer a loss. To limit these risks, the securities purchased must have a market value at the time of purchase equal to at least 102% of the cash paid for the securities purchased by the Pool and either the amount of the purchase price or the amount of purchased securities are adjusted to ensure this level is maintained. We also enter into reverse repurchase agreements only with parties that have the approved credit ratings as mandated by the securities regulatory authorities.

Securities lending risk

Securities lending involves lending for a fee portfolio securities held by a Pool for a set period of time to willing, qualified borrowers who have posted collateral. In lending its securities, the Pool is subject to the risk that the borrower may not fulfill its obligations or go bankrupt leaving the Pool holding collateral worth less than the securities it has lent, resulting in a loss to the Pool. To limit this risk, a Pool 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. A Pool will not lend more than 50% of the total value of its assets through securities lending or repurchase transactions unless the Pool is permitted in law to lend a greater amount. Pursuant to applicable securities laws, the securities lending agent is required to be the custodian or the sub-custodian of the Pools.

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 securityholder risk

The purchase or redemption of a substantial number of securities of a Pool may require the portfolio manager to change the composition of the Pool's portfolio significantly or may force the portfolio manager to buy or sell investments at unfavourable prices, which can affect the Pool's returns. Therefore, the purchase or redemption of securities by a substantial securityholder of a Pool may adversely affect the performance of the Pool.

The purchase or redemption of a substantial number of securities of a Portfolio may require the portfolio manager to make correspondingly significant purchases or redemptions of securities of the Underlying Pool in which the Portfolio invests. Significant purchases or redemptions of securities of an Underlying Pool may, in turn, force the portfolio manager of the Underlying Pool to change the composition of the Underlying Pool's portfolio significantly or may force the portfolio manager of

the Underlying Pool to buy or sell investments at unfavourable prices, which can thereby affect the performance of the Portfolio.

Trust and partnership risk

An income trust generally holds debt and/or equity securities of an underlying active business or is entitled to receive a royalty on revenues generated by such business. Distributions and returns on income trusts are neither fixed nor guaranteed. In addition, a Pool that invests in income trusts such as oil, gas and other commodity-based royalty trusts, real estate investment trusts and pipeline and power trusts will have other varying degrees of risk depending on its sector and the underlying asset or business. These may include business developments such as a decision to expand into a new type of business, the entering into of an unfavorable supply contract, the cancellation by a major customer of its contract or significant litigation.

Many of the income trusts, including real estate investment trusts (REITs) that a Pool may invest in are governed by laws of a province of Canada or of a state of the United States which limit the liability of securityholders of the trust from a particular date. A Pool may also invest in income trusts, including REITs, in Canada, the U.S. and other countries that aren't governed by similar laws. There is a risk that securityholders of an income trust, including a Pool, could be held liable for any claims against the income trust that aren't covered under these laws. This could reduce the value of the Pool. Income trusts generally try to minimize this risk by including provisions in their agreements that their obligations won't be personally binding on securityholders, including a Pool. However, the income trust still has exposure to damage claims not arising from contracts, such as personal injury and environmental claims in the case of REITs.

The June 27, 2007 amendments to the Income Tax Act (Canada) (the "Tax Act") relating to Specified Investment Flow-Through ("SIFT") trusts and partnerships significantly changed the income tax treatment of certain publicly traded trusts and partnerships (referred to as SIFT trusts and SIFT partnerships), other than certain 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 as an eligible dividend for the enhanced dividend tax credit if paid or allocated to a resident of Canada. As a result of these changes, many SIFT trusts and SIFT partnerships converted to corporate form in order to avoid the SIFT tax which took effect for grandfathered SIFTs on January 1, 2011. It is further anticipated that many of the remaining SIFT trusts and SIFT partnerships will take advantage of the special tax rules that allow SIFTs to convert to corporations without tax consequences before 2013. Such conversions could affect the return on investment in respect of the SIFT trusts and SIFT partnerships held through a Pool. In addition, the changes have had, and may continue to have, an effect on the trading price of such trusts and partnerships, which may affect the net asset value of the relevant Pool.

ORGANIZATION AND MANAGEMENT OF THE POOLS

<p>Manager AGF Investments Inc. Suite 3100 Toronto Dominion Bank Tower Toronto Dominion Centre Toronto, Ontario M5K 1E9</p>	<p>As manager, we are responsible for the overall business and operation of the Pools.</p> <p>AGF has retained Wilshire Associates Incorporated to provide AGF with advice and recommendations respecting various matters, including ETF selection for the Pools, as applicable, and portfolio construction for the Pools.</p>
<p>Trustee AGF Investments Inc. Toronto, Ontario</p>	<p>The trustee of the Pools holds the assets of each Pool in trust on behalf of securityholders.</p>
<p>Portfolio manager AGF Investments Inc. Toronto, Ontario</p>	<p>The portfolio manager makes the investment decisions for the Pool, buys and sells the investments for the Pool's account and manages its holdings.</p>
<p>Distributors</p>	<p>Securities of the Pools are distributed through registered dealers.</p>
<p>Registrar AGF Investments Inc. Toronto, Ontario</p>	<p>The registrar keeps a record of the owners of securities of each Pool.</p>
<p>Auditor PricewaterhouseCoopers LLP Toronto, Ontario</p>	<p>The auditors conduct an audit of the annual financial statements of the Pools in accordance with generally accepted auditing standards.</p> <p>PricewaterhouseCoopers LLP is an independent chartered accounting firm. Although the approval of securityholders will not be obtained before making a change to the auditor of a Pool, securityholders will be sent a written notice at least 60 calendar days before the effective date of any such change.</p>
<p>Custodian Citibank Canada Toronto, Ontario</p>	<p>The custodian receives and holds all of the Pools' securities and portfolio assets, including cash, for safekeeping, except that the custodian does not hold any margin or other property that has been delivered or pledged to another party or contract documents relating to derivative transactions.</p> <p>Each Pool has appointed Citibank Canada as its custodian. Citibank Canada is independent of AGF.</p>
<p>Independent Review Committee</p>	<p>In accordance with National Instrument 81-107, the mandate of the Independent Review Committee is to review and make recommendations with respect to, or in certain circumstances, approve, conflict of interest matters brought to it by AGF.</p> <p>The Independent Review Committee is currently composed of three individuals, each of whom is independent of the manager and its affiliates.</p> <p>The Independent Review Committee prepares annually a report of its activities for securityholders which is available on the Pools' website at www.agf.com, or at the securityholder's request at no cost by contacting us at harmony@agf.com.</p> <p>Additional information about the Independent Review Committee, including the names of the members, is available in the annual information form.</p>

PURCHASES, SWITCHES AND REDEMPTIONS

The Harmony Investment Program, which is available through registered dealers, is designed to build a diversified portfolio of investments through strategic asset allocation. The program offers Trust Pools and Portfolios (i.e. Trust Portfolios and Corporate Class Portfolios).

You can invest in the Pools, and any of the other Harmony Trust Pools through our personalized portfolio management service. The objective of the service is to arrive at a combination of assets (Trust Pools) that offers you the potential for maximum long-term returns for a given level of risk. Your registered representative works with you to determine your financial goals, investment time horizon, risk tolerance and present financial situation, and then creates a portfolio of Trust Pools that matches your profile.

While we believe that strategic asset allocation has the potential to help you reach your goals with reduced volatility, it has not been conclusively shown to provide higher investment returns or to reduce risk.

As investment values change, the value of the Pools may vary from the optimum asset allocations set for your account. You can choose to have the Pools in your account automatically rebalanced or you can ask your registered representative to do this for you. You'll find more information about automatic rebalancing in Optional Services.

Series of securities

The Pools offer four series of securities: Embedded Series, Series T, Series V and Wrap Series. Not all of the series of securities qualified for distribution by this prospectus are currently available for purchase; a series of securities will only be available when AGF so determines. Each series can be purchased on a front-end, a low load or DSC basis. Embedded Series, Series T and Series V are for any investor. Wrap Series is for a participant in a fee-for-service or wrap account program sponsored by certain registered dealers.

There may be tax implications arising from any sale. See Income tax considerations for investors for more details.

You can buy and switch securities of the Pools through your registered representative. You can sell your securities through your registered

representative or by contacting us directly. Selling your securities is also known as redeeming. All transactions are based on the price of the series of securities of the Pool next determined after we receive your purchase, switch, or sale request in good order. This price is also called its net asset value per security of the series.

Embedded Series

If you buy Embedded Series securities, the Pool pays a management fee and your registered dealer receives a trailing commission from us. See Embedded Series, Series T and Series V trailing commission on page 24 for more details.

Series T and Series V

Series T and Series V securities are designed for investors seeking monthly distributions of a return of capital so long as there is sufficient capital attributable to the relevant series. AGF determines, from time to time, the rate at which distributions will be made. The amount of the distribution to Series T securities will generally be higher than to Series V securities.

If you buy Series T or Series V securities, the Pool pays a management fee and your registered dealer receives a trailing commission from us.

Wrap Series

If you buy Wrap Series securities, you pay a service fee to your registered dealer each quarter. No trailing commission is paid with respect to Wrap Series securities. See Wrap Series service fees for more details.

How we calculate the unit price of a Pool

We usually calculate the unit price of each series of a Pool 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 unit prices. We calculate the net asset value per unit of each series of a Pool by:

- adding up the assets of the Pool and determining the proportionate share of the series
- subtracting the liabilities of the Pool that are common to all series and determining the proportionate share of the series
- subtracting the liabilities of the Pool that are specific to the series

- dividing the balance by the number of Pool units of the series held by securityholders

The Pools are valued in Canadian Dollars.

How we process orders

Your order must be in the proper form and include all necessary supporting documents. Your registered dealer 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 dealer 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 Pools

Your initial investment in the Pools must total at least \$50,000 for a non-registered account and \$25,000 for a registered account. You can meet the minimum amount by combining investments you and members of your immediate family (parents, spouse and children) make at the same time. Where you and members of your immediate family combine investments, the minimum investment in each account must be \$10,000. We may waive the minimum investment amount.

Each additional investment must be at least \$100 for the Pools. In respect of your optimum asset allocation profile, additional investments in the Pools are allocated in your account based upon your instructions. If not otherwise instructed, the optimum asset allocations for your account will be based on your initial purchase of the Pools. We may waive the minimum additional investment amount.

You have to pay for your securities 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 securities 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 securities, the Pool will keep the difference. If the proceeds are less than the cost of buying the securities, your registered dealer must pay the shortfall. Your registered dealer may in turn have the right to collect the shortfall from you.

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

Sales charge options

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

Front-end

The front-end option is available for all securities of the Pools. If you buy under this option, you may 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 for the front-end sales charge schedule.

Low load

The low load option is available for all securities of the Pools. If you buy under this option, you don't pay a sales commission at the time of purchase. Instead, we pay an up-front commission to your registered dealer. Under certain circumstances, if you sell or reclassify your securities within three years of buying them, you'll pay us a deferred sales charge at the time of your transaction. See Dealer compensation for details.

In the case of a switch of your securities of a Pool (the "Original Pool") into low-load option securities of another Trust Pool or Portfolio, the three-year time period will continue to run from your purchase of securities of the Original Pool (i.e. each switch will not result in a new three-year timeframe being created). See Fees and expenses payable directly by you – Redemption fees for the low load rate schedule.

Deferred sales charge ("DSC")

The DSC option is available for all securities of the Pools. If you buy under this option, you don't pay a sales commission at the time of purchase. Instead, we pay an up-front commission to your registered dealer. Under certain circumstances, if you sell or reclassify your securities within seven years of buying them, you'll pay us a deferred sales charge at the time of your transaction. See Dealer compensation for details.

In the case of a switch of your securities of a Pool (the "Original Pool") into DSC securities of another Trust Pool or Portfolio, the seven-year time period

will continue to run from your purchase of securities of the Original Pool (i.e. each switch will not result in a new seven-year timeframe being created). See Fees and expenses payable directly by you – Redemption fees for the DSC 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 Pool, you will have to pay any deferred sales charge that applies at the time of such change.

Switches

General

A switch involves moving money from one Pool to another Trust Pool or Portfolio or one series to another series of the same Pool. A switch may be an order to sell and buy or to reclassify or convert your securities. We describe these kinds of switches below. When we receive your order, we'll sell or reclassify your securities from the Pool that you currently hold and use the proceeds to buy or reclassify into securities of another Trust Pool or Portfolio. The steps for buying and selling securities of the Pools also apply to switches.

You may have to pay a short-term or frequent trading fee if you switch your securities within 90 calendar days of buying them, or if you have made multiple switches within ten calendar days of purchase. See Fees and expenses for details.

Reclassification

Switching between series of the Pools is called a reclassification. When you reclassify securities, the value of your investment won't change, however, the number of securities you hold will change as each series of a Pool has a different unit price.

In general, a reclassification is not considered a disposition for tax purposes. No capital gain or loss will result.

If you bought securities 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 your securities from one series to another series, you can choose the front-end sales charge, DSC or low load

option. See Buying Pools –Sales charge options for details.

Taxable Switches

Switching between Trust Pools, a Trust Pool and a Trust Portfolio, between Trust Portfolios, or switching between a Corporate Class Portfolio and a Trust Pool or Trust Portfolio 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 when your securities are sold. Capital gains are taxable. For a further discussion of the tax consequences, see Income tax considerations for investors.

Selling Pools

You may choose to sell securities of a Pool at any time. Your securities will be sold in the order of purchase, with your oldest securities being sold first, except for the securities that are qualified for the 10% withdrawal privilege. See Withdrawal privileges for more details. For purposes of calculating the order of selling securities, both the purchased securities and securities issued on the reinvestment of dividends or distributions, as applicable, on such purchased securities are deemed to be issued on the same date.

When you sell securities of a Pool, you receive the proceeds of your sale in cash. The minimum for each sale is \$100 for Pools. The minimum amount doesn't apply to RRIFs. We may waive the minimum amount.

You can sell your securities through your registered representative or by contacting us directly. We may accept a faxed copy of your written instructions only if your registered dealer has made arrangements with us to accept fax instructions.

The Pool may charge you a short-term or frequent trading fee if you sell your securities within 90 calendar days of buying them, or if you have made multiple sales within ten calendar days of purchase. See Fees and expenses for details.

Unless AGF and your dealer have arranged otherwise, 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 Canadian dollars, 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 \$25,000 of the Pools, 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 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 Pool will keep the difference. If the purchase cost is more than the sale proceeds, your registered dealer must pay the shortfall. Your registered dealer may have the right to collect the shortfall from you.

If you hold your securities in a non-registered account, you may realize a capital gain or loss when your securities are sold. Capital gains are taxable. For a discussion of the tax consequences, see Income tax considerations for investors.

Selling securities under the low load option

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

- securities held for 3 years or more
- securities that are received from reinvested distributions
- cash distributions paid by the Pool
- securities that qualify for the 10% withdrawal privileges provided you reinvest distributions you receive on such securities as explained below
- securities that are switched from a Pool to securities of another Trust Pool or Portfolio, as long as they remain in the same purchase option

Selling securities under the DSC option

You won't pay DSC on:

- securities held for 7 years or more
- securities that are received from reinvested distributions
- cash distributions paid by the Pool
- securities that qualify for the 10% withdrawal privileges provided you reinvest distributions you receive on such securities as explained below
- securities that are switched from a Pool to securities of another Trust Pool or Portfolio, as

long as they remain in the same purchase option

Withdrawal privileges

Each calendar year, you can sell up to 10% of the market value of the securities you bought under the low load option without paying a deferred sales charge (provided you reinvest any dividends or distributions, as applicable, you receive on your securities). You can also sell up to 10% of the market value of the securities you bought under the DSC option in each calendar year without paying a deferred sales charge (provided you reinvest any dividends or distributions, as applicable, you receive on your securities). This is referred to as the "10% withdrawal privilege". The 10% withdrawal privilege for each year is equal to:

- 10% of the market value, measured as at December 31 of the previous year, of the securities you bought under the low load option and that you have held for less than 3 years, or 10% of the market value, measured as at December 31 of the previous year, of the securities you bought under the DSC option and that you have held for less than 7 years; plus
- 10% of the market value of the securities you bought under the low load option in the current year or 10% of the market value of the securities you bought under the DSC option in the current year.

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

Short-term or frequent trading fee

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 Pool 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 redemptions and

switches 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 Pool and other securityholders in the Pool.

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 Pool 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 Pool 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 simplified prospectus.

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

- under the Automatic Rebalancing Service
- that are systematic transactions available from AGF as optional services
- to access the 10% withdrawal privilege amount

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

Securities regulations allow us to temporarily suspend your right to sell your Pool securities 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 Pool's value or its underlying market exposure are traded and there is no other exchange that is a reasonable alternative, provided those securities or derivatives aren't traded on any other exchange, or
- securities regulators give us permission.

While your right to sell securities is suspended, we won't accept orders to buy securities of the Pool. 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.

If your investment falls below \$10,000

Because of the high cost of maintaining smaller accounts, we require investors to keep at least \$10,000 invested in their accounts other than RRIFs. If the value of the investment in your account falls below \$10,000, we may sell your securities and send you the proceeds. We'll give you 30 calendar days notice before selling, so that you can buy more securities if you wish to raise the balance above the minimum. You will be responsible for all tax consequences of any sale.

Closing your account

If you want to close your account with your registered dealer and sell all of your Pool securities, you must end your account agreement with them and notify us in writing. We'll process the sale order using the next unit price per series calculated after we receive your notice in good order. We'll deduct the service fee you owe from the sale proceeds of your securities and send you the balance. See Fees and expenses for details.

Transferring your account

If you want to transfer your account to another registered dealer, you must terminate your agreement with your existing dealer and sign a new dealer agreement with the other registered dealer. Please notify us of this transfer in writing.

OPTIONAL SERVICES

This section tells you about the accounts, plans and services that are available to investors in the Pools. Ask your registered representative or call our Harmony Client Services at 1-800-387-2563 for full details.

Automatic rebalancing of Pools

If your account is set up with our Automatic Rebalancing Service, then AGF will review your account quarterly. Holdings in the Pools that have more than a 6% variance (+/-) from the optimum asset allocation mix will be rebalanced to the half-point between the optimum asset allocation mix we have on file and the 6% limit. Remaining holdings in the Pools, that do not exceed the 6% variance may also be adjusted to ensure that the account maintains its correct market value, beginning with the holding having the greatest variation from the optimum asset allocation mix. We may vary the

threshold for automatic rebalancing from time to time.

Automatic rebalancing is done by selling securities of the Pools that exceed their optimum asset allocations, then buying into securities of the Trust Pools that are below their optimum asset allocations. The Automatic Rebalancing Service may be set up to include any of the Trust Pools (other than Harmony Money Market Pool). We rebalance accounts on or about February 28 (or 29 if applicable), May 31, August 31, and November 30 of each calendar year. If any of these days is not a business day then the rebalancing will occur the previous day that is a business day. It is important that you advise AGF of all changes to your holdings profile prior to a rebalancing date as your account will be rebalanced only in accordance with the profile AGF has on file. In addition to quarterly rebalancing activities, your holdings in the Underlying Pools may be rebalanced at AGF's discretion, if your target weightings under the Automatic Rebalancing Service mirror those of a Portfolio which is also rebalancing. The short-term or frequent trading fee doesn't apply to securities sold through this service.

If the rebalancing includes holdings in a Pool that you hold in an unregistered account, then you may realize a capital gain or loss when your securities of a Pool are sold to purchase securities in a Trust Pool. Capital gains are taxable.

Currency exchange service

When you sell your securities, you can ask for the proceeds in a foreign currency, at the current rate of exchange. When you buy securities, we can exchange any foreign currency into Canadian currency to purchase securities of the Pool.

Electronic transaction services

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

Registered plans

We offer Harmony RRSPs, RRIFs, LIRAs, LRSPs, RLSPs and Group RRSPs, LIFs, LRIFs, RLIFs, PRIFs,

TFSA and Group TFSA. There are no annual administration fees to open, maintain or close a plan.

You can also hold your securities 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 switching plan

You can make regular switches between the Trust Pools and Portfolios weekly, monthly, bimonthly, quarterly, every four months, semi-annually or annually on any business day of the month. We'll automatically sell securities of a Pool and use the proceeds to buy another Trust Pool or Portfolio, within the same series and same sales charge option. A sale may result in you realizing a capital gain or loss if you hold your securities in an unregistered account. Capital gains are taxable.

The short-term or frequent trading fee doesn't apply to switches made under this plan.

Systematic investment plan

You can make regular investments in the Pools weekly, biweekly, monthly, bimonthly, quarterly, every four months, semi-annually or annually, on any business day of the month, for as little as \$100 per fund. We'll automatically transfer money from your Canadian dollar chequing account and invest it in the Pools according to your instructions. If the frequency or start date is not included in your instructions, we will default the frequency to monthly and the start date to the first day of the following month. We may waive the minimum investment amount. The plan is not available for RRIFs or locked-in plans.

When you enrol in our systematic investment plan, you will receive a copy of the current simplified prospectus of the Pools and any amendments to that prospectus. Thereafter, you will be sent an annual renewal prospectus and amendments solely upon request.

You can request that a copy of the annual renewal prospectus and any amendments be sent to you at the time you enroll in our systematic investment plan, or at any time thereafter by calling us toll free at 1-800-387-2563, by emailing us at harmony@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 Pools under the systematic investment plan but, you do not have a statutory right to withdraw from subsequent purchases of the Pools under the systematic investment plan where you do not request a prospectus. However, you continue to have all other statutory rights under securities law, including a misrepresentation right as described under Purchasers' Statutory Rights, whether or not you have requested a renewal prospectus.

Systematic withdrawal plan

You can receive regular Canadian dollar payments from the Pools through a systematic withdrawal plan. We'll sell the number of securities 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 weekly, biweekly, monthly, bimonthly, quarterly, every four months, semi-annually or annually, on any business day. If the frequency or start date is not included in your instructions, we will default the frequency to monthly and the start date to the first day of the following month.

The short-term or frequent trading fee doesn't apply to securities sold through this service. We don't offer this service for automatic deposits in U.S. dollars.

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

The minimum withdrawal for accounts other than RRIFs is \$100 per fund for the Pools. The minimum withdrawal doesn't apply to RRIFs. We may waive the minimum withdrawal amount.

Withdrawals can cause your investments in the Pools to vary from their initial optimum asset allocations. If you want to maintain your initial optimum asset allocations, you should make arrangements with your registered representative to have the Pools in your account rebalanced.

If the value of the investment in your account falls below \$10,000, we may sell your securities and send you the proceeds. See page 16 for details.

If you withdraw more money than your Pool securities are earning, you'll eventually use up your investment. If your investment in a Pool is eventually used up, whereby the percentage allocated to the Pool under the relevant systematic withdrawal plan is no longer applicable, we will allocate the percentage otherwise allocable to the depleted Pool to the Pool with the next highest asset value size remaining under the systematic withdrawal plan, unless we receive written instructions from you otherwise.

FEES AND EXPENSES

There are fees and expenses you may have to pay if you invest in the securities of the Pools. You may have to pay some of these fees and expenses directly. The Pools pay some of these fees and expenses, which in turn reduces the value of your investment.

Prior to July 1, 2010, the Trust Pools and Portfolios paid federal goods and services tax (“GST”) on management fees and most operating expenses. Effective July 1, 2010, the GST was replaced by a harmonized sales tax (“HST”) in certain provinces, which is imposed at a higher rate than GST. The Pools are required to pay HST on management fees and operating expenses in respect of each series, based on the residence for tax purposes of the investors of the particular series. Changes in existing HST rates, the adoption of HST by additional provinces, the repeal of HST by HST-participating provinces and changes in the breakdown of the residence of investors in each series may therefore have an impact on the Pools year over year.

For fees and expenses payable directly by investors, the new place of supply rules state that the applicable rate of GST/HST will be determined based on the investor’s place of residence. As a result, investors who are residents of HST-participating provinces (British Columbia, Ontario, Nova Scotia, New Brunswick and Newfoundland & Labrador) will be charged HST on fees and expenses payable directly by them as compared to investors who are residents of non-participating provinces who will continue to have GST and not HST charged on such fees and expenses. Investors who are resident in the Province of Quebec will continue to be charged Quebec Sales Tax (“QST”) on fees and expenses payable directly by them.

A Pool that invests directly in ETFs will indirectly bear the fees and expenses payable by the ETFs. AGF is not permitted under securities rules to duplicate any management fees or sales charges in relation to investments in ETFs.

We require securityholder approval to change how we calculate a fee or expense charged to the Pool, if the change results in a higher charge. Securityholder approval isn’t required if the Pool is independent of the person or company charging the fee or expense and if securityholders are notified in writing at least 60 calendar days before the day the change becomes effective.

Fees and expenses payable by the Pools			
Management fees	These fees are calculated and accrued daily and paid monthly. The table below shows the total annual rate or maximum annual rate, as applicable, of the management fees for the Embedded Series, Series T and Series V securities payable by the Pools.		
		TOTAL/MAXIMUM ANNUAL MANAGEMENT FEE, AS APPLICABLE (%)	
		Embedded Series	Series T
	Series V		
	Pools		
	Harmony Diversified Income Pool	2.25	2.25
	Harmony Global Fixed Income Pool	1.85	1.85
	No management fee is payable in respect of Wrap Series.		
Portfolio Management Fees	<p>Each series of the Pools pays a separate portfolio management fee to the portfolio manager at varying annual rates based on the net asset value of that Pool. The maximum rate payable by a Pool can increase upon 60 calendar days prior written notice to securityholders if the portfolio manager is independent from the Pool.</p> <p>The annual rates shown below are the current maximum portfolio management fees (as a percentage of the net asset value of each series), which may be payable by a Pool. The portfolio management fee shown represents the highest blended rate that may currently be charged to a Pool. Portfolio management fee rates often decline based on an increase in assets of a Pool such that the portfolio management fees actually borne by the Pool may be less than the stated maximum annual rate below:</p>		
	Pools	MAXIMUM PORTFOLIO MANAGEMENT FEE Wrap Series, Embedded Series, Series T and Series V	
	Harmony Diversified Income Pool	0.65%	
	Harmony Global Fixed Income Pool	0.50%	
Operating expenses	<p>In addition to the management fees and portfolio management fees (as applicable), each Pool pays its own administration and operating expenses. Subject to applicable securities rules, any Pool that invests in ETFs also indirectly bears its proportionate share of the operating expenses of the ETFs, after giving effect to any rebates or waivers. The administration and operating expenses include audit fees, fund accounting fees, legal fees, filing fees, custody fees, costs of preparing and delivering annual and semi-annual reports, the costs of securityholder administration, and fees and expenses of the Independent Review Committee.</p> <p>* As at the date of this simplified prospectus, each member of the Independent Review Committee receives an annual retainer of \$25,000 (\$30,000 for the Chairman) and \$1,000 for each meeting of the Independent Review Committee that the member attends, plus reimbursement of expenses, if any, for attending each meeting. These fees and expenses are allocated among all of the funds managed by AGF to which NI 81-107 applies, including the Pools, in a manner that is considered by AGF to be fair and reasonable.</p>		

Fees and expenses payable directly by you											
Service fees for Wrap Series	When you buy Wrap Series securities of the Pools, you agree to pay a service fee to your registered dealer on a quarterly basis. The actual fee depends on the agreement you made with your registered dealer. The maximum annual rates (for all sales charge options -- front-end, DSC and low load) are:										
	Pool	MAXIMUM SERVICE FEE RATE FOR WRAP SERIES Front-end, DSC and Low Load									
	Harmony Diversified Income Pool	2.25%									
	Harmony Global Fixed Income Pool	1.85%									
	For investor support and other services we provide to your registered dealer, we retain a portion of the quarterly service fee you pay to your registered dealer. These other services may include the development of asset allocation technology, and training and customer support services. With regard to Wrap Series securities, we sometimes negotiate with the dealer a lower portion of the service fee AGF retains in respect of investors with large contributions. The maximum annualized portion of the service fees retained by AGF for these services are as follows:										
	Pool	MAXIMUM AMOUNT RETAINED BY AGF FOR WRAP SERIES SECURITIES PURCHASED ON									
		Front-end	Low Load	DSC							
	Harmony Diversified Income Pool	0.75%	1.75%	1.25%							
	Harmony Global Fixed Income Pool	0.35%	1.35%	0.85%							
Sales charges	<p>Front-end sales charge</p> <p>The front-end sales charge is available for all series of the Pools. You and your registered representative negotiate the sales charge. The sales charge is up to 6%, and is deducted from the amount you invest in the Pool.</p>										
Switch fees	<p>There is no fee for switching from a series of securities of a Pool to another Trust Pool or Portfolio in the same series and same sales charge option. There is no fee for reclassifying a series of securities to another series within the same Pool and the same sales charge option.</p> <p>If you reclassify Embedded Series, Series T or Series V securities you bought under the DSC option or low load option to another sales charge option, you will have to pay any deferred sales charge that applies. See below for details about the deferred sales charge. If you reclassify securities from Wrap Series, you can choose the front-end sales charge option, the DSC option or the low load option. See Switches for details.</p>										
Redemption fees	<p>Low load</p> <p>If you bought your securities under the low load option and sell them within 3 years of buying them, you may have to pay a deferred sales charge. Some exceptions apply. See <i>Withdrawal privileges</i> on page 15 for details. The low load sales charge is based on the value of the securities when you bought them and is deducted from the value of the securities you sell. The rate depends on how long you held your securities:</p> <table border="0"> <tr> <td>Securities you sell</td> <td>Low load sales charge rate</td> </tr> <tr> <td>Within 18 months of buying them</td> <td>3.0%</td> </tr> <tr> <td>During the 19th to 36th month after buying them</td> <td>2.0%</td> </tr> <tr> <td>After 3 years of buying them</td> <td>Zero</td> </tr> </table> <p>If after buying your securities, you agree with your registered representative to change your sales charge option from low load to front-end, whether or not you also switch from one series of securities to another within the same Pool, you will have to pay the deferred sales charge that applies at the time of such change.</p>			Securities you sell	Low load sales charge rate	Within 18 months of buying them	3.0%	During the 19th to 36th month after buying them	2.0%	After 3 years of buying them	Zero
Securities you sell	Low load sales charge rate										
Within 18 months of buying them	3.0%										
During the 19th to 36th month after buying them	2.0%										
After 3 years of buying them	Zero										

Fees and expenses payable directly by you																	
	<p>DSC If you bought your securities under the DSC option and sell them within 7 years of buying them, you may have to pay a sales charge. Some exceptions apply. See Withdrawal privileges on page 15 for details. DSC is based on the value of the securities when you bought them and is deducted from the value of the securities you sell. The rate depends on how long you held your securities:</p> <table border="0"> <thead> <tr> <th style="text-align: left;">Securities you sell</th> <th style="text-align: right;">DSC rate</th> </tr> </thead> <tbody> <tr> <td>Within 2 years of buying them</td> <td style="text-align: right;">5.5%</td> </tr> <tr> <td>During the 3rd year after buying them</td> <td style="text-align: right;">5.0%</td> </tr> <tr> <td>During the 4th year after buying them</td> <td style="text-align: right;">4.5%</td> </tr> <tr> <td>During the 5th year after buying them</td> <td style="text-align: right;">4.0%</td> </tr> <tr> <td>During the 6th year after buying them</td> <td style="text-align: right;">3.0%</td> </tr> <tr> <td>During the 7th year after buying them</td> <td style="text-align: right;">1.5%</td> </tr> <tr> <td>After 7 years of buying them</td> <td style="text-align: right;">Zero</td> </tr> </tbody> </table> <p>If after buying your securities, you agree with your registered representative to change your sales charge option from DSC to front-end, whether or not you also switch from one series of securities to another within the same Pool, you will have to pay the deferred sales charge that applies at the time of such change.</p>	Securities you sell	DSC rate	Within 2 years of buying them	5.5%	During the 3rd year after buying them	5.0%	During the 4th year after buying them	4.5%	During the 5th year after buying them	4.0%	During the 6th year after buying them	3.0%	During the 7th year after buying them	1.5%	After 7 years of buying them	Zero
Securities you sell	DSC rate																
Within 2 years of buying them	5.5%																
During the 3rd year after buying them	5.0%																
During the 4th year after buying them	4.5%																
During the 5th year after buying them	4.0%																
During the 6th year after buying them	3.0%																
During the 7th year after buying them	1.5%																
After 7 years of buying them	Zero																
Short-term or frequent trading fee	You may have to pay a short-term trading fee of up to 2% of the net asset value if you switch or sell securities of a Pool within 90 calendar days of buying them. You may also have to pay a frequent trading fee of 2% if you sell or switch securities within ten calendar days of buying them. We deduct the fee from the value of the securities you're switching or selling, subject to certain exceptions, and pay it to the Pool. You will never pay a short-term or frequent trading fee for using the automatic rebalancing or systematic withdrawal plan services. See Optional services and Short-term or frequent trading fee for details.																
Registered plan fees	None																
Other fees	<p>Automatic rebalancing: None Systematic investment plan: None Systematic withdrawal plan: None Dishonoured cheques or insufficient funds: \$25 for each bank transaction</p>																

(1) All fees and expenses referred to herein, including those listed in the table, are expressed exclusive of applicable taxes.

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 securities of the Pool for each period and sell all of your securities immediately before the end of the period;
- the sales charge under the front-end option is 6%. See Fees and expenses for details;
- the sales charge under the low load option applies only if you sell your securities within 3 years of buying them. See Fees and expenses for the low load sales charge schedule;
- the sales charge under the DSC option applies only if you sell your securities within 7 years of buying them. See Fees and expenses for the DSC schedule; and
- you have not used your 10% withdrawal privilege. See Withdrawal privileges on page 15 for details.

	Sales charges		
	Front-end	Low load	DSC
At the time of purchase	\$ 60	\$ 0	\$ 0
1 year	\$ 0	\$30	\$55
3 years	\$ 0	\$20	\$50
5 years	\$ 0	\$ 0	\$40
10 years	\$ 0	\$ 0	\$ 0

Wrap Series, Embedded Series, Series T and Series V securities can be purchased with any sales charge option.

DEALER COMPENSATION

This section explains how we compensate registered dealers when you invest in securities of the Pools. Registered dealers usually pay a portion of this compensation to their registered representatives under their own arrangements. We can change or cancel our compensation programs at any time.

Sales commission

Your registered dealer generally receives a sales commission when you invest in the Wrap Series, Embedded Series, Series T or Series V securities of a Pool. You and your registered representative will determine which sales charge option is suitable for you.

Front-End Option

When you buy securities under the front-end option, you and your registered dealer 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%. See Fees and expenses for details.

Low Load Option

When you buy securities of a Pool under the low load option, we pay your registered dealer a sales commission.

We usually pay your registered dealer a commission of 3.0% on the amount you invest at the time of purchase.

You may have to pay a deferred sales charge if you sell your securities within 3 years of buying them. See Fees and expenses for details.

DSC Option

When you buy securities of a Pool under the DSC option, we pay your registered dealer a commission.

We usually pay your registered dealer a commission of 5.0% on the amount that you invest at the time of purchase.

You may have to pay a deferred sales charge if you sell your securities within 7 years of buying them. See Fees and expenses for details.

Embedded Series, Series T and Series V trailing commission

We pay your registered dealer a trailing commission on Embedded Series, Series T and Series V securities for each of the Pools, subject to certain eligibility requirements. Currently, we calculate and pay trailing commissions on or about the 20th day of the month end or quarter end, at the registered dealer's option.

Generally, the trailing commission is a percentage of the total value of securities held by a registered dealer's clients. The maximum annual rate of the trailing commission depends upon the sales charge option chosen and the purchase date. See the following table for details.

Pool	Maximum Annual Trailing Commission Rate		
	Front-end	Low load	DSC
Harmony Diversified Income Pool	1.50%	0.50% for first 3 years, 1.50% thereafter	1.00%
Harmony Global Fixed Income Pool	1.50%	0.50% for first 3 years, 1.50% thereafter	1.00%

We do not pay trailing commissions on Wrap Series securities.

Wrap Series service fees

When you buy Wrap Series securities of the Pools, you agree to pay a service fee to your registered dealer on a quarterly basis.

The service fee is based on the average total net asset value of your Wrap Series securities you held during the quarter. The maximum annual rates excluding applicable taxes are:

Pool	Maximum Service Fee Rate for Wrap Series		
	Front-end	Low load	DSC
Harmony Diversified Income Pool	2.25%	2.25%	2.25%
Harmony Global Fixed Income Pool	1.85%	1.85%	1.85%

The actual fee depends on the agreement you made with your registered dealer. Wrap Series service fees are based on the average total net asset value of Wrap Series securities of the Pools you held during the quarter. To determine average total net asset value, we take the total value of your investment in the Wrap Series securities on each business day in the quarter and divide this number by the total number of calendar days in the quarter. Your registered dealer retains a portion of the service fee you pay on a quarterly basis. Your registered dealer may elect to receive their portion of the service fee on an annual basis. For investor support and other services we provide to your registered dealer, we retain a portion of the quarterly service fee you pay to your registered dealer.

We deduct the service fee by automatically selling your Pool securities in your account on or before March 20, June 20, September 20 and December 20 of each year. If you own securities of the Pools, we sell your Pool securities according to your optimum asset allocation profile unless there are not enough securities available through your optimum asset allocation profile, in which case we sell your Pool securities according to your current account holdings. If you hold your securities in a non-registered account, you may realize a capital gain or loss when your securities are sold. Capital gains are taxable. You should consult a tax advisor about the tax treatment of the service fee.

If you don't have enough securities in your account to pay for the fee, your registered dealer will charge your account for the unpaid amount, plus interest. If you sell most or all of your securities before the end of a quarter, we will deduct the service fee you owe from the sale proceeds and send you the balance. We may change the date and method of deducting the service fee.

If you elect to have the service fee charged to a secondary account and this account does not have sufficient assets to cover the service fee, then we will deduct the fee by automatically selling your Pool securities from any of the other accounts you hold with us. If necessary, we will also sell securities from other Portfolios or Trust Pools held in your account until the full amount of the service fee has been satisfied.

For Wrap Series securities of the Pools the annual service fee may be reduced by your registered dealer to no lower than the rates set forth in the table below:

Pool	Maximum Reduction in Service Fee Rate for Wrap Series		
	Front-end	Low load	DSC
Harmony Diversified Income Pool	0.75%	1.75%	1.25%
Harmony Global Fixed Income Pool	0.35%	1.35%	0.85%

A reduction may be based on a number of factors, including the total amount of your investment in the Pools. A reduction is effective when we receive written notice of it from your registered dealer.

The maximum amount retained by your registered dealer on an annual basis is:

Pool	Maximum Amount Retained by Registered Dealer Annually for Wrap Series Securities Purchased On		
	Front-end	Low load	DSC
Harmony Diversified Income Pool	1.50%	0.50% for first 3 years, 1.50% thereafter	1.00%
Harmony Global Fixed Income Pool	1.50%	0.50% for first 3 years, 1.50% thereafter	1.00%

Other kinds of dealer compensation

In addition to the dealer compensation fees described above, we may provide educational conferences and events, training and marketing support programs and other programs to registered dealers 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 our financial year ended November 30, 2010, the amount we paid to registered dealers in service fees and other kinds of dealer compensation for the Trust Pools and Portfolios and all other mutual funds managed by AGF was approximately 53% of the total management fees that we received.

INCOME TAX CONSIDERATIONS FOR INVESTORS

This section is a summary of how investing in the Pools can affect your taxes. It assumes that you are a Canadian resident that deals at arm's length with the Pools and holds securities of the Pools as capital property. This information may or may not apply to you. We recommend that you consult a tax advisor about your own situation.

More detailed information is available in the annual information form.

How your investment can make money

Your investment in a Pool can make money from:

- any earnings the Pool makes or realizes on its investments which are allocated to you in the form of distributions; and
- any capital gains that you realize when you switch or sell your securities of the Pool at a profit. If you switch or sell your investment at a loss, it is called a capital loss.

How your investment is taxed

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

Securities held in a registered plan

If you hold securities of a Pool in a registered plan, you generally pay no tax on distributions you receive from the Pool on those securities or on any capital gains that your registered plan makes from selling or switching or otherwise disposing of these securities. Generally, any withdrawals from registered plans are subject to tax. However, withdrawals from a TFSA are not subject to tax, and trusts governed by RDSPs and RESPs are subject to special rules.

Securities held in a non-registered account

If you hold securities of a Pool in a non-registered account, you must include your share of the Pool'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 additional securities of the Pool.

Distributions may include a return of capital. When the net income and net realized capital gains 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 generally not

taxable, but will reduce the adjusted cost base of your securities of the Pool. We explain how to calculate adjusted cost base below.

Most of the Trust Pools make their only or largest distribution in December. In addition, a Pool may make interim distributions to one or more series during the year. If you buy securities of a Pool just before it makes a distribution, you will be taxed on that distribution that represents net income and net realized capital gains, even though the Pool may have earned the income or realized the gains before you owned the securities. That means you may have to pay tax on your share of the income and capital gains the Pool earned for the whole year.

We will issue a tax slip to you each year that shows the type of distributions the Pool distributed to you, including any management fee distributions or return of capital amount, when applicable. You can claim any tax credits that apply to those earnings. For example, if the Pool's distributions include Canadian dividend income or foreign income, you may qualify for those tax credits as permitted by the Tax Act.

All switches and sales of securities, except for reclassifications, including automatic rebalancing transactions, are considered dispositions for tax purposes. If the value of the securities sold is greater than the adjusted cost base of the securities, you will have a capital gain. If the value of the securities sold is less than the adjusted cost of the securities, 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 of a Pool to another series of the same Pool. In general, a reclassification is not considered a disposition 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 securities and the adjusted cost base of those securities. Your adjusted cost base must be determined separately for each series of securities you own in each Pool. In general, the aggregate adjusted cost base of your investment in a series of a Pool equals:

- your initial investment, including any applicable sales charges you paid, plus
- any additional investments, including any applicable sales 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 securities previously disposed of

To the extent that the adjusted cost base of your securities would otherwise be a negative amount as a result of you receiving a distribution that is a return of capital, the negative amount will be deemed to be a capital gain realized by you from a disposition of the securities and your adjusted cost base of the securities would be increased by the amount of such deemed gain.

You should keep detailed records of the cost of your investments and distributions you receive on those securities so you can calculate their adjusted cost base. You may wish to consult a tax advisor to help you with these calculations.

Portfolio turnover

A Pool's portfolio turnover rate usually indicates how actively the Pool's portfolio manager manages the portfolio investments. A portfolio turnover rate of 100% is equivalent to the Pool buying and selling each security in its portfolio once in the course of its financial year. The higher a Pool's portfolio turnover rate in a year, the greater the trading costs payable by the Pool in the year, and the greater the chance that you will receive an income or taxable capital gains distribution from a Pool during the year.

PURCHASERS' STATUTORY 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 Pool. 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.

SPECIFIC INFORMATION ABOUT EACH OF THE POOLS DESCRIBED IN THIS DOCUMENT

On the following pages, you'll find detailed descriptions of each of the Pools to help you make

your investment decisions. Here's what each section of the Pool descriptions tells you:

Pool details

This is a summary of some basic information about the Pool, such as when it was started, whether it is a Trust Pool and whether it's eligible for registered plans, such as RRSPs, RRIFs, LIRAs, LRSPs, RLSPs and Group RRSPs, LIFs, LRIFs, RLIFs, PRIFs, TFSAs and Group TFSAs. See *Income Tax Considerations for Investors - Securities held in a registered plan*.

What does the Pool invest in?

This section describes the Pool's fundamental investment objectives and the strategies the portfolio managers use in trying to achieve those objectives. You'll find out the types of investments the Pool holds and how the portfolio managers choose investments and manage the portfolio. Here are details about some special types of investments:

Derivatives

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, forward contracts, and futures contracts.

- 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 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 settlement date. Futures contracts are normally traded on a registered futures exchange. The exchange usually specifies certain standardized features of the contract. Only certain Pools will invest in futures contracts.

Derivatives may be used as long as the use of derivatives is consistent with the relevant investment objectives and is permitted in law. Derivatives may be used 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 the financial markets.

When derivatives are used for purposes other than hedging, to fully cover obligations, cover must be held in the form of cash, an investment in, or a right or obligation to acquire, the underlying interest, as permitted under securities laws for such derivative.

Investments in ETFs

Under securities legislation, a mutual fund (such as a Pool) is permitted to invest in an ETF that is an index participation unit if:

- the investment objective of the ETF is consistent with the mutual fund's investment objective
- no management fees or portfolio management fees are payable by the mutual fund that would duplicate a fee payable by the ETF
- no sales charges or deferred sales charges are payable by the mutual fund in relation to its purchases or redemptions of the securities of the ETF, except for trading costs

Exemptive relief has also been obtained from the Canadian securities regulatory authorities to permit the Pools to be able to invest in certain Gold/Silver ETFs and certain Index ETFs, to the extent certain conditions are met.

Repurchase agreements and securities lending

Through a repurchase agreement, a mutual fund sells a security at one price and concurrently agrees to buy it back from the buyer at a fixed price on a specified date. The buyer may be a broker-dealer or other buyer. Securities lending involves lending for a fee portfolio securities held by a mutual fund for a set period of time to willing, qualified borrowers who have posted collateral. Repurchase agreements and securities lending transactions may be entered into if no more than 50% of its net assets are at risk under repurchase transactions and securities lending agreements, unless permitted in law to invest in a greater amount.

The Pools have appointed a securities lending agent for purposes of entering into securities lending

transactions with suitable counterparties. Pursuant to applicable securities laws, the securities lending agent is required to be the custodian or sub-custodian of the Pools.

Reverse repurchase agreements

Through a reverse repurchase agreement, a mutual fund buys securities for cash from a counterparty at a price set at the date of purchase and at the same time agrees to resell the same securities for cash to the counterparty at a price (usually higher) at a later date. The counterparty may be a broker-dealer or other buyer. In the event the counterparty defaults, since the types of securities purchased by the mutual fund are restricted to certain higher quality debt instruments of certain governments and other issuers, the mutual fund may be able to reduce or eliminate its losses.

What are the risks of investing in the Pool?

This section tells you some of the risks of investing in the Pool. You'll find a description of each risk in Specific risks of the Pools starting on page 4. For a more complete discussion about the risks of investing in the Pool, you should consult your registered representative.

Investment Risk Classification Methodology

A risk classification rating is assigned to each Pool to provide you with information to help you determine whether the investment is appropriate for you. We review the risk rating for each Pool on an annual basis.

The methodology used to determine the risk ratings of the Pools for purposes of disclosure in this simplified prospectus and in the Pools' Fund Facts is the methodology recommended by the Fund Risk Classification Task Force (the "Task Force") of The Investment Funds Institute of Canada. The Task Force concluded that the most comprehensive, easily understood form of risk in this context is historical volatility risk as measured by the standard deviation of performance by the Pool. However, the Task Force and AGF recognize that other types of risk, both measurable and non-measurable, may exist and that historical performance may not be indicative of future returns and that a Pool's historical volatility may not be indicative of its future volatility. Accordingly, while AGF generally assigns a risk rating to each Pool based on the historical standard deviation of the Pool's performance during the past three to five years on an average rolling basis, we may adjust a Pool's risk rating for various reasons. These include, but are not limited to, whether the

Pool's standard deviation is affected by unusual market volatility, or whether the Pool has been in existence for less than three years. Under these circumstances, we may modify the risk rating or assign a risk rating based on other considerations like the historical standard deviation of the performance of a similar investment fund or a similar investment mandate.

A more detailed explanation of standard deviation and the methodology AGF uses to determine the risk rating of the Pools is available on request, at no charge, by calling us toll-free at 1-800-387-2563, emailing us at harmony@agf.com or writing to us at Harmony – Client Services, c/o 2920 Matheson Blvd. East, Mississauga ON L4W 5J4.

This section is meant as a general guide only. For advice about your account, you should consult your registered representative.

Who Should Invest in this Pool?

This section can help you decide if the Pool might be suitable for your account. It includes information about the level of investor risk tolerance that would be appropriate for each Pool.

This section is meant as a general guide only. For advice about your account, you should consult your registered representative.

Distribution Policy

This section tells you when the Pool usually pays distributions to investors. The Pools may change their distribution policy at any time.

Each series of a Pool is entitled to its share of the Pool's net income and realized capital gains

adjusted for the series specific expenses relative to each Pool. As a result, the amount of adjusted net income per unit will likely be different for each series of the Pool. To the extent that distributions made during the year exceed the net income and net realized capital gains allocated amongst series as described above, such distributions may include a return of capital. A distribution of a return of capital to investors may not be proportionately shared amongst series.

In the case of Series T and Series V, if the share of Series T or Series V of net income and net realized capital gains of a Pool for a year is higher than the total distributions made during the year at the monthly rate to such series, a second distribution will be made in December of such excess net income or net realized capital gains. The regular monthly distributions, including the December monthly distribution, will be reinvested or, if requested by the investor, paid in cash to Series T and Series V. If there is a second distribution in December to Series T or Series V, the second distribution is automatically reinvested. Distributions on units held in Harmony registered plans are always reinvested in additional units of the Pool. Distributions on units held in other registered plans or non-registered account are reinvested in additional units of the Pool, unless you tell us you want cash payments instead.

For information on how distributions can affect your taxes, see Income tax considerations for investors.

Pool expenses indirectly borne by investors

Pool expense information is not shown for the Pools because the Pools are less than one year old.

HARMONY DIVERSIFIED INCOME POOL

Pool details

Type of pool	Tactical balanced pool
Date started	October 28, 2011
Legal structure	Trust Pool
Securities offered	Units of a mutual fund trust Embedded Series Series T Series V Wrap Series
Registered plan eligibility	Yes
Portfolio manager	AGF Investments Inc. (Toronto, Ontario)

What does the Pool invest in?

Investment objectives

The Pool's objective is to provide income with capital appreciation. It invests primarily in a diversified blend of Canadian and global asset classes including equities and fixed income as well as cash and cash equivalents.

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

Investment strategies

The portfolio manager uses a bottom-up asset allocation approach to identify the most attractive income opportunities. Income generation and the ability of a company to maintain or grow dividend payments is an important consideration. The portfolio manager uses a bottom-up quantitative and qualitative approach to identify companies paying out an above average proportion of their earnings to shareholders through dividend payments and/or where senior management has shown a commitment to rewarding shareholders through a growing dividend stream.

To achieve the objective of the Pool the portfolio manager will also invest in exchange traded funds that are index participation units (IPUs). The IPUs will provide exposure to a wide range of equities and fixed income asset classes from around the world that may provide attractive income opportunities with capital appreciation as a secondary objective. In selecting IPUs, the portfolio manager considers the advice and recommendations of Wilshire Associates Incorporated.

The Pool may use options, forward contracts and other permitted derivatives as long as the use of these derivatives is consistent with the Pool's objectives and is permitted in 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

When the Pool uses derivatives for purposes other than hedging, to fully cover its obligations, the Pool holds cover in the form of cash, an investment in, or a right or obligation to acquire, the underlying interest, as permitted under securities laws for such derivative.

While the Pool may in its discretion use derivatives, it is not required to do so as an investment strategy.

Securities lending transactions may be used in conjunction with the Pool's other investment strategies in a manner considered most appropriate to achieve the Pool's investment objectives and to enhance the Pool's return.

The Pool may enter into repurchase agreements and reverse repurchase agreements, and may invest up to 10% of its investments in securities of other mutual funds. It may also invest in cash or cash equivalents.

You'll find more information about derivatives, repurchase agreements, reverse repurchase agreements, securities lending and investing in other

mutual funds under Specific Information About Each of the Pools Described in this Document.

The Pool has obtained exemptive relief from the Canadian securities regulatory authorities so that it may purchase (i) up to 10% of its net asset value, taken at market value at the time of purchase, in gold, gold certificates, silver, silver certificates, derivatives (the underlying interest of which is gold and/or silver), and certain gold or silver exchange traded funds (“Gold/Silver ETFs”) that seek to replicate the performance of gold or silver or the value of a specified derivative (the underlying interest of which is gold or silver), and (ii) up to 10% of its net asset value in aggregate, taken at market value at the time of purchase, in Gold/Silver ETFs and certain exchange traded funds that seek to replicate the performance of an index or industry sector index (“Index ETFs”). Gold/Silver ETFs may utilize leverage in an attempt to magnify returns by a multiple of 200%. Index ETFs may utilize leverage in an attempt to magnify returns by either a multiple of 200% or an inverse multiple of 200%. Investments in exchange traded funds entail certain risks including commodity risk in relation to the Gold/Silver ETFs and derivatives risk if the exchange-traded fund uses derivatives. Notwithstanding the exemptive relief, the Pool will only invest, directly or indirectly, in gold or silver in a manner which is consistent with the Pool’s investment objectives.

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

The Pool may hold a portion of its assets in cash or money market instruments during periods of market downturn or for other reasons.

What are the risks of investing in the Pool?

Because this Pool invests in equity securities, its value is affected by stock prices, which can rise and fall in a short period of time. The risks of investing in the Pool include:

- changes in legislation risk
- commodity risk
- concentration risk
- counterparty risk
- credit risk
- depository securities and receipts risk
- derivative risk
- equity risk

- ETF general risks
 - absence of an active market and lack of operating history risk
 - leverage risk
 - redemption risk
 - reinvestment risk
 - trading price of ETFs risk
- ETF index risks
 - calculation and termination of the indices risk
 - cease trading and constituent securities risk
 - index investment strategy risk
 - rebalancing and adjustment risk
 - risk of not replicating the indices
 - tracking error risk
- ETF industry sector risk
- foreign currency risk
- foreign market risk
- gold and silver ETFs risk
- interest rate risk
- liquidity risk
- repurchase agreement risk
- reverse repurchase agreement risk
- securities lending risk
- small company risk
- substantial securityholder risk
- trust and partnership risk

You will find details about each of these risks starting on page 4.

Who should invest in this Pool?

Consider this Pool if:

- you want, and you have a tolerance for volatility consistent with, the growth potential of equities combined with fixed income
- you’re investing for the longer term
- you tolerate medium risk
- with respect to Series T and Series V, you prefer monthly distributions at a higher rate than the distributions to other series that could include a return of capital

For a description of how we determined the Pool’s risk rating, please see Specific Information about each of the Pools Described in this Document - Investment Risk Classification Methodology and Who Should Invest in this Pool.

Distribution policy

The current policy of the Pool is to make quarterly distributions at the rate determined from time to time by the Manager for each calendar quarter, including the quarter ending December, to a series (except Series T and Series V securities) of the Pool, which rate will not be the same (as applicable) for all series, and which rate may be determined to be zero. For Series T and V securities, AGF determines the rate from time to time at which monthly distributions will be made. The rate for Series T securities will generally be higher than the rate for Series V securities. Series T and Series V securities will receive a distribution in December each year at the monthly rate applicable for such series. The Pool also makes a distribution in December each year to all investors of any net income and net realized capital gains remaining, after giving effect to any Management Fee Distributions and monthly/quarterly distributions, as applicable. In the case of all series, other than Series T and Series V securities, the December distribution will be an amount equal to their respective shares of the net income and net capital gains in excess of the amount previously distributed to them as quarterly distributions. If the aggregate amount of the quarterly distributions made to a series (except Series T and Series V securities) in a year exceeds the portion of the net income and net capital gains allocated to that series, the excess will constitute a return of capital. If the share of Series T or Series V of net income and net realized capital gains is higher than the total distributions made during the year to such series, such series will receive a second distribution in December in the amount of such excess.

If the aggregate amount of distributions made to a series in a year exceeds the portion of the net income and net capital gains allocated to that series, the excess will constitute a return of capital. Due to the higher rate of Series T and Series V, Series T and Series V securityholders will receive a higher amount by way of return of capital. When distributions include a return of capital, you will generally not incur any tax on such distribution of capital but the amount of such distribution will reduce the adjusted cost base of your securities. For information about reinvestments, see “*Specific Information About Each of the Pools Described in this Document – Distribution Policy*”.

For information about how distributions can affect your taxes, see Income tax considerations for investors.

Pool expenses indirectly borne by investors

Pool expense information is not shown for the Pool because the Pool is less than one year old.

HARMONY GLOBAL FIXED INCOME POOL

Pool details

Type of pool	Global fixed income pool
Date started	October 28, 2011
Legal structure	Trust Pool
Securities offered	Units of a mutual fund trust Embedded Series Series T Series V Wrap Series
Registered plan eligibility	Yes
Portfolio manager	AGF Investments Inc. (Toronto, Ontario)

What does the Pool invest in?

Investment objectives

The Pool's objective is to provide interest income and capital appreciation. It invests primarily in investment grade debt securities of governments, corporations and other issuers around the world.

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

Investment strategies

The portfolio manager seeks to maximize the total return of the portfolio through a top-down fundamental approach that is based on currency, country and category allocation, and duration management, and is complemented with a bottom-up approach to corporate bond selection.

The portfolio manager invests primarily in a diversified portfolio of investment grade debt and debt-related instruments denominated in currencies of any member state of the OECD or in other freely convertible currencies, issued by governments, supranational entities, corporations and other issuers around the world. The portfolio manager also invests in the entire emerging market fixed income opportunity set, which is made up of local and foreign currency, denominated emerging market sovereign and corporate debt instruments issued by a broad range of countries. Overall, the portfolio manager looks for fixed income securities that provide an attractive return to the risk of each credit type. The portfolio manager may engage in active currency management strategies to exploit or hedge the risk of changes in currency exchange rates.

The Pool may use options, forward contracts and other permitted derivatives as long as the use of these derivatives is consistent with the Pool's

objectives and is permitted in 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

When the Pool uses derivatives for purposes other than hedging, to fully cover its obligations, the Pool holds cover in the form of cash, an investment in, or a right or obligation to acquire, the underlying interest, as permitted under securities laws for such derivative.

While the Pool may in its discretion use derivatives, it is not required to do so as an investment strategy.

Securities lending transactions may be used in conjunction with the Pool's other investment strategies in a manner considered most appropriate to achieve the Pool's investment objectives and to enhance the Pool's return.

The Pool may enter into repurchase agreements and reverse repurchase agreements, and may invest up to 10% of its investments in securities of other mutual funds. It may also invest in cash or cash equivalents.

You'll find more information about derivatives, repurchase agreements, reverse repurchase agreements, securities lending and investing in other mutual funds under Specific Information About Each of the Pools Described in this Document.

The Pool has obtained exemptive relief from the Canadian securities regulatory authorities so that it may purchase (i) up to 10% of its net asset value, taken at market value at the time of purchase, in gold, gold certificates, silver, silver certificates, derivatives (the underlying interest of which is gold and/or silver), and certain gold or silver exchange traded funds (“Gold/Silver ETFs”) that seek to replicate the performance of gold or silver or the value of a specified derivative (the underlying interest of which is gold or silver), and (ii) up to 10% of its net asset value in aggregate, taken at market value at the time of purchase, in Gold/Silver ETFs and certain exchange traded funds that seek to replicate the performance of an index or industry sector index (“Index ETFs”). Gold/Silver ETFs may utilize leverage in an attempt to magnify returns by a multiple of 200%. Index ETFs may utilize leverage in an attempt to magnify returns by either a multiple of 200% or an inverse multiple of 200%. Investments in exchange traded funds entail certain risks including commodity risk in relation to the Gold/Silver ETFs and derivatives risk if the exchange-traded fund uses derivatives. Notwithstanding the exemptive relief, the Pool will only invest, directly or indirectly, in gold or silver in a manner which is consistent with the Pool’s investment objectives.

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

The Pool may hold a portion of its assets in cash or money market instruments during periods of market downturn or for other reasons.

What are the risks of investing in the Pool?

Because this Pool invests in equity securities, its value is affected by stock prices, which can rise and fall in a short period of time. The risks of investing in the Pool include:

- changes in legislation risk
- counterparty risk
- credit risk
- derivative risk
- ETF general risks
 - absence of an active market and lack of operating history risk
 - leverage risk
 - redemption risk
 - reinvestment risk

- trading price of ETFs risk
- ETF index risks
 - calculation and termination of the indices risk
 - cease trading and constituent securities risk
 - index investment strategy risk
 - rebalancing and adjustment risk
 - risk of not replicating the indices
 - tracking error risk
- ETF industry sector risk
- foreign currency risk
- foreign market risk
- gold and silver ETFs risk
- interest rate risk
- liquidity risk
- repurchase agreement risk
- reverse repurchase agreement risk
- securities lending risk
- substantial securityholder risk

You will find details about each of these risks starting on page 4.

Who should invest in this Pool?

Consider this Pool if:

- you want the income potential of foreign fixed income securities
- you’re investing for the medium term
- you tolerate low to medium risk
- with respect to Series T and Series V, you prefer monthly distributions at a higher rate than the distributions to other series that could include a return of capital

For a description of how we determined the Pool’s risk rating, please see Specific Information about each of the Pools Described in this Document - Investment Risk Classification Methodology and Who Should Invest in this Pool.

Distribution policy

The current policy of the Pool is to make monthly distributions to Series T and Series V securities at a rate determined by AGF from time to time. The rate for Series T securities will generally be higher than the rate for Series V securities. If the aggregate amount of the monthly distributions made to Series T or Series V in a year exceeds the portion of the net income and net realized capital gains allocated to Series T or Series V, the excess will constitute a return of capital. Series T and Series V will receive a distribution in December at the monthly rate

applicable for such series. In December of each year, the Pool also makes a distribution to all investors (of all series) of net income or net realized capital gains, if any. If the share of Series T or Series V of net income and net realized capital gains is higher than the total distributions made during the year at the monthly rate to such series, Series T and Series V will receive a second distribution in December in the amount of such excess. When distributions include a return of capital, you will generally not incur any tax on such distribution of capital but the amount of

such distribution will reduce the adjusted cost base of your securities.

For information about how distributions can affect your taxes, see *Income tax considerations for investors*.

Pool expenses indirectly borne by investors

Pool expense information is not shown for the Pool because the Pool is less than one year old.



SIMPLIFIED PROSPECTUS OF HARMONY POOLS

INITIAL OFFERING OF EMBEDDED SERIES, SERIES T, SERIES V AND WRAP SERIES SECURITIES OF

Harmony Diversified Income Pool Harmony Global Fixed Income Pool

You can find additional information about each Pool in the annual information form, the most recently filed Fund Facts, the 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. That means they legally form part of this document just as if they were printed in it. You can get a copy of these documents at no charge by contacting your registered representative, by calling our Harmony Client Services team at 1-800-387-2563, by e-mailing us at harmony@agf.com or by writing to us at the address below.

Harmony Client Services
2920 Matheson Blvd. East
Mississauga, ON L4W 5J4

These documents and other information about the Pools are also available at the internet site of SEDAR at www.sedar.com.

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



What are you doing after work?®