



## FREQUENTLY ASKED QUESTIONS FOR INVESTORS

### **What was the agreement reached between AGF and the Ontario Securities Commission (OSC)?**

AGF has agreed to compensate investors in 15 global funds that were targeted by market timers between August, 2000, to June, 2003. The total amount of AGF's compensation according to the OSC distribution plan is \$29.2 million. The average payment will be approximately \$25 on a \$5,000 account.

In reviewing market timing, the OSC has made it clear that this was an industry-wide matter and is not an ongoing issue. They also stated that they found no evidence of market timing by insiders.

### **What AGF funds are affected?**

**AGF Aggressive Global Stock Fund**

**AGF Asian Growth Class**

**AGF European Asset Allocation Fund**

*(For the period prior to August 16, 2002, at which time the fund merged into AGF World Balanced Fund)*

**AGF European Equity Class**

**AGF Global Government Bond Fund**

**AGF International Stock Class**

**AGF International Value Fund**

**AGF Japan Class**

**AGF RSP European Equity Fund**

**AGF RSP International Equity Allocation Fund**

*(For the period prior to June 14, 2003, at which time the fund merged into AGF RSP World Companies Fund)*

**AGF RSP International Value Fund**

**AGF Short-Term Income Class**

**AGF World Balanced Fund**

**AGF World Companies**

**AGF World Equity Class**

*(Renamed AGF Global Equity Class July 9, 2001)*

This includes all series of these funds.



### **How much will each investor be eligible to receive?**

Each case will be different depending on the length of time held. The average payment will be approximately \$25 on a \$5,000 account.

### **When will investors receive their compensation?**

As part of the agreement, a process has also been set out for repayment. It involves the development of a distribution plan as well as the hiring of an independent consultant, and is subject to OSC approval. According to the plan it could take until December, 2005, however at AGF we hope to expedite this process.

### **How do investors receive their compensation?**

AGF will contact investors as soon as the distribution plan is in place.

### **How will this affect former investors?**

In the case of AGF, investors holding the affected AGF funds between the period August, 2000, to June, 2003, will be compensated by AGF and contacted by them directly.

### **How was the \$29.2 million arrived at?**

It is a calculation developed by the OSC along with the four mutual fund companies involved.

### **Will the funds be responsible for the payment of the compensation?**

No. The funds will not bear any costs for this compensation nor will it affect management expense ratios.

### **What has AGF done to ensure there is no more market timing in the funds?**

We have put in place a number of measures to safeguard against any market timing by clients. We examine activity in our funds every day and review all significant trades that occur on a short-term basis to determine if it could be market timing. We continually monitor and adapt our practices to protect long-term investors.



It's important to note that AGF took pre-emptive action on market timing in July, 2003, well before the OSC stated any regulatory concerns. We took steps then to make sure our investors would not be affected by the actions of others.

### **Why was AGF targeted in this review?**

The Ontario Securities Commission has made it clear that this is an industry-wide issue. In addition to AGF, four other mutual fund companies and three bank-owned brokerages were all part of the review by the OSC.

Market timing was a developing trading strategy employed by a handful of investors and AGF worked hard to identify and deal with it. It is a complex issue because it is not illegal.

### **Did any employees at AGF benefit from market timing?**

No. In its review, the OSC made it clear that there was no insider activity.