

# AGF Limited Partnership 1990

FIRST QUARTER REPORT  
FOR THE THREE MONTHS  
ENDED MARCH 31, 2006



What are you doing after work?

# AGF Limited Partnership 1990

## Market Value of Fund Units

(Unaudited)

As at March 31, 2006

	<b>Market Value (in thousands)</b>		<b>Market Value (in thousands)</b>
AGF Canadian Stock Fund	\$ 5,272	AGF Canada Class	\$ 110
AGF Canadian Bond Fund	3,867	AGF RSP Global Bond Fund	66
AGF Canadian Growth Equity Fund Limited	2,444	AGF Canadian High Yield Bond Fund	54
AGF Canadian Money Market Fund	2,348	AGF Elements Global Portfolio	43
AGF Canadian Large Cap Dividend Fund	2,165	AGF Canadian Small Cap Fund	37
AGF International Value Fund	1,872	AGF Global Perspective Class	35
AGF Canadian Real Value Balanced Fund	1,331	AGF Precious Metals Fund	34
AGF Canadian Balanced Fund	1,057	AGF Elements Growth Portfolio	33
AGF European Equity Class	766	AGF China Focus Class	28
AGF Canadian Resources Fund Limited	701	AGF Aggressive Global Stock Fund	26
AGF American Growth Class	434	AGF Dividend Income Fund	22
AGF Canadian Conservative Income Fund	377	AGF Elements Conservative Portfolio	19
AGF International Stock Class	375	AGF Global Equity Class	17
AGF Emerging Markets Fund	260	AGF Germany Class	13
AGF World Balanced Fund	254	AGF Global Real Estate Equity Class	8
AGF Special U.S. Class	227	AGF Managed Futures Fund	8
AGF Global Government Bond Fund	210	AGF Canadian Real Value Fund	7
AGF Japan Class	171	AGF U.S. Value Class	7
AGF Aggressive Growth Fund	168	AGF Global Resources Class	7
AGF Asian Growth Class	166	Others	8
AGF World Companies Fund	116		
			<b>\$ 25,163</b>

# AGF Limited Partnership 1990

## Market Value of Fund Units

### (Unaudited)

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For the three months ended March 31, 2006

Management's Discussion and Analysis ("MD&A") presents an analysis of the financial condition of AGF Limited Partnership 1990 (the "Partnership") as at March 31, 2006 compared with December 31, 2005, and the results of operations for the three months ended March 31, 2006 compared with the corresponding period of 2005. This discussion should be read in conjunction with our audited annual financial statements and notes for 2005. The financial information presented herein has been prepared on the basis of Canadian generally accepted accounting principles ("GAAP"). All dollar amounts are in Canadian dollars.

There have been no material changes to the information discussed in the following sections of the 2005 annual MD&A: 'Significant Accounting Policies and Estimates', 'Outlook and Risks', 'Corporate Governance' and 'Regulatory Filings'. Accordingly, readers should refer to our 2005 annual MD&A to gain an understanding of how these matters may impact the Partnership's operating results.

The MD&A includes forward-looking statements about the Partnership. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "intends", "plans", "believes", or negative versions thereof and similar expressions. The MD&A contains forward-looking statements that are based on current expectations and projections about future events and are inherently subject to, among other things, risks and uncertainties beyond the Partnership's control. These risks and uncertainties include economic conditions, market fluctuations, interest rate and foreign exchange movements, political events, regulatory change and competitive developments. The reader is cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements. We are under no obligation (and expressly disclaim any such obligation) to update or alter the forward-looking statements whether as a result of new information, future events or otherwise. Actual results could differ materially from those contemplated by the forward-looking statements.

#### **FORMATION AND BUSINESS OF AGF LIMITED PARTNERSHIP 1990**

The Partnership was formed on January 3, 1990 for the purpose of arranging for the distribution of securities of certain mutual funds ("Distributed Securities"), which form part of the AGF Group of Funds, which were sold on a contingent deferred sales charge basis. The Partnership paid the selling commissions on such securities.

As at March 31, 2006, the Partnership has total issued and outstanding units of 85,001. The units do not qualify as investments for registered tax plans such as RSP, DPSP and RIF.

#### **REVENUE**

The Partnership's primary sources of revenue are distribution fees and deferred sales charges earned from the Distributed Securities to which it has distribution rights. The redemption fee schedule applicable to the Distributed Securities has expired. As a result, the Partnership will no longer receive any deferred sales charges. The future stream of revenues is a function of the market value of these assets and the rate and timing of the redemptions of the underlying assets.

#### **DISTRIBUTION FEES**

The Partnership receives from AGF Funds Inc. ("AGFFI"), a subsidiary of AGF Management Limited ("AGF"), a monthly distribution fee calculated on an annual basis of 0.5% of the net asset value of the remaining Distributed Securities, which remain outstanding.

# AGF Limited Partnership 1990

## Market Value of Fund Units

(Unaudited)

Distribution fees amounted to \$31,581 for the three months ended March 31, 2006 as compared to \$36,606 in the comparable period in 2005. The decrease of 13.7% in distribution fees was primarily attributable to the lower net asset value of Distributed Securities from \$28.4 million as at March 31, 2005 to \$25.2 million as at March 31, 2006.

The following is a summary of the changes in Distributed Securities during the three months ended March 31, 2006 and 2005:

(Unaudited)	(in thousands)	
Three months ended March 31	<b>2006</b>	<b>2005</b>
Market value of Distributed Securities, beginning of period	\$ 25,378	\$ 30,442
Increase in market value of Distributed Securities, including reinvested distributions	1,596	546
Redemption of Distributed Securities	(1,811)	(2,579)
<b>Market value of Distributed Securities, end of period</b>	<b>\$ 25,163</b>	<b>\$ 28,409</b>

The annualized redemption rate during the three months ended March 31, 2006 based on the market value of Distributed Securities at the beginning of the period was 28.5% compared to 33.9% in 2005. Redemptions accounted for \$1.8 million of the decline in the value of Distributed Securities during the three months ended March 31, 2006, offset by market appreciation and reinvested distributions totaling \$1.6 million.

### DISTRIBUTED SECURITIES COMPOSITION

The composition of Distributed Securities as at March 31, 2006 and 2005 are shown in the table below. The relative weighting of each asset class will change over time, based on performance, redemptions, and unitholder switches between funds.

#### Composition of Distributed Securities based on Market Value as at March 31:

(Unaudited)	<b>2006</b>	<b>2005</b>
	%	%
Canadian Equity Funds	40	36
Canadian Fixed Income Funds	26	26
International Equity Funds	16	18
Canadian Balanced and Asset Allocation Funds	10	11
International Fixed Income Funds and Others	5	5
U.S. Equity Funds	3	4
<b>Total</b>	<b>100</b>	<b>100</b>

### REVENUE TERMINATION DATES

The Partnership will continue to receive distribution fee revenue as long as Distributed Securities remain outstanding or until the Partnership is dissolved, whichever is earlier. The distribution fee in respect of such Distributed Securities will continue to be payable to the Partnership notwithstanding the expiry or earlier termination of the Partnership's distribution right.

# AGF Limited Partnership 1990

## Market Value of Fund Units

### (Unaudited)

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The redemption fee schedule applicable to the Distributed Securities has expired.

#### **OPERATING EXPENSES**

Total operating expenses for the months ended March 31, 2006 were \$12,885, a decrease of 3.9% from \$13,401 in 2005. The decrease was primarily attributable to the decrease in administration fees.

#### **FINANCIAL CONDITION AND LIQUIDITY**

Total assets were \$77,766 as at March 31, 2006 as compared to \$66,833 as at December 31, 2005. Assets as at March 31, 2006 consisted of cash and term-deposit totaling \$67,282 and receivables of \$10,484. These assets were used primarily to finance the quarterly distributions payable to limited partners.

The total amount of uncashed distribution cheques included in cash and distributions payable was \$37,523 as at March 31, 2006 as compared to \$37,245 as at December 31, 2005.

The Partnership was formed to finance selling commissions during a fixed period of time, after which the Partnership collects the fees to which they are entitled with no significant ongoing financial obligation other than the ordinary operating expenses. The Partnership distributes its income to limited partners on a quarterly basis and does not retain long-term investment assets.

#### **FINANCIAL INSTRUMENTS**

The Partnership's financial instruments consist of cash and term-deposit, distribution fees and interest receivable, accounts payable and accrued liabilities, and distributions payable. Unless otherwise noted, it is management's opinion that the Partnership is not exposed to significant interest rate, credit, or currency risks arising from these financial instruments.

#### **CASH DISTRIBUTIONS AND TAXABLE INCOME**

The Partnership itself is not directly subject to income tax, instead, the Partnership's income or loss for tax purposes is calculated and flowed through to limited partners. Limited partners who beneficially hold the Partnership units on December 31 of any year are allocated income or loss for tax purposes based on the entire year's income or loss. This means that any limited partner who purchases units part way through the year and holds these units at year end is allocated taxable income or loss for the entire year, regardless of the cash distributions actually paid to them. In other words, taxable investors who purchase the Partnership units that generate taxable income part way through the year and hold these units at year-end would have a tax liability based on the taxable income of the entire year and not just on the cash distributions they have received.

Cash distributions are paid quarterly to limited partners of record on March 31, June 30, September 30 and December 31.

Cash distributions and estimated taxable income for the three months ended March 31, 2006 were \$0.22 per limited partnership unit as compared to \$0.27 per limited partnership unit for the same period in 2005. Cash distributions per limited partnership unit for the eight most recent quarters are shown on page 5.

#### **RELATED PARTY TRANSACTIONS**

AGF Partners Limited is the general partner and is responsible for the management of the Partnership on a day-to-day basis. In consideration for its services, the general partner is entitled to 0.01% of the net distributable income of the Partnership. It also receives a fee equal to 15% of the operating expenses of the Partnership and has engaged AGF, its parent company, to assist it in carrying out its management

## AGF Limited Partnership 1990

### Market Value of Fund Units

(Unaudited)

obligations to the Partnership. These services are in the normal course of operations and are recorded at the amount of consideration agreed to by the parties. Administration fees for the three months ended March 31, 2006 amounted to \$4,817 (2005 - \$6,022).

#### SELECTED QUARTERLY INFORMATION

Three months ended (Unaudited)	Mar. 31, 2006	Dec. 31, 2005	Sep. 30, 2005	Jun. 30, 2005
Revenue	\$ 31,774	\$ 31,686	\$ 33,773	\$ 34,288
Net income for the period	18,889	16,568	19,986	20,530
Net income and cash distribution per limited partnership unit	0.22	0.20	0.24	0.24

Three months ended (Unaudited)	Mar. 31, 2005	Dec. 31, 2004	Sep. 30, 2004	Jun. 30, 2004
Revenue	\$ 36,719	\$ 38,206	\$ 40,370	\$ 43,578
Net income for the period	23,318	23,649	24,670	28,597
Net income and cash distribution per limited partnership unit	0.27	0.28	0.29	0.34

#### ADDITIONAL INFORMATION

The Partnership's annual and interim financial statements are available at the AGF website, [www.agf.com](http://www.agf.com) and at the Canadian Securities Administrators' website, [www.sedar.com](http://www.sedar.com).

## AGF Limited Partnership 1990

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The following interim financial statements of AGF Limited Partnership 1990 for the three months ended March 31, 2006 have not been reviewed or audited by an auditor.

# AGF Limited Partnership 1990

## Balance Sheets

	As at March 31, 2006 (Unaudited)	As at December 31, 2005
<b>Assets</b>		
Current Assets:		
Cash and term-deposit	\$ 67,282	\$ 56,259
Distribution fees and interest receivable	10,484	10,574
<b>Total Assets</b>	<b>\$ 77,766</b>	<b>\$ 66,833</b>
<b>Liabilities and Partners' Equity</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 21,354	\$ 13,020
Distributions payable (note 1)	56,412	53,813
	77,766	66,833
Partners' Equity:		
General partner	100	100
Limited partners – 85,001 units	8,500,100	8,500,100
Less: Issue expenses	(1,000,331)	(1,000,331)
	7,499,869	7,499,869
Deficit	(7,499,869)	(7,499,869)
	-	-
<b>Total Liabilities and Partners' Equity</b>	<b>\$ 77,766</b>	<b>\$ 66,833</b>

*The accompanying notes are an integral part of the financial statements.*

Approved by the Board of Directors of  
AGF Partners Limited, as General Partner

<W. Robert Farquharson>  
W. Robert Farquharson, Director

<Blake C. Goldring>  
Blake C. Goldring, Director

AGF Limited Partnership 1990  
 Statements of Operations and Deficit  
 (Unaudited)

For the three months ended March 31	2006	2005
<b>Operations</b>		
Revenue:		
Distribution fees	\$ 31,581	\$ 36,606
Interest	193	113
	<u>31,774</u>	<u>36,719</u>
Expenses:		
Administration fees	4,817	6,022
Audit, legal and filing fees	4,636	4,360
Transfer agent fees	2,044	2,101
Printing, reporting and mailing	911	918
Consulting fees	477	-
	<u>12,885</u>	<u>13,401</u>
Net income for the period	<u>\$ 18,889</u>	<u>\$ 23,318</u>
Net income per limited partnership unit	<u>\$ 0.22</u>	<u>\$ 0.27</u>
<b>Deficit</b>		
Balance beginning of period	\$ (7,499,869)	\$ (7,499,869)
Net income for the period	18,889	23,318
Distributions to partners	(18,889)	(23,318)
Balance end of period	<u>\$ (7,499,869)</u>	<u>\$ (7,499,869)</u>

*The accompanying notes are an integral part of the financial statements*

AGF Limited Partnership 1990  
 Statements of Cash Flow  
 (Unaudited)

For the three months ended March 31	2006	2005
<b>Operating Activities:</b>		
Net income for the period	\$ 18,889	\$ 23,318
Net decrease in non-cash balances related to operations	8,424	12,976
	27,313	36,294
<b>Financing Activities:</b>		
Uncashed distribution cheques	278	213
Distributions paid to partners	(16,568)	(23,650)
	(16,290)	(23,437)
<b>Increase in cash during the period</b>	11,023	12,857
Cash beginning of period	56,259	57,594
Cash end of period	\$ 67,282	\$ 70,451

*Note: Cash is defined as cash and term-deposit.  
 The accompanying notes are an integral part of the financial statements.*

# AGF Limited Partnership 1990

## Notes to Financial Statements

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For the three months ended March 31, 2006 and March 31, 2005

These unaudited interim financial statements of AGF Limited Partnership 1990 ("the Partnership") have been prepared in accordance with Canadian generally accepted accounting principles using the same significant accounting policies as the Partnership's financial statements for the year ended December 31, 2005. These financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles for annual financial statements and should be read in conjunction with the financial statements for the year ended December 31, 2005, as set out in the Partnership's 2005 Annual Report. Certain comparative amounts have been reclassified to conform with the current period's presentation.

### **1. Uncashed Distribution Cheques**

The total amount of uncashed distribution cheques as at March 31, 2006 was \$37,523 (December 31, 2005 - \$37,245). For accounting purposes, this amount has been classified as cash and distributions payable on the balance sheet.



What are you doing after work?

**AGF Limited Partnership 1990**

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