

AGF Master Limited Partnership

2007 ANNUAL REPORT



What are you doing after work?

AGF Master Limited Partnership

Market Value of Distributed Securities

(Unaudited)

As at December 31, 2007

	Market Value (in thousands)		Market Value (in thousands)
CANADIAN EQUITY FUNDS		CANADIAN FIXED INCOME FUNDS	
AGF Canadian Stock Fund	\$ 138,909	AGF Canadian Bond Fund	\$ 29,295
AGF Canadian Large Cap Dividend Fund Class	129,382	AGF Canadian Money Market Fund	16,784
AGF Canadian Growth Equity Fund Limited	116,083	AGF Canadian Conservative Income Fund	14,056
AGF Canadian Small Cap Fund	18,572	AGF Canadian High Yield Bond Fund	<u>1,319</u>
AGF Canadian Real Value Fund	2,825		61,454
AGF Dividend Income Fund	2,652		
AGF Canada Class	1,470	SPECIALTY EQUITY FUNDS	
AGF Monthly High Income Fund	1,123	AGF Canadian Resources Fund Limited	33,177
AGF Diversified Dividend Income Fund	504	AGF Precious Metals Fund	7,014
AGF Canadian Large Cap Dividend Fund	<u>311</u>	AGF Global Resources Class	463
	411,831	AGF Global Health Sciences Class	398
		AGF Global Financial Services Class	253
INTERNATIONAL EQUITY FUNDS		AGF Global Real Estate Equity Class	210
AGF International Value Fund	74,348	AGF Global Technology Class	<u>192</u>
AGF European Equity Class	37,982		41,707
AGF International Stock Class	21,744		
AGF Asian Growth Class	12,716	U.S. EQUITY FUNDS	
AGF Emerging Markets Fund	5,296	AGF American Growth Class	11,343
AGF World Companies Fund	5,093	AGF Aggressive Growth Fund	7,424
AGF China Focus Class	4,233	AGF Special U.S. Class	2,028
AGF Japan Class	3,716	AGF U.S. Value Class	204
AGF Global Equity Class	3,625	AGF U.S. Risk Managed Class	<u>53</u>
AGF Global Perspective Class	2,687		21,052
AGF Aggressive Global Stock Fund	2,610		
AGF Germany Class	1,308	ELEMENTS PORTFOLIOS	
AGF International Value Class	741	AGF Elements Balanced Portfolio	6,556
AGF Aggressive Japan Class	33	AGF Elements Global Portfolio	3,587
AGF World Opportunities Fund	19	AGF Elements Growth Portfolio	2,688
AGF Global Dividend Fund	<u>9</u>	AGF Elements Conservative Portfolio	981
	176,160	AGF Elements Yield Portfolio	<u>483</u>
			14,295
CANADIAN BALANCED AND ASSET ALLOCATION FUNDS		INTERNATIONAL FIXED INCOME FUNDS	
AGF Canadian Balanced Fund	52,164	AGF Global Government Bond Fund	4,073
AGF Canadian Real Value Balanced Fund	<u>45,688</u>	AGF RSP Global Bond Fund	1,645
	97,852	AGF Short-Term Income Class	1,239
		AGF Global High Yield Bond Fund	<u>717</u>
INTERNATIONAL BALANCED AND ASSET ALLOCATION FUND			7,674
AGF World Balanced Fund	21,065		
		TOTAL DISTRIBUTED SECURITIES	\$ <u>853,090</u>

AGF Master Limited Partnership Management's Discussion and Analysis of Financial Condition and Results of Operations

For the years ended December 31, 2007 and December 31, 2006

Management's Discussion and Analysis ("MD&A") presents an analysis of the financial condition of AGF Master Limited Partnership ("Master LP") as at December 31, 2007 compared with December 31, 2006, and the results of operations for the year ended December 31, 2007 compared with the corresponding period of 2006. This discussion should be read in conjunction with our audited financial statements and notes for 2007. The financial information presented herein has been prepared on the basis of Canadian generally accepted accounting principles ("GAAP"). Certain figures are rounded to the nearest two decimal places and all dollar amounts are in Canadian dollars.

The MD&A includes forward-looking statements about Master LP. 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 Master LP'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 MASTER LIMITED PARTNERSHIP

Master LP was formed through the mergers of eleven AGF and 20/20 limited partnerships (the "Merging Partnerships").

The Merging Partnerships were formed for the purpose of arranging for the distribution of securities of certain of the AGF and 20/20 mutual funds, which were sold on a contingent deferred sales charge basis ("Distributed Securities"). The Merging Partnerships paid selling commissions to registered dealers ranging from 4% to 6% of the purchase price of such securities.

As at December 31, 2007, Master LP has total issued and outstanding units of 8,568,159. These units of Master LP are listed for trading on the Toronto Stock Exchange (the "Exchange") under the symbol AFP.UN. The units also qualify for investments by registered tax plans such as RSPs and RIFs.

REVENUE

Master LP's primary source of revenue is distribution fees earned from the Distributed Securities to which it has distribution rights. 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.

The redemption fee schedule applicable to the Distributed Securities has expired and the Master LP no longer receives any redemption fee revenue.

AGF Master Limited Partnership

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following table illustrates the breakdown of distribution fee revenue and interest revenue for the years ended December 31, 2007 and December 31, 2006, respectively:

Years ended December 31	2007	2006	% Change
Distribution fees	\$ 5,009,214	\$ 5,498,237	(8.9)
Interest	132,515	151,346	(12.4)
Total	\$ 5,141,729	\$ 5,649,583	(9.0)

DISTRIBUTION FEES

Master LP receives a monthly distribution fee calculated at annual rates ranging from 0.50% to 0.90% of the net asset value of the Distributed Securities which remain outstanding. The net asset value of Distributed Securities is primarily affected by the market performance and redemptions of Distributed Securities. Distribution fees accounted for 97.4% and 97.3% of Master LP's total revenue in the years 2007 and 2006, respectively.

Distribution fees amounted to \$5.0 million in 2007 as compared to \$5.5 million in 2006. The decrease of 8.9% in distribution fees was primarily attributable to the decline in net asset value of Distributed Securities from \$1.03 billion as at December 31, 2006 to \$0.9 billion as at December 31, 2007.

The following is a summary of the changes in Distributed Securities for 2007 and 2006:

(Unaudited)	(in millions)	
Years ended December 31	2007	2006
Market value of Distributed Securities, beginning of year	\$ 1,027.7	\$ 1,113.2
Increase in market value of Distributed Securities, including reinvested distributions	19.7	175.6
Expiration of distribution fees	(6.9)	-
Redemption of Distributed Securities	(187.4)	(261.1)
Market value of Distributed Securities, end of year	\$ 853.1	\$ 1,027.7

The 2007 annual redemption rate based on the market value of Distributed Securities at the beginning of the year was 18.2% compared to 23.5% in 2006. Redemptions of \$187.4 million and expiration of distribution fees of \$6.9 million accounted for the decline in the value of Distributed Securities during 2007, offset by market appreciation and reinvested distributions totaling \$19.7 million.

DISTRIBUTED SECURITIES COMPOSITION

The composition of Distributed Securities as at December 31, 2007 and 2006 are shown in the table on page 4. The relative weighting of each asset class will change over time, based on performance, redemptions and unitholder switches between funds.

AGF Master Limited Partnership Management's Discussion and Analysis of Financial Condition and Results of Operations

Composition of Distributed Securities based on market value as at December 31:

(Unaudited)	2007	2006
	%	%
Canadian Equity Funds	48	44
International Equity Funds	21	23
Canadian Balanced and Asset Allocation Funds	12	12
International Fixed Income Funds and Others	10	8
Canadian Fixed Income Funds	7	11
U.S. Equity Funds	2	2
Total	100	100

REVENUE TERMINATION DATES

Master LP is entitled to the same revenue streams, with the same termination dates, as the Merging Partnerships. The following table illustrates the expiry date applicable to the various pools of Distributed Securities in respect of which Master LP has the right to receive distribution fees:

Partnership	Distributed Securities (Market Value as at December 31, 2007) (Unaudited) (in thousands)	Annual Distribution Fee Rate	Distribution Fee Expiry Date (December 31)
Sunset America	\$ 7,518	0.85%	2017
20/20 1989 LP	2,407	0.90%	2017
20/20 1991 LP	25,478	0.65%	2017
AGF LP 1992	57,035	0.50%	2007
AGF LP 1993	136,848	0.50%	2008
AGF LP 1994	129,779	0.50%	2009
AGF LP 1995	66,795	0.51%	2010
AGF LP No. 8	22,449	0.56%	2011
AGF LP 1996	172,638	0.55%	2011
AGF LP 1997	232,143	0.53%	2012
	\$ 853,090		

Master LP will continue until March 31, 2018 unless procedures as specified in the Master LP partnership agreement for the dissolution of Master LP are commenced earlier upon the occurrence of certain events stated in the Master LP partnership agreement.

INTEREST

Interest is earned on short-term investments held by Master LP during the year. The decrease of 12.4% in interest revenue in 2007 as compared to 2006 was primarily due to the decrease of revenue earned in 2007.

AGF Master Limited Partnership

Management's Discussion and Analysis of Financial Condition and Results of Operations

As at December 31, 2007, cash and short-term investments held by Master LP amounted to \$4.8 million as compared to \$5.6 million at December 31, 2006. All of these investments have since been liquidated to fund the cash distributions made by Master LP to limited partners in January 2008.

OPERATING EXPENSES

Total operating expenses for the year ended December 31, 2007 were \$383,354, a decrease of 12.6% from \$438,764 in 2006. The decrease was primarily attributable to the decreases in administration fees and transfer agent fees.

FINANCIAL CONDITION AND LIQUIDITY

Total assets were \$5.2 million as at December 31, 2007 as compared to \$5.6 million as at December 31, 2006. Assets as at December 31, 2007 were used primarily to finance the annual cash distributions of \$0.56 per limited partnership unit paid on January 30, 2008 to limited partners of record on December 31, 2007.

The total amount of uncashed distribution cheques included in cash and distributions payable was \$335,904 as at December 31, 2007 which remain unchanged compared a year ago.

The Merging Partnerships were formed to finance selling commissions during a fixed period of time, after which the Merging Partnerships collect the fees to which they are entitled with no significant ongoing financial obligation other than the ordinary operating expenses. Master LP distributes its income to limited partners on an annual basis and does not retain permanent investment assets.

FINANCIAL INSTRUMENTS

Master LP'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 DISTRIBUTION AND TAXABLE INCOME

Master LP has adopted an annual distribution policy as a result of the adverse tax consequences which would have arisen for at least a significant majority of the limited partners who participated in the merger if distributions were made more frequently than annually. Master LP may reconsider the distribution frequency if changes in tax laws have the effect of eliminating such adverse tax consequences.

Master LP itself is not directly subject to income tax. Instead, Master LP's income or loss for tax purposes is calculated and flowed through to limited partners.

Cash distributions for 2007 were \$0.56 per limited partnership unit and \$0.61 per limited partnership unit in 2006. In January 2008, Master LP paid cash distributions to limited partners of record on December 31, 2007. Cash distributions per limited partnership unit for the three most recent years are shown on page 7.

Taxable income for 2007 was \$0.56 per limited partnership unit and \$0.61 per limited partnership unit in 2006.

AGF Master Limited Partnership

Management's Discussion and Analysis of Financial Condition and Results of Operations

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. A summary of significant accounting policies is presented in note 3 to the financial statements.

EXEMPTIVE RELIEF

On June 12, 2006, the Ontario Securities Commission granted Master LP exemptive relief from the requirements for the preparation, approval, filing and delivery of interim financial statements for the first and third quarters of each financial year, disclosure controls and procedures pursuant to Multilateral Instrument 52-109, and disclosure of corporate governance practices pursuant to Multilateral Instrument 52-110.

RELATED PARTY TRANSACTIONS

AGF Partners No. Five Limited is the general partner and is responsible for the management of Master LP 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 Master LP and will be reimbursed by Master LP for expenses incurred on behalf of Master LP. It also receives a fee equal to 15% of the operating expenses of Master LP and has engaged AGF Management Limited ("AGF"), its parent company, to assist it in carrying out its management obligations to Master LP. 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 year ended December 31, 2007 amounted to \$154,148 as compared to \$192,685 a year ago.

OUTLOOK AND RISKS

Master LP's only source of future revenue is distribution fees since all the redemption fee schedules for the Distributed Securities expired at the end of 2004. Distribution fees are expected to continue to decline in the future as the level of Distributed Securities declines and Master LP distribution fee periods expire. Distribution fees are impacted by the following risks:

Redemption Rate Risk

The amount of distribution fees to be earned by Master LP will decrease as redemptions from Distributed Securities continue. The annual rate of redemptions decreased over the past two years. Based on the combination of the age of Distributed Securities and the expiration of the redemption fee schedules, we do not expect the rate of redemptions to decline significantly in the future.

Market Risk

Master LP's revenue stream is subject to equity market risk. Market appreciation increases the value of Distributed Securities which increases the distribution fees of Master LP. Conversely, market declines decrease the value of Distributed Securities which decreases the distribution fees of Master LP. Market value of Distributed Securities, including reinvested distributions, increased over the past two years.

CORPORATE GOVERNANCE

Master LP's business operations are managed by the general partner, AGF Partners No. Five Limited, which is a wholly-owned subsidiary of AGF. The general partner carries out its duties and obligations pursuant to the terms of Master LP's partnership agreement. Master LP's principal source of revenue is the distribution fees in respect of the AGF mutual funds managed by AGF Funds Inc. which comprise the Distributed Securities.

AGF Master Limited Partnership

Management's Discussion and Analysis of Financial Condition and Results of Operations

Master LP is responsible for the existence of appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable. The Board of Directors of the general partner has been charged with the oversight role to ensure the integrity and fair presentation of the reported information. Given the nature of the business, the general partner has determined that the corporate governance guidelines set out by the Exchange are not pertinent to Master LP's operations.

REGULATORY FILINGS

Master LP's annual and interim financial reports, Annual Information Form ("AIF") and MD&As are available at the AGF website, www.agf.com and at the Canadian Securities Administrators' website, www.sedar.com.

SELECTED QUARTERLY AND ANNUAL INFORMATION

(in thousands, except per unit amounts)

Year ended December 31, 2007	Total	Q4*	Q3*	Q2*	Q1*
Revenue	\$ 5,141.7	\$ 1,202.1	\$ 1,256.1	\$ 1,319.2	\$ 1,364.3
Net income for the period	4,758.4	1,104.7	1,162.6	1,223.0	1,268.1
Net income and cash distribution per limited partnership unit	0.56	0.13	0.14	0.14	0.15
Total assets	5,224.4				

(in thousands, except per unit amounts)

Year ended December 31, 2006	Total	Q4*	Q3*	Q2*	Q1*
Revenue	\$ 5,649.6	\$ 1,423.0	\$ 1,345.2	\$ 1,388.8	\$ 1,492.6
Net income for the period	5,210.8	1,320.4	1,231.2	1,275.7	1,383.5
Net income and cash distribution per limited partnership unit	0.61	0.16	0.14	0.15	0.16
Total assets	5,612.9				

(in thousands, except per unit amounts)

Year ended December 31, 2005	Total	Q4*	Q3*	Q2*	Q1*
Revenue	\$ 6,381.2	\$ 1,498.4	\$ 1,563.4	\$ 1,587.8	\$ 1,731.6
Net income for the period	5,904.9	1,379.3	1,443.2	1,467.6	1,614.8
Net income and cash distribution per limited partnership unit	0.69	0.16	0.17	0.17	0.19
Total assets	6,331.0				

*Unaudited

March 5, 2008

Auditors' Report

To the Partners of AGF Master Limited Partnership

We have audited the balance sheets of **AGF Master Limited Partnership** as at December 31, 2007 and 2006 and the statements of operations and deficit and cash flow for the years then ended. These financial statements are the responsibility of the general partner. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the partnership as at December 31, 2007 and 2006 and the results of its operations and its cash flow for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

AGF Master Limited Partnership Balance Sheets

As at December 31	2007	2006
Assets		
Current Assets:		
Cash and term-deposit	\$ 4,847,041	\$ 5,555,868
Distribution fees and interest receivable	377,343	57,027
Total Assets	\$ 5,224,384	\$ 5,612,895
Liabilities and Partners' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 130,105	\$ 66,172
Distributions payable (note 5)	5,094,279	5,546,723
	5,224,384	5,612,895
Partners' Equity:		
General partner	2,510	2,510
Limited partners – 8,568,159 units	209,793,390	209,793,390
Issue and merger expenses	(18,069,356)	(18,069,356)
	191,726,544	191,726,544
Deficit	(191,726,544)	(191,726,544)
	-	-
Total Liabilities and Partners' Equity	\$ 5,224,384	\$ 5,612,895

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors of
AGF Partners No. Five Limited, as General Partner

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

< Greg Henderson >
Greg Henderson, Director

AGF Master Limited Partnership

Statements of Operations and Deficit

For the years ended December 31	2007	2006
Operations		
Revenue:		
Distribution fees	\$ 5,009,214	\$ 5,498,237
Interest	132,515	151,346
	<u>5,141,729</u>	<u>5,649,583</u>
Expenses:		
Administration fees (note 4)	154,148	192,685
Audit, legal and filing fees	100,114	105,147
Transfer agent fees	107,919	114,571
Other costs	21,173	26,361
	<u>383,354</u>	<u>438,764</u>
Net income for the year	<u>\$ 4,758,375</u>	<u>\$ 5,210,819</u>
Net income per limited partnership unit	<u>\$ 0.56</u>	<u>\$ 0.61</u>
Deficit		
Balance beginning of year	(191,726,544)	(191,726,544)
Net income for the year	4,758,375	5,210,819
Distributions to partners	(4,758,375)	(5,210,819)
Balance end of year	<u>\$ (191,726,544)</u>	<u>\$ (191,726,544)</u>

The accompanying notes are an integral part of these financial statements.

AGF Master Limited Partnership

Statements of Cash Flow

For the years ended December 31	2007	2006
Operating Activities:		
Net income for the year	\$ 4,758,375	\$ 5,210,819
Net decrease (increase) in non-cash balances related to operations	(256,383)	2,973
	4,501,992	5,213,792
Financing Activities:		
Uncashed distribution cheques (note 5)	-	(23,576)
Distributions paid to partners	(5,210,819)	(5,904,909)
	(5,210,819)	(5,928,485)
Decrease in cash during the year	(708,827)	(714,693)
Cash beginning of year	5,555,868	6,270,561
Cash end of year	\$ 4,847,041	\$ 5,555,868

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

AGF Master Limited Partnership

Notes to Financial Statements

For the years ended December 31, 2007 and 2006

1. Formation of the Partnership

AGF Master Limited Partnership ("Master LP") was formed on January 23, 1998 through the merger (the "Initial Merger") of the following AGF and 20/20 limited partnerships (collectively, the "Initial Merging Partnerships"):

- AGF Limited Partnership 1992 ("AGF LP 1992")
- AGF Limited Partnership 1993 ("AGF LP 1993")
- AGF Limited Partnership 1994 ("AGF LP 1994")
- AGF Limited Partnership 1995 ("AGF LP 1995")
- AGF Limited Partnership No. Three ("AGF LP No. 3")
- AGF Limited Partnership No. Eight ("AGF LP No. 8")
- 20/20 Group 1989 Limited Partnership ("20/20 1989 LP")
- 20/20 Group 1991 Limited Partnership ("20/20 1991 LP")
- The Sunset America Fund Limited Partnership ("Sunset America")

In addition, limited partners of the Initial Merging Partnerships approved subsequent mergers of Master LP with AGF Limited Partnership 1996 ("AGF LP 1996") and AGF Limited Partnership 1997 ("AGF LP 1997") on the same terms and conditions as the Initial Merger. The mergers of Master LP with AGF LP 1996 (the "LP 96 Merger") and AGF LP 1997 (the "LP 97 Merger") were completed on January 22, 1999 and January 21, 2000, respectively.

The Initial Merging Partnerships, AGF LP 1996 and AGF LP 1997 are collectively referred to as the "Merging Partnerships" in these financial statements.

The Initial Merger, LP 96 Merger and the LP 97 Merger have been accounted for using the pooling of interests method. This method reports the assets, liabilities and results of operations of each partnership as if the Merging Partnerships have always been combined. Accordingly, the assets and liabilities of Master LP are reflected at the values recorded by each of the Merging Partnerships, and the statements of operations and deficit, and cash flow are reflected on a combined basis for the period in which the mergers occurred and for all prior periods.

2. Partnership Operations

The Merging Partnerships were formed 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 Merging Partnerships paid selling commissions to registered dealers ranging from 4% to 6% of the purchase price of such securities.

In return for their services, the Merging Partnerships received a monthly distribution fee calculated at annual rates ranging from 0.50% to 0.90% of the net asset value of the Distributed Securities which remain outstanding. Distributed Securities include the mutual fund shares or units on which the Merging Partnerships paid the selling commissions, shares or units issued on subsequent transfers (except for Sunset America) and reinvested distributions or dividends. In addition, the Merging Partnerships receive any contingent deferred sales charges payable by an investor on the redemption of Distributed Securities.

AGF Master Limited Partnership

Notes to Financial Statements

Upon their mergers, each of the Merging Partnerships transferred its rights to distribution fees and deferred sales charges to Master LP.

In accordance with the Limited Partnership Agreement as amended by a special resolution, Master LP will be dissolved no later than March 31, 2018.

3. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. On January 1, 2007, Master LP adopted new accounting standard CICA Handbook Section 3855 Financial Instruments – Recognition and Measurement. The adoption of the new standard resulted in a change in the accounting for financial instruments however adoption did not have any implications on the presentation and disclosure of balances on the financial statements. The significant accounting policies are as follows:

Selling Commissions

Selling commissions are recorded at cost and are amortized on a straight-line basis over periods which correspond with the applicable deferred sales charge schedule (which ranged from six to 10 years). When the contingent deferred sales charges from the redemption of Distributed Securities are earned, the related unamortized selling commissions are expensed. Selling commissions were fully amortized as at December 31, 2004.

Investment

The carrying value of cash and cash equivalents approximates fair value.

Issue and Merger Expenses

Expenses related to the initial offerings of the Merging Partnerships and expenses resulting from the mergers have been recorded as a reduction of partners' equity.

Financial Instruments

Master LP'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 Master LP is not exposed to significant interest rate, credit, or currency risks arising from these financial instruments.

Revenue Recognition

Distribution fees of Master LP are calculated based on the net asset values of the Distributed Securities which remain outstanding and are recognized on an accrual basis.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

AGF Master Limited Partnership

Notes to Financial Statements

4. **Related Party Transactions**

AGF Partners No. Five Limited is the general partner and is responsible for the management of Master LP 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 Master LP and will be reimbursed by Master LP for expenses incurred on behalf of Master LP. It also receives a fee equal to 15% of the operating expenses of Master LP and has engaged AGF Management Limited to assist it in carrying out its management obligations to the Master LP. These services are in the normal course of operations and are recorded at the amount of consideration agreed to by the parties. Administration fees during the year 2007 amounted to \$154,148 (2006 - \$192,685).

5. **Uncashed Distribution Cheques**

The total amount of uncashed distribution cheques as at December 31, 2007 was \$335,904 (December 31, 2006 - \$335,904). For accounting purposes, this amount has been classified as cash and distributions payable on the balance sheet.

6. **Taxation of the Partnership**

These financial statements only include the assets and liabilities of Master LP and do not include the other assets and liabilities, including income taxes, of the partners. Master LP allocated its income for tax purposes for the year ended December 31, 2007 to partners of record on December 31, 2007.

7. **Subsequent Event**

Master LP is entitled to the same revenue streams, with the same termination dates, as the Merging Partnerships. The net asset value of the Distributed Securities of Merging Partnership AGF LP 1992 which remain outstanding as at December 31, 2007 was \$57.0 million. The monthly distribution fee calculated at an annual rate of 0.50% of the net asset value of outstanding Distributed Securities of AGF LP 1992 expired on December 31, 2007.



What are you doing after work?

AGF Master Limited Partnership

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