

AGF Master Limited Partnership

FIRST QUARTER REPORT

FOR THE THREE MONTHS
ENDED MARCH 31, 2006



What are you doing after work?

AGF Master Limited Partnership

Market Value of Distributed Securities

(Unaudited)

| As at March 31, 2006 | Market Value (in thousands) | Market Value (in thousands) | |
|---|--------------------------------|--|----------------------------|
| CANADIAN EQUITY FUNDS | | CANADIAN FIXED INCOME FUNDS | |
| AGF Canadian Stock Fund | \$ 177,247 | AGF Canadian Bond Fund | \$ 43,214 |
| AGF Canadian Large Cap Dividend Fund | 157,355 | AGF Canadian Money Market Fund | 33,402 |
| AGF Canadian Growth Equity Fund Limited | 147,101 | AGF Canadian Conservative Income Fund | 25,829 |
| AGF Canadian Small Cap Fund | 19,721 | AGF Canadian High Yield Bond Fund | 1,949 |
| AGF Canadian Real Value Fund | 3,289 | | <u>104,394</u> |
| AGF Dividend Income Fund | 2,464 | | |
| AGF Canada Class | 1,917 | SPECIALTY EQUITY FUNDS | |
| AGF Monthly High Income Fund | 1,198 | AGF Canadian Resources Fund Limited | \$ 42,939 |
| AGF Diversified Dividend Income Fund | 561 | AGF Precious Metals Fund | 7,404 |
| | <u>510,853</u> | AGF Global Health Sciences Class | 635 |
| | | AGF Managed Futures Fund | 486 |
| INTERNATIONAL EQUITY FUNDS | | AGF Global Financial Services Class | 350 |
| AGF International Value Fund | \$ 116,252 | AGF Global Resources Class | 256 |
| AGF European Equity Class | 48,036 | AGF Global Technology Class | 226 |
| AGF International Stock Class | 22,870 | AGF Global Real Estate Equity Class | 161 |
| AGF Asian Growth Class | 12,815 | | <u>52,457</u> |
| AGF Japan Class | 8,577 | | |
| AGF World Companies Fund | 7,214 | U.S. EQUITY FUNDS | |
| AGF Global Equity Class | 5,149 | AGF American Growth Class | \$ 16,618 |
| AGF Emerging Markets Fund | 4,804 | AGF Aggressive Growth Fund | 8,913 |
| AGF Aggressive Global Stock Fund | 2,861 | AGF Special U.S. Class | 3,004 |
| AGF China Focus Class | 2,777 | AGF U.S. Value Class | 283 |
| AGF Elements Global Portfolio | 1,513 | AGF U.S. Risk Managed Class | 46 |
| AGF Germany Class | 1,383 | | <u>28,864</u> |
| AGF Global Perspective Class | 1,299 | | |
| AGF International Value Class | 843 | INTERNATIONAL BALANCED AND ASSET ALLOCATION FUNDS | |
| AGF Aggressive Japan Class | 166 | AGF World Balanced Fund | \$ 25,173 |
| AGF World Opportunities Fund | 27 | AGF Elements Growth Portfolio | 1,138 |
| | <u>236,586</u> | | <u>26,311</u> |
| | | | |
| CANADIAN BALANCED AND ASSET ALLOCATION FUNDS | | INTERNATIONAL FIXED INCOME FUNDS | |
| AGF Canadian Balanced Fund | \$ 69,061 | AGF Global Government Bond Fund | \$ 6,574 |
| AGF Canadian Real Value Balanced Fund | 67,120 | AGF RSP Global Bond Fund | 2,701 |
| AGF Elements Balanced Portfolio | 2,482 | AGF Global High Yield Bond Fund | 944 |
| AGF Elements Conservative Portfolio | 344 | AGF Short-Term Income Class | 887 |
| AGF Elements Yield Portfolio | 99 | | <u>11,106</u> |
| | <u>139,106</u> | | |
| | | TOTAL DISTRIBUTED SECURITIES | \$ <u>1,109,677</u> |

AGF Master Limited Partnership

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

For the three months ended March 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 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 Master LP's operating results.

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 March 31, 2006, 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 under the symbol AFP.UN. The units also qualify for investments by registered tax plans such as RSP and RIF.

REVENUE

Master LP's primary sources of revenue are distribution fees and deferred sales charges (also referred to as "redemption fees") earned from the Distributed Securities to which it has distribution rights.

DISTRIBUTION FEES

Master LP receives from AGF Funds Inc. ("AGFFI"), a subsidiary of AGF Management Limited ("AGF"), a monthly distribution fee calculated at annual rates ranging from 0.5% to 0.9% 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 98.9% and 99.3% of Master LP's total revenue in the three months ended March 31, 2006 and 2005, respectively.

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Distribution fees amounted to \$1.5 million for the three months ended March 31, 2006 as compared to \$1.7 million in the comparable period in 2005. The decrease of 14% in distribution fees was primarily attributable to the lower net asset value of Distributed Securities from \$1.2 billion as at March 31, 2005 to \$1.1 billion 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 millions) | |
|---|---------------|-------------|
| Three months ended March 31 | 2006 | 2005 |
| Market value of Distributed Securities, beginning of period | \$ 1,113.2 | \$ 1,354.7 |
| Increase in market value of Distributed Securities, including reinvested distributions | 89.4 | 13.6 |
| Redemption of Distributed Securities | (92.9) | (124.6) |
| Market value of Distributed Securities, end of period | \$ 1,109.7 | \$ 1,243.7 |

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 33.4% compared to 36.8% in 2005. Redemptions accounted for \$92.9 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 \$89.4 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:

| | 2006 | 2005 |
|--|-------------|-------------|
| | % | % |
| Canadian Equity Funds | 46 | 41 |
| International Equity Funds | 21 | 25 |
| Canadian Balanced and Asset Allocation Funds | 13 | 13 |
| Canadian Fixed Income Funds | 9 | 11 |
| International Fixed Income Funds and Others | 8 | 7 |
| U.S. Equity Funds | 3 | 3 |
| 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 table on page 4 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.

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

| (Unaudited) | Distributed Securities (Market Value as at March 31, 2006) (in thousands) | Annual Distribution Fee Rate | Distribution Fee Expiry Date (December 31) |
|--------------------|--|------------------------------------|--|
| Partnership | | | |
| Sunset America | \$ 8,580 | 0.85% | 2017 |
| 20/20 1989 LP | 2,819 | 0.90% | 2017 |
| 20/20 1991 LP | 32,334 | 0.65% | 2017 |
| AGF LP No. 3 | 8,262 | 0.50% | 2006 |
| AGF LP 1992 | 73,042 | 0.50% | 2007 |
| AGF LP 1993 | 173,846 | 0.50% | 2008 |
| AGF LP 1994 | 167,842 | 0.50% | 2009 |
| AGF LP 1995 | 92,018 | 0.51% | 2010 |
| AGF LP No. 8 | 29,688 | 0.56% | 2011 |
| AGF LP 1996 | 235,814 | 0.55% | 2011 |
| AGF LP 1997 | 285,432 | 0.53% | 2012 |
| | \$ 1,109,677 | | |

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.

OPERATING EXPENSES

Total operating expenses for the period ended March 31, 2006 were \$109,090, a decrease of 6.5% from \$116,733 in 2005. The decrease was primarily attributable to the decrease in administration fees.

FINANCIAL CONDITION AND LIQUIDITY

Total assets were \$1.9 million as at March 31, 2006 as compared to \$6.3 million as at December 31, 2005. Assets as at March 31, 2006 mainly consisted of cash and term-deposit totaling \$1.8 million. Assets as at December 31, 2005 were used primarily to finance the annual cash distributions of \$0.69 per limited partnership unit paid on January 30, 2006 to limited partners of record on December 31, 2005.

The total amount of uncashed distribution cheques included in cash and distributions payable was \$362,393 as at March 31, 2006 as compared to \$359,480 as at December 31, 2005.

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 long-term 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 that would have arisen for at least a significant majority of the limited partners who participated in the merger if

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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.

Distributable income earned during the three months ended March 31, 2006 was approximately \$0.16 per limited partnership unit and \$0.19 per limited partnership unit for the same period in 2005. The distributable income will be paid annually to limited partners of record on December 31, 2006 in January 2007.

Estimated taxable income for the three months ended March 31, 2006 was \$0.16 per limited partnership unit as compared to \$0.19 per limited partnership unit in the comparable period in 2005. Taxable income is allocated on an annual basis to limited partners of record on December 31 of a fiscal year.

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. It also receives a fee equal to 15% of the operating expenses of Master LP and has engaged 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 three months ended March 31, 2006 amounted to \$48,171 as compared to \$60,214 in the comparable period in 2005.

SELECTED QUARTERLY INFORMATION

(in thousands, except per unit amounts)

| Three months ended (Unaudited) | Mar. 31, 2006 | Dec. 31, 2005 | Sep. 30, 2005 | Jun. 30, 2005 |
|--|------------------|------------------|------------------|------------------|
| Revenue | \$ 1,492.6 | \$ 1,498.4 | \$ 1,563.4 | \$ 1,587.8 |
| Net income for the period | 1,383.5 | 1,379.3 | 1,443.2 | 1,467.6 |
| Net income and cash distribution per limited partnership unit | 0.16 | 0.16 | 0.17 | 0.17 |

(in thousands, except per unit amounts)

| Three months ended (Unaudited) | Mar. 31, 2005 | Dec. 31, 2004 | Sep. 30, 2004 | Jun. 30, 2004 |
|--|------------------|------------------|------------------|------------------|
| Revenue | \$ 1,731.6 | \$ 1,849.9 | \$ 1,927.3 | \$ 2,135.9 |
| Net income for the period | 1,614.8 | 1,233.4 | 1,315.1 | 1,521.5 |
| Net income per unit | 0.19 | 0.15 | 0.15 | 0.18 |
| Cash distribution per limited partnership unit | 0.19 | 0.20 | 0.21 | 0.23 |

ADDITIONAL INFORMATION

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.

AGF Master Limited Partnership

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

AGF Master Limited Partnership

Balance Sheets

| | As at March 31, 2006 (Unaudited) | As at December 31, 2005 |
|---|---|-----------------------------------|
| Assets | | |
| Current Assets: | | |
| Cash and term-deposit | \$ 1,812,873 | \$ 6,270,561 |
| Distribution fees and interest receivable | 59,712 | 60,457 |
| Total Assets | \$ 1,872,585 | \$ 6,331,018 |
| Liabilities and Partners' Equity | | |
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 126,643 | \$ 66,629 |
| Distributions payable (note 1) | 362,393 | 6,264,389 |
| | 489,036 | 6,331,018 |
| 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 | (190,342,995) | (191,726,544) |
| Total Partners' Equity | 1,383,549 | - |
| Total Liabilities and Partners' Equity | \$ 1,872,585 | \$ 6,331,018 |

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

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

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

<Gregory Henderson>
Gregory Henderson, Director

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

| For the three months ended March 31 | 2006 | | 2005 | |
|---|-------------|----------------------|-------------|----------------------|
| Operations | | | | |
| Revenue: | | | | |
| Distribution fees | \$ | 1,475,833 | \$ | 1,718,987 |
| Interest | | 16,806 | | 12,586 |
| | | <u>1,492,639</u> | | <u>1,731,573</u> |
| Expenses: | | | | |
| Administration fees | | 48,171 | | 60,214 |
| Audit, legal and filing fees | | 25,850 | | 23,777 |
| Transfer agent fees | | 22,884 | | 23,392 |
| Printing, reporting and mailing | | 9,441 | | 9,350 |
| Consulting fees | | 2,744 | | - |
| | | <u>109,090</u> | | <u>116,733</u> |
| Net income for the period | \$ | 1,383,549 | \$ | 1,614,840 |
| Net income per limited partnership unit | \$ | 0.16 | \$ | 0.19 |
| Deficit | | | | |
| Balance beginning of period | | (191,726,544) | | (191,726,544) |
| Net income for the period | | 1,383,549 | | 1,614,840 |
| Distributions to partners | | - | | - |
| Balance end of period | \$ | <u>(190,342,995)</u> | \$ | <u>(190,111,704)</u> |

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

AGF Master Limited Partnership
 Statements of Cash Flow
 (Unaudited)

| For the three months ended March 31 | 2006 | 2005 |
|---|---------------------|---------------------|
| Operating Activities: | | |
| Net income for the period | \$ 1,383,549 | \$ 1,614,840 |
| Net decrease in non-cash balances related to operations | 60,759 | 122,095 |
| | <u>1,444,308</u> | <u>1,736,935</u> |
| Financing Activities: | | |
| Uncashed distribution cheques (note 1) | 2,913 | (761) |
| Distributions paid to partners | (5,904,909) | (7,808,939) |
| | <u>(5,901,996)</u> | <u>(7,809,700)</u> |
| Decrease in cash during the period | (4,457,688) | (6,072,765) |
| Cash beginning of period | 6,270,561 | 8,105,335 |
| Cash end of period | <u>\$ 1,812,873</u> | <u>\$ 2,032,570</u> |

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

AGF Master Limited Partnership

Notes to Financial Statements

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

These unaudited interim financial statements of AGF Master Limited Partnership ("Master LP") have been prepared in accordance with Canadian generally accepted accounting principles using the same significant accounting policies as Master LP'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 Master LP'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 \$362,393 (December 31, 2005 - \$359,480). For accounting purposes, this amount has been classified as cash and distributions payable on the balance sheet.



What are you doing after work?

AGF Master Limited Partnership

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