

AGF Master Limited Partnership

SECOND QUARTER REPORT
FOR THE SIX MONTHS
ENDED JUNE 30, 2006



What are you doing after work?

AGF Master Limited Partnership

Market Value of Distributed Securities

(Unaudited)

As at June 30, 2006

	Market Value (in thousands)		Market Value (in thousands)
CANADIAN EQUITY FUNDS		CANADIAN FIXED INCOME FUNDS	
AGF Canadian Stock Fund	\$ 153,518	AGF Canadian Bond Fund	\$ 39,822
AGF Canadian Large Cap Dividend Fund	142,132	AGF Canadian Money Market Fund	37,654
AGF Canadian Growth Equity Fund Limited	133,066	AGF Canadian Conservative Income Fund	22,341
AGF Canadian Small Cap Fund	18,224	AGF Canadian High Yield Bond Fund	<u>1,711</u>
AGF Canadian Real Value Fund	3,027		101,528
AGF Dividend Income Fund	2,706		
AGF Canada Class	1,676	SPECIALTY EQUITY FUNDS	
AGF Monthly High Income Fund	1,146	AGF Canadian Resources Fund Limited	\$ 38,414
AGF Diversified Dividend Income Fund	<u>541</u>	AGF Precious Metals Fund	7,007
	456,036	AGF Global Health Sciences Class	550
		AGF Managed Futures Fund	352
INTERNATIONAL EQUITY FUNDS		AGF Global Financial Services Class	347
AGF International Value Fund	\$ 100,929	AGF Global Resources Class	287
AGF European Equity Class	44,715	AGF Global Technology Class	173
AGF International Stock Class	21,816	AGF Global Real Estate Equity Class	<u>124</u>
AGF Asian Growth Class	11,530		47,254
AGF Japan Class	7,441		
AGF World Companies Fund	6,285	U.S. EQUITY FUNDS	
AGF Global Equity Class	4,554	AGF American Growth Class	\$ 13,950
AGF Emerging Markets Fund	4,206	AGF Aggressive Growth Fund	7,588
AGF China Focus Class	2,677	AGF Special U.S. Class	2,669
AGF Aggressive Global Stock Fund	2,608	AGF U.S. Value Class	249
AGF Elements Global Portfolio	1,968	AGF U.S. Risk Managed Class	<u>46</u>
AGF Global Perspective Class	1,645		24,502
AGF Germany Class	1,252		
AGF International Value Class	765	INTERNATIONAL BALANCED AND ASSET ALLOCATION FUNDS	
AGF Aggressive Japan Class	142	AGF World Balanced Fund	\$ 23,208
AGF World Opportunities Fund	<u>27</u>	AGF Elements Growth Portfolio	<u>1,479</u>
	212,560		24,687
CANADIAN BALANCED AND ASSET ALLOCATION FUNDS		INTERNATIONAL FIXED INCOME FUNDS	
AGF Canadian Balanced Fund	\$ 62,697	AGF Global Government Bond Fund	\$ 5,776
AGF Canadian Real Value Balanced Fund	60,627	AGF RSP Global Bond Fund	2,351
AGF Elements Balanced Portfolio	3,174	AGF Short-Term Income Fund	956
AGF Elements Conservative Portfolio	586	AGF Global High Yield Bond Fund	<u>912</u>
AGF Elements Yield Portfolio	<u>140</u>		9,995
	127,224		
		TOTAL DISTRIBUTED SECURITIES	\$ <u>1,003,786</u>

AGF Master Limited Partnership

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

For the three and six months ended June 30, 2006

Management's Discussion and Analysis ("MD&A") presents an analysis of the financial condition of AGF Master Limited Partnership ("Master LP") as at June 30, 2006 compared with December 31, 2005, and the results of operations for the three and six months ended June 30, 2006 compared with the corresponding periods of 2005. This discussion should be read in conjunction with our 2005 annual MD&A and 2005 annual audited financial statements and notes. The financial information presented herein has been prepared on the basis of Canadian generally accepted accounting principles ("GAAP"). Certain amounts or percentages are calculated using numbers rounded to the decimals that appear in this MD&A. 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 Corporate Governance'. 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 June 30, 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 (the "Exchange") under the symbol AFP.UN. The units also qualify for investment 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.

AGF Master Limited Partnership

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

DISTRIBUTION FEES

Master LP receives from AGF Funds Inc. ("AGFFI"), a subsidiary of AGF Management Limited, 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 98.8% and 99.2% of Master LP's total revenue in the six months ended June 30, 2006 and 2005, respectively.

Distribution fees amounted to \$1.4 million for the three months ended June 30, 2006, a decrease of 12.9% from the comparable period in 2005. During the six months ended June 30, 2006, distribution fees declined 13.5% to \$2.8 million from \$3.3 million in the same period last year. The decreases were primarily attributable to the lower net asset value of Distributed Securities for the three and six months ended June 30, 2006 as compared to the respective year-ago periods.

The following is a summary of the changes in Distributed Securities during the three and six months ended June 30, 2006 and 2005:

(in millions) (Unaudited)	Three months ended June 30		Six months ended June 30	
	2006	2005	2006	2005
Market value of Distributed Securities, beginning of period	\$ 1,109.7	\$ 1,243.7	\$ 1,113.2	\$ 1,354.7
Increase (decrease) in market value of Distributed Securities, including reinvested distributions	(39.6)	18.9	49.8	32.5
Redemption of Distributed Securities	(66.3)	(92.4)	(159.2)	(217.0)
Market value of Distributed Securities, end of period	\$ 1,003.8	\$ 1,170.2	\$ 1,003.8	\$ 1,170.2

The annualized redemption rate during the six months ended June 30, 2006 based on the market value of Distributed Securities at the beginning of the year was 28.6% compared to 32.0% in 2005. Redemptions accounted for \$159.2 million of the decline in the value of Distributed Securities during the six months ended June 30, 2006, offset by market appreciation and reinvested distributions totaling \$49.8 million.

DISTRIBUTED SECURITIES COMPOSITION

The composition of Distributed Securities as at June 30, 2006 and 2005 are shown in the following table. 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 June 30:

	2006	2005
	%	%
Canadian Equity Funds	45	42
International Equity Funds	21	24
Canadian Balanced and Asset Allocation Funds	13	13
Canadian Fixed Income Funds	10	11
International Fixed Income Funds and Others	9	7
U.S. Equity Funds	2	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 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:

(Unaudited)	Distributed Securities (Market Value as at June 30, 2006) (in thousands)	Annual Distribution Fee Rate	Distribution Fee Expiry Date (December 31)
Partnership			
Sunset America	\$ 8,023	0.85%	2017
20/20 1989 LP	2,556	0.90%	2017
20/20 1991 LP	29,254	0.65%	2017
AGF LP No. 3	7,724	0.50%	2006
AGF LP 1992	67,397	0.50%	2007
AGF LP 1993	157,171	0.50%	2008
AGF LP 1994	153,187	0.50%	2009
AGF LP 1995	81,812	0.51%	2010
AGF LP No. 8	26,934	0.56%	2011
AGF LP 1996	209,912	0.55%	2011
AGF LP 1997	259,816	0.53%	2012
	\$ 1,003,786		

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.

AGF Master Limited Partnership

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

OPERATING EXPENSES

Total operating expenses for the three months ended June 30, 2006 were \$113,015, a decrease of 6.0% from \$120,175 in 2005. During the six months ended June 30, 2006, total operating expenses amounted to \$222,105, a decrease of 6.2% from \$236,908 in the same period in 2005. The decreases were primarily attributable to the decrease in administration fees.

FINANCIAL CONDITION AND LIQUIDITY

Total assets were \$3.2 million as at June 30, 2006 as compared to \$6.3 million as at December 31, 2005. Assets as at June 30, 2006 primarily consisted of cash and term-deposit totaling \$3.2 million.

As at June 30, 2006, the total amount of uncashed distribution cheques included in cash and distributions payable was \$365,818.

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.

Distributable income earned during the six months ended June 30, 2006 was approximately \$0.31 per limited partnership unit and \$0.36 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 six months ended June 30, 2006 was \$0.31 per limited partnership unit as compared to \$0.36 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.

AGF Master Limited Partnership

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

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 the partnership. It also receives a fee equal to 15% of the operating expenses of the partnership and has engaged AGF Management Limited ("AGF"), its parent company, to assist it in carrying out its management 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 June 30, 2006 amounted to \$48,172 as compared to \$60,214 in the comparable period in 2005. During the six months ended June 30, 2006, administration fees amounted to \$96,343, a decrease of 20.0% from \$120,428 for the same period in 2005.

REGULATORY FILINGS

On June 9, 2006, the Ontario Securities Commission granted the Partnership an exemption under section 13.1 of National Instrument 51-102 – *Continuous Disclosure Obligations* from filing the first and third quarter MD&A and financial statements effective for the third quarter ended September 30, 2006. A similar relief was also granted by the Toronto Stock Exchange.

SELECTED QUARTERLY INFORMATION

(in thousands, except per unit amounts)

Three months ended (Unaudited)	Jun. 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sep. 30, 2005
Revenue	\$ 1,388.8	\$ 1,492.6	\$ 1,498.4	\$ 1,563.4
Net income for the period	1,275.7	1,383.5	1,379.3	1,443.2
Net income and cash distribution Per limited partnership unit	0.15	0.16	0.16	0.17

(in thousands, except per unit amounts)

Three months ended (Unaudited)	Jun. 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sep. 30, 2004
Revenue	\$ 1,587.8	\$ 1,731.6	\$ 1,849.9	\$ 1,927.3
Net income for the period	1,467.6	1,614.8	1,233.4	1,315.1
Net income per unit	0.17	0.19	0.15	0.15
Cash distribution per limited partnership unit	0.17	0.19	0.20	0.21

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 and six months ended June 30, 2006 are unaudited and have not been reviewed by our auditors.

AGF Master Limited Partnership

Balance Sheets

	As at June 30, 2006 (Unaudited)	As at December 31, 2005
Assets		
Current Assets:		
Cash and term-deposit	\$ 3,166,248	\$ 6,270,561
Distribution fees and interest receivable	59,520	60,457
Total Assets	\$ 3,225,768	\$ 6,331,018
Liabilities and Partners' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 200,653	\$ 66,629
Distributions payable (note 1)	365,818	6,264,389
	566,471	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	(189,067,247)	(191,726,544)
Total Partners' Equity	2,659,297	-
Total Liabilities and Partners' Equity	\$ 3,225,768	\$ 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)

	Three months ended June 30		Six months ended June 30	
	2006	2005	2006	2005
Operations				
Revenue:				
Distribution fees	\$ 1,372,353	\$ 1,575,224	\$ 2,848,185	\$ 3,294,211
Interest	16,410	12,572	33,217	25,158
	1,388,763	1,587,796	2,881,402	3,319,369
Expenses:				
Administration	48,172	60,214	96,343	120,428
Legal and audit fees	25,851	26,633	51,701	50,410
Transfer agent fees	22,884	23,253	45,768	46,645
Printing, reporting and mailing	9,224	10,075	18,665	19,425
Consulting fees	6,884	-	9,628	-
	113,015	120,175	222,105	236,908
Net income for the period	\$ 1,275,748	\$ 1,467,621	\$ 2,659,297	\$ 3,082,461
Net income per limited partnership unit	\$ 0.15	\$ 0.17	\$ 0.31	\$ 0.36
Deficit				
Balance beginning of period	\$ (190,342,995)	\$ (190,111,704)	\$ (191,726,544)	\$ (191,726,544)
Net income for the period	1,275,748	1,467,621	2,659,297	3,082,461
Balance end of period	\$ (189,067,247)	\$ (188,644,083)	\$ (189,067,247)	\$ (188,644,083)

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

AGF Master Limited Partnership
 Statements of Cash Flow
 (Unaudited)

	Three months ended June 30		Six months ended June 30	
	2006	2005	2006	2005
Operating Activities:				
Net income for the period	\$ 1,275,748	1,467,621	2,659,297	3,082,461
Net decrease in non-cash balances related to operations	74,202	58,849	134,961	180,944
	1,349,950	1,526,470	2,794,258	3,263,405
Financing Activities:				
Uncashed distribution cheques (note 1)	3,425	2,024	6,338	1,263
Distributions paid to partners	-	-	(5,904,909)	(7,808,939)
	3,425	2,024	(5,898,571)	(7,807,676)
Increase (decrease) in cash				
during the period	1,353,375	1,528,494	(3,104,313)	(4,544,271)
Cash beginning of period	1,812,873	2,032,570	6,270,561	8,105,335
Cash end of period	\$ 3,166,248	\$ 3,561,064	\$ 3,166,248	\$ 3,561,064

*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

(Unaudited)

For the three and six months ended June 30, 2006 and 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.

1. Uncashed Distribution Cheques

Uncashed distribution cheques as at June 30, 2006 were \$365,818 (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

Head Office

P.O. Box 50
Toronto Dominion Centre
Toronto, ON M5K 1E9
Toll free: 1 800 268-8583

Transfer Agent

CIBC MELLON TRUST COMPANY
P.O. Box 7010, Adelaide Street Postal Station
Toronto, ON M5C 2W9
Telephone: 416 643-5500
Toll free: 1 800 387-0825
E-Mail: inquiries@cibcmellon.com
Website: www.cibcmellon.com

AGF
MUTUAL
FUNDS

AGF TAILORED
INVESTMENT
PROGRAMS
Harmony

AGF PRIVATE
INVESTMENT
MANAGEMENT

AGF
TRUST

Vancouver

Calgary

Winnipeg

Toronto

Ottawa

Montreal

Halifax

Dublin

London

Singapore

Beijing

Tokyo