

# Global Strategy Master LP

2006 ANNUAL REPORT



What are you doing after work?

# Global Strategy Master LP

## Market Value of Distributed Securities

(Unaudited)

As at December 31, 2006

	Market Value (in thousands)		Market Value (in thousands)
<b>CANADIAN BALANCED AND ASSET ALLOCATION FUNDS</b>		<b>INTERNATIONAL FIXED INCOME FUNDS</b>	
AGF Canadian Balanced Fund	\$ 112,263	AGF RSP Global Bond Fund	\$ 21,194
AGF Canadian Real Value Balanced Fund	4,568	AGF Global Government Bond Fund	12,167
AGF Elements Balanced Portfolio	1,349	AGF Short-Term Income Class	316
AGF Elements Conservative Portfolio	104	AGF Global High Yield Bond Fund	189
AGF Elements Yield Portfolio	41		<u>33,866</u>
	<u>118,325</u>		
<b>INTERNATIONAL EQUITY FUNDS</b>		<b>SPECIALTY EQUITY FUNDS</b>	
AGF European Equity Class	39,609	AGF Precious Metals Fund	25,411
AGF World Companies Fund	30,584	AGF Canadian Resources Fund Limited	2,741
AGF International Value Fund	13,350	AGF Global Health Sciences Class	155
AGF International Stock Class	4,612	AGF Global Real Estate Equity Class	134
AGF China Focus Class	1,453	AGF Global Resources Class	63
AGF Japan Class	1,234	AGF Managed Futures Fund	60
AGF Elements Global Portfolio	1,146	AGF Global Technology Class	56
AGF Aggressive Global Stock Fund	513	AGF Global Financial Services Class	47
AGF Global Perspective Class	501		<u>28,667</u>
AGF Emerging Markets Fund	432	<b>CANADIAN FIXED INCOME FUNDS</b>	
AGF Global Equity Class	205	AGF Canadian Money Market Fund	4,742
AGF International Value Class	112	AGF Canadian High Yield Bond Fund	2,193
AGF World Opportunities Fund	109	AGF Canadian Bond Fund	1,710
AGF Asian Growth Class	71	AGF Canadian Conservative Income Fund	438
AGF Aggressive Japan Class	51		<u>9,083</u>
AGF Germany Class	2	<b>U.S. EQUITY FUNDS</b>	
	<u>93,984</u>	AGF U.S. Value Class	1,034
<b>CANADIAN EQUITY FUNDS</b>		AGF Aggressive Growth Fund	989
AGF Canadian Real Value Fund	35,384	AGF American Growth Class	881
AGF Canadian Small Cap Fund	18,954	AGF U.S. Risk Managed Class	236
AGF Canadian Stock Fund	17,088	AGF Special U.S. Class	18
AGF Canadian Large Cap Dividend Fund	9,466		<u>3,158</u>
AGF Canadian Growth Equity Fund Limited	1,842	<b>INTERNATIONAL BALANCED AND ASSET ALLOCATION FUNDS</b>	
AGF Dividend Income Fund	993	AGF World Balanced Fund	3,422
AGF Monthly High Income Fund	607	AGF Elements Growth Portfolio	306
AGF Canada Class	548		<u>3,728</u>
AGF Diversified Dividend Income Fund	181		
	<u>85,063</u>	<b>TOTAL DISTRIBUTED SECURITIES</b>	<b>\$ <u>375,874</u></b>

# Global Strategy Master LP

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

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For the years ended December 31, 2006 and December 31, 2005

Management's Discussion and Analysis ("MD&A") presents an analysis of the financial condition of Global Strategy Master LP ("Master LP") as at December 31, 2006 compared with December 31, 2005, and the results of operations for the year ended December 31, 2006 compared with the corresponding periods of 2005. This discussion should be read in conjunction with our audited financial statements and notes for 2006. 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 GLOBAL STRATEGY MASTER LP**

Master LP was formed in January 1999 when eight of the nine Global Strategy Limited Partnerships (the "Merging Partnerships") merged to form the Master LP. Global Strategy Partners LP IX ("LP IX") merged with Master LP on February 18, 2000 after it had fully deducted its sales commissions for tax purposes. Master LP consists of the aggregate assets of the Merging Partnerships and is carrying on with the business activities previously carried on by those partnerships.

The Merging Partnerships were formed to pay sales commissions to registered dealers who sold Global Strategy mutual funds on a back-end-load (redemption charge) basis. In return for paying sales commissions, the Merging Partnerships were entitled to ongoing distribution fee revenue on specific mutual funds units that remain outstanding and that were originally financed by that partnership ("Distributed Securities"). The Merging Partnerships were also entitled to redemption fees for up to six years, which provided some protection against a reduction in distribution fee revenue caused by early redemption of Distributed Securities. Upon merger, the Merging Partnerships transferred their rights to distribution fees and redemption fees to Master LP.

As at December 31, 2006, Master LP has total issued and outstanding units of 10,972,272. These units of Master LP are listed for trading on the Toronto Stock Exchange (the "Exchange") under the symbol LPV.UN. The units also qualify for investments by registered tax plans such as RSP and RIF.

### **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.

# Global Strategy Master LP

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

### DISTRIBUTION FEES

Master LP receives a monthly distribution fee calculated as a percentage of the daily net asset value of the Distributed Securities which remain outstanding based on various distribution fee rates which are shown on page 4. Distribution fees are earned at various rates per annum. These distribution fee rates vary by partnership and can also vary over time, based on the composition of outstanding Distributed Securities of a partnership. In general, Distributed Securities that were sold for a higher sales commission carry a higher distribution fee rate than those that were sold for a lower sales commission. The weighted average annual distribution fee rate for the year ended December 31, 2006 was 0.55% compared to 0.56% a year ago.

Distribution fees amounted to \$2.1 million in 2006 as compared to \$2.4 million in 2005. The decrease of 14.4% in distribution fees was primarily attributable to the decline in net asset value of Distributed Securities from \$402.5 million as at December 31, 2005 to \$375.9 million as at December 31, 2006.

The following is a summary of the changes in Distributed Securities for 2006 and 2005:

(Unaudited)	(in millions)	
Years ended December 31	2006	2005
Market value of Distributed Securities, beginning of year	\$ 402.5	\$ 502.1
Increase in market value of Distributed Securities, including reinvested distributions	69.5	41.1
Redemption of Distributed Securities	(96.1)	(140.7)
Market value of Distributed Securities, end of year	\$ 375.9	\$ 402.5

The 2006 annual redemption rate based on the market value of Distributed Securities at the beginning of the year was 23.9% compared to 28.0% in 2005. Redemptions accounted for \$96.1 million of the decline in the value of Distributed Securities during 2006, offset by market appreciation and reinvested distributions totaling \$69.5 million.

### DISTRIBUTED SECURITIES COMPOSITION

The composition of Distributed Securities as at December 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 December 31:

(Unaudited)	2006	2005
	%	%
Canadian Balanced and Asset Allocation Funds	31	32
International Equity Funds	25	24
Canadian Equity Funds	23	22
International Fixed Income Funds and Others	18	18
Canadian Fixed Income Funds	2	3
U.S. Equity Funds	1	1
<b>Total</b>	<b>100</b>	<b>100</b>

# Global Strategy Master LP

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

### REVENUE TERMINATION DATES

Master LP is entitled to the same revenue streams, with the same termination dates, as the Merging Partnerships. The entitlement to redemption fee revenue for all the Merging Partnerships has expired. 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, 2006) (Unaudited) (in thousands)	Weighted Average Annual Distribution Fee Rate	Distribution Fee Expiry Date (December 31)
LP 1990	\$ 8,474	0.27%	2014
LP II	6,150	0.68%	2015
LP III	31,892	0.66%	2016
LP IV	4,436	0.67%	2017
LP V	117,777	0.56%	2017
LP VI	92,395	0.56%	2018
LP VII	17,392	0.60%	2019
LP VIII	31,059	0.59%	2020
LP IX	66,299	0.47%	2012
	<b>\$ 375,874</b>		

Master LP will continue until December 31, 2020 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 of \$11,927 was earned on short-term investments held by Master LP during the year ended December 31, 2006. The increase of 56.7% in interest revenue in 2006 as compared to 2005 was due to investments being invested at higher bank interest rates in 2006.

As at December 31, 2006, cash and short-term investments held by Master LP amounted to \$330,267 as compared to \$339,767 at December 31, 2005. These investments have since been liquidated to fund the cash distributions made by Master LP to limited partners in January 2007.

### GENERAL AND ADMINISTRATION EXPENSES

General and administration expenses for the year ended December 31, 2006 were \$352,478, a decrease of 17.3% from \$426,238 in 2005. The decreases were primarily attributable to the decreases in administration fees and other costs. AGFFI provides administrative services to Master LP pursuant to an administrative services agreement. These services are in the normal course of operations and are recorded at the amount of consideration agreed to by the parties.

### FINANCIAL CONDITION AND LIQUIDITY

Total assets were \$504,985 as at December 31, 2006 as compared to \$530,311 as at December 31, 2005. Assets as at December 31, 2006 consisted of cash and term-deposit totaling \$330,267 and receivables of \$174,718. These assets were used primarily to finance the quarterly cash distributions payable to limited partners. The Merging Partnerships were formed to finance selling commissions during a fixed period of

# Global Strategy Master LP

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

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time, after which the Merging Partnerships collect the fees to which they are entitled with no significant ongoing financial obligation other than ordinary operating expenses. Master LP distributes all its net income to limited partners on an annual or quarterly basis, depending on each partner's election. As a result, Master LP does not have 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, credit or currency risks arising from these financial instruments.

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

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. Limited partners who beneficially hold Master LP 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 Master LP 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 either quarterly to limited partners of record on March 31, June 30, September 30 and December 31, or annually to limited partners of record at December 31 who have elected to receive annual distributions.

Cash distributions for 2006 were \$0.16 per limited partnership unit and \$0.19 per limited partnership unit in 2005. Cash distributions per limited partnership unit for the three most recent years are shown on page 7.

Taxable income for 2006 was \$0.16 per limited partnership unit as compared to \$0.19 per limited partnership unit in 2005.

### **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 2 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**

Global Strategy Master GP Inc. 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

# Global Strategy Master LP

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

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behalf of Master LP. The general partner has engaged AGF Funds Inc. ("AGFFI"), its parent company, to assist it in carrying out its management obligations to Master LP. AGFFI provides administrative services to Master LP and receives a fee equal to 15% of the operating expenses of Master LP. AGFFI also receives 0.75% per annum of the value of the assets of Master LP invested as investment management fee. These services are in the normal course of operations and are recorded at the amount of consideration agreed to by the parties.

Administration fees and investment management fees for the year ended December 31, 2006 and 2005 amounted to:

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Years ended December 31	2006	2005
Administration fees	\$ 242,232	\$ 302,305
Investment management fee	1,990	2,242

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### OUTLOOK AND RISKS

Master LP's only source of future revenue is distribution fees since the redemption fee schedule for the Distributed Securities expired in 2003. Distribution fees are expected to continue to decline in the future as the level of Distributed Securities declines. 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 the 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, Global Strategy Master GP Inc., which is a wholly-owned subsidiary of AGFFI. 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 AGFFI which comprise the Distributed Securities.

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.

# Global Strategy Master LP

## Management's Discussion and Analysis of Financial Condition and Results of 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](http://www.agf.com) and at the Canadian Securities Administrators' website, [www.sedar.com](http://www.sedar.com).

### SELECTED QUARTERLY AND ANNUAL INFORMATION

(in thousands, except per unit amounts)

Year ended December 31, 2006	Total	Q4*	Q3*	Q2*	Q1*
Revenue	\$ 2,108.2	\$ 511.9	\$ 503.4	\$ 534.7	\$ 558.2
Net income for the period	1,755.7	465.3	393.9	434.5	462.0
Net income and cash distribution per limited partnership unit	0.16	0.04	0.04	0.04	0.04
Total assets	505.0				

(in thousands, except per unit amounts)

Year ended December 31, 2005	Total	Q4*	Q3*	Q2*	Q1*
Revenue	\$ 2,457.4	\$ 569.1	\$ 603.3	\$ 617.4	\$ 667.6
Net income for the period	2,031.2	467.5	494.9	510.3	558.5
Net income and cash distribution per limited partnership unit	0.19	0.05	0.04	0.05	0.05
Total assets	530.3				

(in thousands, except per unit amounts)

Year ended December 31, 2004	Total	Q4*	Q3*	Q2*	Q1*
Revenue	\$ 3,163.1	\$ 713.4	\$ 750.3	\$ 811.8	\$ 887.6
Net income for the period	2,641.6	565.1	624.4	685.8	766.3
Net income per limited partnership unit	0.24	0.05	0.06	0.06	0.07
Cash distribution per limited Partnership unit	0.25	0.05	0.06	0.06	0.08
Total assets	615.3				

\*Unaudited



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February 12, 2007

## **Auditors' Report**

### **To the Partners of Global Strategy Master LP**

We have audited the balance sheets of **Global Strategy Master LP** as at December 31, 2006 and 2005 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, 2006 and 2005 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**

Toronto, Ontario

# Global Strategy Master LP Balance Sheets

As at December 31	2006	2005
<b>Assets</b>		
Current Assets:		
Cash and term-deposit	\$ 330,267	\$ 339,767
Distribution fees and interest receivable	174,718	190,544
<b>Total Assets</b>	<b>\$ 504,985</b>	<b>\$ 530,311</b>
<b>Liabilities and Partners' Equity</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 39,714	\$ 62,845
Distributions payable	465,271	467,466
	504,985	530,311
Partners' Equity (notes 1 and 2):		
Limited partners – 10,972,272 units	185,083,600	185,083,600
Issue and merger expenses	(16,676,916)	(16,676,916)
	168,406,684	168,406,684
Deficit	(168,406,684)	(168,406,684)
	-	-
<b>Total Liabilities and Partners' Equity</b>	<b>\$ 504,985</b>	<b>\$ 530,311</b>

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

Approved by the Board of Directors of  
Global Strategy Master GP Inc., as General Partner

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

<Greg Henderson>  
Greg Henderson, Director

# Global Strategy Master LP

## Statements of Operations and Deficit

For the years ended December 31	2006	2005
<b>Income</b>		
Revenue:		
Distribution fees	\$ 2,096,290	\$ 2,449,797
Interest	11,927	7,612
	<u>2,108,217</u>	<u>2,457,409</u>
Expenses (note 6):		
Administration and investment management fees (note 4)	244,222	304,547
Audit, legal and filing fees	44,566	45,477
Transfer agent fees	47,646	45,444
Other costs	16,044	30,770
	<u>352,478</u>	<u>426,238</u>
Net income for the year	\$ 1,755,739	\$ 2,031,171
Net income per limited partnership unit	\$ 0.16	\$ 0.19
<b>Deficit</b>		
Balance beginning of year	\$ (168,406,684)	\$ (168,406,684)
Net income for the year	1,755,739	2,031,171
Distributions to partners	(1,755,739)	(2,031,171)
Balance end of year	<u>\$ (168,406,684)</u>	<u>\$ (168,406,684)</u>

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

# Global Strategy Master LP Statements of Cash Flow

For the years ended December 31	2006	2005
<b>Operating Activities:</b>		
Net income for the year	\$ 1,755,739	\$ 2,031,171
Decrease (increase) in non-cash balances related to operations	(7,305)	60,018
	1,748,434	2,091,189
<b>Financing Activities:</b>		
Distributions paid to partners	(1,757,934)	(2,128,834)
<b>Decrease in cash during the year</b>	<b>(9,500)</b>	<b>(37,645)</b>
Cash beginning of year	339,767	377,412
Cash end of year	\$ 330,267	\$ 339,767

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

# Global Strategy Master LP

## Notes to Financial Statements

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For the years ended December 31, 2006 and 2005

### 1. Formation of the Partnership

Global Strategy Master LP ("Master LP") was formed on January 29, 1999 through the merger of the following Global Strategy Limited Partnerships (except for the merger of Global Strategy LP IX which took effect on February 18, 2000) (collectively, the "Merging Partnerships"):

Global Strategy Limited Partnership 1990 ("LP 1990")  
Global Strategy Limited Partnership II ("LP II")  
Global Strategy Limited Partnership III ("LP III")  
Global Strategy Partners LP IV ("LP IV")  
Global Strategy Partners LP V ("LP V")  
Global Strategy Partners LP VI ("LP VI")  
Global Strategy Partners LP VII ("LP VII")  
Global Strategy Partners LP VIII ("LP VIII")  
Global Strategy Partners LP IX ("LP IX")

The mergers have been accounted for using the pooling of interests method. The effect of the pooling of interests method on the balance sheets and the statements of income, deficit, and cash flow is to reflect the book values recorded by each of the Merging Partnerships on a combined basis for the periods in which the consolidation occurred and for all prior periods.

### 2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

#### Selling Commissions

The selling commissions of the Master LP have been fully amortized.

#### Offering and Merger Expenses

Expenses related to the initial offering 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, distribution fees 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.

#### 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.

### 3. Partnership Operations

In return for arranging for the distribution of mutual fund units and paying selling commissions, Master LP receives distribution fees and redemption fees (also known as contingent deferred sales charge fees). Upon merger, the Merging Partnerships transferred their rights to distribution fees and redemption fees to Master LP.

# Global Strategy Master LP

## Notes to Financial Statements

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In accordance with the Limited Partnership Agreement, as amended by a special resolution, Master LP will be dissolved no later than December 31, 2020.

#### 4. Related Party Transactions

Global Strategy Master GP Inc. 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. The general partner has engaged AGF Funds Inc. ("AGFFI"), its parent company, to assist it in carrying out its management obligations to Master LP. AGFFI provides administrative services to Master LP and receives a fee equal to 15% of the operating expenses of Master LP. AGFFI receives also 0.75% per annum of the value of the assets of Master LP invested as investment management fee. These services are in the normal course of operations and are recorded at the amount of consideration agreed to by the parties.

Administration fees and investment management fees for the years ended December 31, 2006 and 2005 amounted to:

Years ended December 31	2006	2005
Administrative Service Fee	\$ 242,232	\$ 302,305
Investment Management Fee	1,990	2,242

#### 5. Taxation of the Partnership

These financial statements include only 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 income tax purposes for the year ended December 31, 2006 to partners of record on December 31, 2006.

#### 6. Comparative Figures

Certain 2005 and 2006 figures have been reclassified to conform to the presentation adopted in 2006.



What are you doing after work?

### Global Strategy Master LP

#### Head Office

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#### Transfer Agent and Registrar

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