

Global Strategy Master LP

2010 ANNUAL REPORT



What are you doing after work?

Global Strategy Master LP

Market Value of Distributed Securities

(Unaudited)

As at December 31, 2010

	Market Value (in thousands)		Market Value (in thousands)
CANADIAN BALANCED AND ASSET ALLOCATION FUNDS		INTERNATIONAL FIXED INCOME FUNDS	
AGF Canadian Asset Allocation Fund	\$ 53,598	AGF Global Government Bond Fund	\$ 17,451
AGF Traditional Balanced Fund	<u>1,390</u>	AGF Global High Yield Bond Fund	211
	54,988	AGF Short-Term Income Class	<u>60</u>
			17,722
CANADIAN EQUITY FUNDS		CANADIAN FIXED INCOME FUNDS	
AGF Canadian Value Fund	16,183	AGF Canadian Money Market Fund	2,471
AGF Canadian Small Cap Fund	11,747	AGF Canadian High Yield Bond Fund	1,080
AGF Canadian Stock Fund	6,842	AGF Canadian Bond Fund	933
AGF Canadian Large Cap Dividend Fund	4,713	AGF Inflation Plus Bond Fund	<u>253</u>
AGF Canadian Growth Equity Class	742		4,737
AGF Monthly High Income Fund	731		
AGF Dividend Income Fund	636	ELEMENTS PORTFOLIOS	
AGF Canada Class	189	AGF Elements Balanced Portfolio	1,633
AGF Canadian Large Cap Dividend Class	95	AGF Elements Global Portfolio	468
AGF Canadian Stock Class	39	AGF Elements Growth Portfolio	294
AGF Canadian All Cap Equity Fund	<u>27</u>	AGF Elements Conservative Portfolio	241
	41,944	AGF Elements Yield Portfolio	<u>217</u>
			2,853
SPECIALTY EQUITY FUNDS		U.S. EQUITY FUNDS	
AGF Precious Metals Fund	22,870	AGF American Growth Class	602
AGF Canadian Resources Class	1,371	AGF Aggressive U.S. Growth Fund	360
AGF Global Resources Class	185	AGF U.S. Risk Managed Class	<u>2</u>
AGF Global Real Estate Equity Class	<u>3</u>		964
	24,429	INTERNATIONAL BALANCED AND ASSET ALLOCATION FUNDS	
INTERNATIONAL EQUITY FUNDS		AGF World Balanced Fund	835
AGF Global Equity Fund	10,764	AGF Emerging Markets Balanced Fund	<u>2</u>
AGF European Equity Class	8,307		837
AGF Global Value Fund	2,177		
AGF Emerging Markets Fund	927		
AGF International Stock Class	758		
AGF China Focus Class	532		
AGF Japan Class	248		
AGF Global Value Class	203		
AGF Global Equity Class	163		
AGF Aggressive Global Stock Fund	147		
AGF Emerging Markets Class	104		
AGF Global Dividend Fund	51		
AGF Asian Growth Class	<u>32</u>		
	24,413	TOTAL DISTRIBUTED SECURITIES	\$ <u>172,887</u>

Global Strategy Master LP

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

For the years ended December 31, 2010 and December 31, 2009

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, 2010 compared with December 31, 2009, and the results of operations for the year ended December 31, 2010 compared with the corresponding period of 2009. This discussion should be read in conjunction with our audited financial statements and notes for 2010. 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, or future or conditional verbs such as 'may', 'will', 'should', 'would' and 'could'. 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. Other than specifically required by applicable laws, 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, 2010, Master LP has total issued and outstanding units of 10,972,272 (2009 – 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 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.

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

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, 2010 was 0.56%, the same rate for the year ended December 31, 2009.

Distribution fees amounted to \$1.0 million in 2010 as compared to \$1.1 million in 2009. The decrease of 10.3% in distribution fees was primarily attributable to the decline in net asset value of Distributed Securities from \$197.1 million as at December 31, 2009 to \$172.9 million as at December 31, 2010.

The following is a summary of the changes in Distributed Securities for 2010 and 2009:

(Unaudited)	(in thousands)	
Years ended December 31	2010	2009
Market value of Distributed Securities, beginning of year	\$ 197,065	\$ 203,429
Change in market value of Distributed Securities, including reinvested distributions	16,545	25,536
Redemption of Distributed Securities	(40,723)	(31,900)
Market value of Distributed Securities, end of year	\$ 172,887	\$ 197,065

The 2010 annual redemption rate based on the market value of Distributed Securities at the beginning of the year was 20.7% compared to 15.7% in 2009. Redemptions of \$40.7 million offset by market appreciation of \$16.5 million accounted for the decrease in the value of Distributed Securities during 2010.

DISTRIBUTED SECURITIES COMPOSITION

The composition of Distributed Securities as at December 31, 2010 and 2009 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)	2010	2009
	%	%
Canadian Balanced and Asset Allocation Funds	32	33
International Fixed Income Funds and Others	26	22
Canadian Equity Funds	24	23
International Equity Funds	14	18
Canadian Fixed Income Funds	3	3
U.S. Equity Funds	1	1
Total	100	100

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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, 2010) (Unaudited) (in thousands)	Weighted Average Annual Distribution Fee Rate	Distribution Fee Expiry Date (December 31)
LP 1990	\$ 3,510	0.60%	2014
LP II	2,764	0.70%	2015
LP III	15,122	0.67%	2016
LP IV	2,333	0.70%	2017
LP V	54,842	0.56%	2017
LP VI	42,930	0.55%	2018
LP VII	7,191	0.57%	2019
LP VIII	14,605	0.58%	2020
LP IX	29,590	0.47%	2012
	\$ 172,887		

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 earned on the bank account held by the Master LP was \$705 in 2010 as compared to \$963 in 2009. The decrease was primarily due to the decrease of distribution fee revenue earned.

As at December 31, 2010, cash held by Master LP amounted to \$136,609 as compared to \$167,453 at December 31, 2009.

GENERAL AND ADMINISTRATION EXPENSES

General and administration expenses for the year ended December 31, 2010 were \$267,677, a decrease of 0.8% from \$269,928 in 2009. The decrease was primarily attributable to the decrease in administration and investment management fee. AGFI 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.

Global Strategy Master LP

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

FINANCIAL CONDITION AND LIQUIDITY

Total assets were \$218,533 as at December 31, 2010 as compared to \$261,596 as at December 31, 2009. Assets as at December 31, 2010 consisted of cash totaling \$136,609 and receivables of \$81,924. These assets were used primarily to finance the quarterly cash distributions payable to limited partners. The Merging Partnerships were formed to finance selling commissions for 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 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, distribution fees and interest receivable, accounts payable and accrued liabilities, and distributions payable.

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 2010 were \$0.07 per limited partnership unit and \$0.08 per limited partnership unit in 2009. Cash distributions per limited partnership unit for the three most recent years are shown on page 9.

Taxable income for 2010 was \$0.07 per limited partnership unit as compared to \$0.08 per limited partnership unit in 2009.

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.

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 Investments Inc. ("AGFI"), its parent company, to assist it in carrying out its management obligations to Master LP. AGFI is entitled to receive an administrative fee as consideration for its management of the business and affairs of Master LP. AGFI

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also receives an investment management fee as consideration for its investment management services. 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, 2010 and 2009 amounted to:

Years ended December 31	2010	2009
Administration fees	\$ 125,573	\$ 139,526
Investment management fee	661	1,986

OUTLOOK AND RISKS

Conversion to International Financial Reporting Standards in Fiscal 2011

The CICA Accounting Standards Board requires all Canadian publicly accountable enterprises to adopt International Financial Reporting Standards (IFRS) for years beginning on or after January 1, 2011. Master LP will adopt IFRS for the fiscal year 2011 starting January 1, 2011. The fiscal 2011 Financial Statement will include comparative 2010 financial results under IFRS.

We do not expect that the transitions to IFRS will have a significant impact on the financial statements of Master LP.

Risk Factors and Risk Management

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:

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks which are interest rate risk, currency risk, and other price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Master LP is not exposed to significant interest rate risk.

The distribution fees earned by Master LP were deposited with the bank and this cash balance is exposed to interest rate risk due to interest rate volatility.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Master LP is not exposed to significant currency risk arising from its financial instruments.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. Master LP is not exposed to other price risk however, is indirectly exposed to market risk based on its revenue earned from the market value of Distributed Securities.

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Redemption Rate Risk

Each Distributed Security is subject to potential cash redemptions of redeemable units. The units of Distributed Security are issued and redeemed on demand at the option of the mutual fund investor at the then current Net Asset Value per unit of the Distributed Securities. The amount of distribution fees to be earned by Master LP will decrease as redemptions of Distributed Securities continue.

The annual rate of redemptions remained the same over the past two years. Based on the combination of the age of the Fund Units and the expiration of the redemption fee schedules, we do not expect the rate of redemptions to decrease significantly in the future.

Liquidity Risk

Liquidity risk is defined as the risk that Master LP may not be able to settle or meet its obligation on time or at a reasonable price. Master LP manages its liquidity risk through maintaining sufficient cash deposits to pay its quarterly or annual cash distributions through prompt collection of its earned distribution fees. Distributions payable are due within one month.

Credit Risk

Credit risk is the potential of financial loss arising from the failure of a borrower or counterparty to honour its financial or contractual obligations to the Master LP. The Master LP's over-all credit risk strategy and credit risk policy are developed, managed and controlled by the general partner in accordance with the Master LP's partnership agreement. The over-all risk strategy and credit risk policy are further refined through the use of policies, processes and internal controls in order to ensure that business activities are within the standards of risk tolerance levels. As at December 31, 2010, the financial assets of \$218,533, consisting of cash of \$136,609 and distribution fees and interest receivable of \$81,924 are exposed to credit risk up to the maximum of their respective carrying value.

PARTNERS' EQUITY

As at December 31, 2010, Master LP has total issued and outstanding units of 10,972,272. The units of Master LP may be transferred by a limited partner or his agent duly authorized in writing to any person in accordance with the provisions of the Master LP agreement. The units also qualify for investments by registered tax plans such as RSPs and RIFs. Limited partners are entitled to cash distribution when declared. Depending on the payout frequency, the cash distribution is calculated based on Master LP's net quarterly or annual income.

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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 AGFI. 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 AGFI 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.

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.

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SELECTED QUARTERLY AND ANNUAL INFORMATION

(in thousands, except per unit amounts)

Year ended December 31, 2010	Total	Q4*	Q3*	Q2*	Q1*
Revenue	\$ 991.9	\$ 245.5	\$ 240.1	\$ 246.2	\$ 260.1
Net income for the year / quarter	724.2	166.8	178.9	186.5	192.0
Net income and cash distribution per limited partnership unit	0.07	0.01	0.02	0.02	0.02
Total assets	\$ 218.5				

(in thousands, except per unit amounts)

Year ended December 31, 2009	Total	Q4*	Q3*	Q2*	Q1*
Revenue	\$ 1,106.0	\$ 283.1	\$ 281.9	\$ 275.3	\$ 265.7
Net income for the year / quarter	836.1	215.0	216.2	204.1	200.8
Net income and cash distribution per limited partnership unit	0.08	0.02	0.02	0.02	0.02
Total assets	\$ 261.6				

(in thousands, except per unit amounts)

Year ended December 31, 2008	Total	Q4*	Q3*	Q2*	Q1*
Revenue	\$ 1,449.6	\$ 284.5	\$ 356.6	\$ 400.5	\$ 407.9
Net income for the year / quarter	1,193.9	220.5	290.8	340.2	342.4
Net income and cash distribution per limited partnership unit	0.11	0.02	0.03	0.03	0.03
Total assets	\$ 268.2				

*Unaudited

March 23, 2011

Independent Auditor's Report

To the Partners of Global Strategy Master LP

We have audited the accompanying financial statements of Global Strategy Master LP, which comprise the balance sheets as at December 31, 2010 and 2009 and the statements of operations and deficit and cash flow for the years then ended, and the related notes including a summary of significant accounting policies.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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 comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Global Strategy Master LP as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Pricewaterhouse Coopers LLP

Chartered Accountants, Licensed Public Accountants

Global Strategy Master LP Balance Sheets

As at December 31	2010	2009
Assets		
Current Assets:		
Cash	\$ 136,609	\$ 167,453
Distribution fees and interest receivable	81,924	94,143
Total Assets	\$ 218,533	\$ 261,596
Liabilities and Partners' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 51,688	\$ 46,619
Distributions payable	166,845	214,977
	218,533	261,596
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)
	-	-
Total Liabilities and Partners' Equity	\$ 218,533	\$ 261,596

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

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



Blake C. Goldring, Director



Robert J. Bogart, Director & Chief Financial Officer

Global Strategy Master LP Statements of Operations and Deficit

For the years ended December 31	2010	2009
Income		
Revenue:		
Distribution fees	\$ 991,215	\$ 1,105,057
Interest	705	963
	<u>991,920</u>	<u>1,106,020</u>
Expenses:		
Administration and investment management fees (note 5)	126,234	141,512
Audit, legal and filing fees	46,569	40,085
Transfer agent fees	68,778	70,004
Other costs	26,096	18,327
	<u>267,677</u>	<u>269,928</u>
Net income for the year	<u>\$ 724,243</u>	<u>836,092</u>
Net income per limited partnership unit	<u>\$ 0.07</u>	<u>\$ 0.08</u>
Deficit		
Balance beginning of year	\$ (168,406,684)	\$ (168,406,684)
Net income for the year	724,243	836,092
Distributions to partners	(724,243)	(836,092)
Balance end of year	<u>\$ (168,406,684)</u>	<u>\$ (168,406,684)</u>

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

Global Strategy Master LP Statements of Cash Flow

For the years ended December 31	2010	2009
Operating Activities:		
Net income for the year	\$ 724,243	\$ 836,092
Net change in non-cash balances related to operations	17,288	(1,507)
	741,531	834,585
Financing Activities:		
Distributions paid to partners	(772,375)	(841,680)
Decrease in cash during the year	(30,844)	(7,095)
Cash beginning of year	167,453	174,548
Cash end of year	\$ 136,609	\$ 167,453

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

Global Strategy Master LP

Notes to Financial Statements

For the years ended December 31, 2010 and 2009

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")

2. Partnership Operations

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.

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

3. Significant Accounting Changes

Financial Instruments Hierarchy

During 2009, CICA "Handbook Section 3862, Financial Instruments – Disclosures" was amended to include enhanced disclosures about inputs to fair value measurement, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3	Inputs that are not based on observable market data.

If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The amendment only impacted Master LP's disclosures in the financial statements.

Master LP's cash is classified as a level 1 financial instrument within the above hierarchy

Global Strategy Master LP

Notes to Financial Statements

4. Significant Accounting Policies

The financial statements of Master LP are prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows

Financial Instruments

In accordance with Section 3855, financial assets and financial liabilities are initially recognized at fair value. Measurement in subsequent periods is dependent upon the classification of each instrument. The standard requires that all financial assets be classified as either available for sale (AFS), held for trading (HFT), held to maturity (HTM) or loans and receivables. Financial liabilities are classified as trading or other.

The company does not have any AFS assets.

HFT assets are initially recorded at fair value on the settlement date in the balance sheet and are remeasured at fair value, with the changes in fair value reported in earnings. Transaction costs related to HFT securities are expensed as incurred. The company has \$136,609 (2009 – \$167,453) in cash classified as HFT.

The Company has not classified any financial assets as HTM.

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.

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.

Risk Management

Master LP's financial instruments consist of cash, distribution fees and interest receivable, accounts payable and accrued liabilities, and distributions payable. In the normal course of business, Master LP manages risks that arise as a result of its use of financial instruments. These risks include market, liquidity and credit risk.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks which are interest rate risk, currency risk and other price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Master LP is not exposed to significant interest rate risk.

The distribution fees earned by the Master LP were deposited with a bank and this cash balance is exposed to interest rate risk.

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Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Master LP is not exposed to significant currency risk arising from its financial instruments.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. Master LP is not exposed to other price risk however, is indirectly exposed to market risk based on its revenue earned from the market value of Distributed Securities.

Liquidity Risk

Liquidity risk is defined as the risk that Master LP may not be able to settle or meet its obligations on time. Master LP manages its liquidity risk through maintaining sufficient cash deposits to pay its quarterly or annual cash distributions through prompt collection of its earned distribution fees. Distributions payable are due within one month.

Credit Risk

Credit risk is the potential of financial loss arising from the failure of a borrower or counterparty to honour its financial or contractual obligations to the Master LP. The Master LP's over-all credit risk strategy and credit risk policy are developed, managed and controlled by the general partner in accordance with the Master LP's partnership agreement. The over-all risk strategy and credit risk policy are further refined through the use of policies, processes and internal controls in order to ensure that business activities are within the standards of risk tolerance levels. As at December 31, 2010, the financial assets of \$218,533, consisting of cash of \$136,609 and distribution fees and interest receivable of \$81,924 exposed to credit risk up to the maximum of their respective carrying value.

5. 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 Investments Inc. ("AGFI"), its parent company, to assist it in carrying out its management obligations to Master LP. AGFI is entitled to receive an administrative fee as consideration for its management of the business and affairs of Master LP. AGFI also receives an investment management fee as consideration for its investment management services. 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, 2010 and 2009 amounted to:

<u>Years ended December 31</u>	<u>2010</u>	<u>2009</u>
Administrative Service Fee	\$ 125,573	\$ 139,526
Investment Management Fee	661	1,986

Global Strategy Master LP

Notes to Financial Statements

6. 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, 2010 to partners of record on December 31, 2010.



What are you doing after work?

Global Strategy Master LP

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