

Global Strategy Master LP

QUARTERLY REPORT
FOR THE THREE MONTHS
ENDED MARCH 31, 2005



What are you doing after work?

Global Strategy Master LP

Market Value of Distributed Securities

As at March 31, 2005
(Unaudited)

	Market Value (in thousands)		Market Value (in thousands)
CANADIAN BALANCED AND ASSET ALLOCATION FUNDS		INTERNATIONAL FIXED INCOME FUNDS	
AGF Canadian Balanced Fund	\$ 139,661	AGF RSP Global Bond Fund	\$ 34,452
AGF Canadian Real Value Balanced Fund	<u>5,565</u>	AGF Global Government Bond Fund	18,773
	145,226	AGF Global High Yield Bond Fund	314
		AGF Short-Term Income Class	<u>102</u>
			53,641
INTERNATIONAL EQUITY FUNDS		SPECIALTY EQUITY FUNDS	
AGF World Companies Fund	25,690	AGF Precious Metals Fund	19,448
AGF European Equity Class	22,371	AGF Canadian Resources Fund Limited	2,496
AGF International Value Fund	21,462	AGF Managed Futures Fund	421
AGF RSP World Companies Fund	16,401	AGF Global Health Sciences Class	144
AGF RSP European Equity Fund	16,299	AGF Global Technology Class	107
AGF RSP International Value Fund	6,563	AGF Global Resources Class	74
AGF International Stock Class	3,335	AGF Global Real Estate Equity Class	52
AGF RSP Japan Fund	1,685	AGF Global Financial Services Class	<u>48</u>
AGF China Focus Class	934		22,790
AGF Aggressive Global Stock Fund	369	CANADIAN FIXED INCOME FUNDS	
AGF Japan Class	226	AGF Canadian Money Market Fund	9,687
AGF International Value Class	183	AGF Canadian High Yield Bond Fund	3,007
AGF Asian Growth Class	182	AGF Canadian Bond Fund	2,115
AGF World Opportunities Fund	161	AGF Canadian Conservative Income Fund	<u>1,301</u>
AGF Emerging Markets Value Fund	146		16,110
AGF Global Equity Class	142	U.S. EQUITY FUNDS	
AGF RSP MultiManager Fund	136	AGF Aggressive Growth Fund	1,505
AGF MultiManager Class	107	AGF American Growth Class	1,256
AGF Germany Class	15	AGF U.S. Value Class	1,248
AGF Aggressive Japan Class	<u>13</u>	AGF RSP American Growth Fund	459
	116,420	AGF Special U.S. Class	<u>7</u>
			4,475
CANADIAN EQUITY FUNDS		INTERNATIONAL BALANCED AND ASSET ALLOCATION FUNDS	
AGF Canadian Real Value Fund	42,939	AGF World Balanced Fund	3,133
AGF Canadian Small Cap Fund	20,465	AGF RSP World Balanced Fund	<u>842</u>
AGF Canadian Stock Fund	20,435		3,975
AGF Canadian Large Cap Dividend Fund	8,949	TOTAL DISTRIBUTED SECURITIES	
AGF Canadian Growth Equity Fund Limited	1,968		\$ <u>458,212</u>
AGF Canada Class	678		
AGF Monthly High Income Fund	129		
AGF Diversified Dividend Income Fund	<u>12</u>		
	95,575		

Global Strategy Master LP Management's Discussion and Analysis of Financial Condition and Results of Operations

For the three months ended March 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 March 31, 2005 compared with December 31, 2004, and the results of operations for the three months ended March 31, 2005 compared with the corresponding period of 2004. This discussion should be read in conjunction with our 2004 annual MD&A and 2004 annual audited financial statements and notes. The financial information presented herein has been prepared on the basis of Canadian generally accepted accounting principles ("GAAP"). Percentage changes are calculated using numbers rounded to the decimals which 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 2004 annual MD&A: 'Significant Accounting Policies', 'Corporate Governance' and 'Regulatory Filings'. Accordingly, readers should refer to our 2004 annual MD&A to gain an understanding of how these matters may impact the Master LP's operating results.

The MD & A contains forward-looking statements that are inherently subject to 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. 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 March 31, 2005, 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 investment by registered tax plans such as RSP and RIF although they constitute "foreign property" subject to the foreign content limitation for tax purposes. [The 2005 federal budget proposes to eliminate this foreign content limit. However, this proposal has yet to be enacted as law at this time.](#)

REVENUE

Master LP's primary sources of revenue are distribution fees and redemption 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.

Global Strategy Master LP Market Value of Distributed Securities

As at March 31, 2005
(Unaudited)

Global Strategy Master LP

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 ("AGF"), 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 distribution fee rate for the three months ended March 31, 2005 was 0.56% compared to 0.55% in comparable period in 2004.

Distribution fees amounted to \$0.7 million for the three months ended March 31, 2005, a decrease of 24.8% from the comparable period in 2004. The decrease was mainly attributable to the decline in the net asset value of the Distributed Securities from \$616.4 million as at March 31, 2004 to \$458.2 million as at March 31, 2005.

The following is a summary of the changes in Distributed Securities during the three months ended March 31, 2005 and 2004:

(in millions)

Three months ended March 31

(Unaudited)

	2005	2004
Market value of Distributed Securities, beginning of period	\$ 502.1	\$ 649.1
Increase in market value of Distributed Securities, including reinvested distributions	3.0	25.5
Redemption of Distributed Securities	(46.9)	(58.2)
Market value of Distributed Securities, end of period	\$ 458.2	\$ 616.4

The annualized redemption rate during the three months ended March 31, 2005 based on the market value of Distributed Securities at the beginning of the period was 37.4% compared to 35.9% in 2004. Redemptions accounted for \$46.9 million of the decline in the value of Distributed Securities during the three months ended March 31, 2005, offset by market appreciation and reinvested distributions totaling \$3.0 million.

DISTRIBUTED SECURITIES COMPOSITION

The composition of Distributed Securities as at March 31, 2005 and 2004 is 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.

Global Strategy Master LP

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

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

(Unaudited)	2005	2004
	%	%
Canadian Balanced and Asset Allocation Funds	32	31
International Equity Funds	25	27
Canadian Equity Funds	21	19
International Fixed Income Funds and Others	17	18
Canadian Fixed Income Funds	4	4
U.S. Equity Funds	1	1
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 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 March 31, 2005) (Unaudited) (in thousands)	Weighted Average Annual Distribution Fee Rate	Distribution Fee Expiry Date (December 31)
LP 1990	\$ 9,222	0.60%	2014
LP II	7,276	0.68%	2015
LP III	38,574	0.65%	2016
LP IV	5,113	0.66%	2017
LP V	141,399	0.56%	2017
LP VI	109,982	0.56%	2018
LP VII	20,640	0.60%	2019
LP VIII	38,607	0.59%	2020
LP IX	87,399	0.47%	2012
	\$ 458,212		

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.

GENERAL AND ADMINISTRATION EXPENSES

General and administration expenses for the three months ended March 31, 2005 was \$109,095, a decrease of 10.1% from \$121,297 in 2004. The decrease was mainly attributable to the decrease in administration fees.

Global Strategy Master LP

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

FINANCIAL CONDITION AND LIQUIDITY

Total assets were \$638,964 as at March 31, 2005 as compared to \$615,275, as at December 31, 2004. Assets as at March 31, 2005 consisted of cash and term-deposit totaling \$414,769 and receivables of \$224,195. These assets were used primarily to finance the quarterly [distributions](#) payable to limited partners.

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 during the three months ended March 31, 2005 was \$0.0509 per limited partnership unit and \$0.0805 per limited partnership unit for the same period in 2004. Cash distributions were paid on April 29, 2005 to limited partners of record on March 31, 2005 who did not elect to receive distributions on an annual basis. Cash distributions per limited partnership unit for the eight most recent quarters are shown on page 6.

Estimated taxable income for the three months ended March 31, 2005 was \$0.0509 per limited partnership unit as compared to \$0.0695 per limited partnership unit in comparable period in 2004. Taxable income is allocated on an annual basis to limited partners of record on December 31 of a fiscal year.

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 the partnership. The general partner has engaged AGFFI, its parent company, to assist it in carrying out its management obligations to the partnership. AGFFI provides administrative services to Master LP and receives a fee equal to 15% of the operating expenses of the partnership. 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.

Global Strategy Master LP

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

Administration fees and investment management fees for the three months ended March 31, 2005 and 2004 amounted to:

Three months ended March 31 (Unaudited)	2005	2004
Administration fees	\$ 75,698	\$ 89,056
Investment management fee	500	1,000

SELECTED QUARTERLY INFORMATION

(in thousands, except per unit amounts)

Three months ended (Unaudited)	Mar. 31, 2005	Dec. 31, 2004	Sep. 30, 2004	Jun. 30, 2004
Revenue	\$ 667.6	\$ 713.4	\$ 750.3	\$ 811.8
Net income for the period	558.5	565.1	624.4	685.8
Net income and cash distribution per limited partnership unit	0.05	0.05	0.06	0.06

(in thousands, except per unit amounts)

Three months ended (Unaudited)	Mar. 31, 2004	Dec. 31, 2003	Sep. 30, 2003	Jun. 30, 2003
Revenue	\$ 887.6	\$ 903.5	\$ 933.9	\$ 970.3
Net income for the period	766.3	782.4	815.3	850.4
Net income per limited partnership unit	0.07	0.07	0.07	0.08
Cash distribution per limited partnership unit	0.08	0.07	0.07	0.08

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.

Global Strategy Master LP

The following interim financial statements of Global Strategy Master LP (“Master LP”) for the three months ended March 31, 2005 have not been reviewed or audited by an auditor.

Global Strategy Master LP Balance Sheets

	As at March 31, 2005 (Unaudited)	As at December 31, 2004
Assets		
Current assets:		
Cash and term-deposit	\$ 414,769	\$ 377,412
Distribution fees and interest receivable	224,195	237,863
Total assets	\$ 638,964	\$ 615,275
Liabilities and Partners' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 80,420	\$ 50,146
Distributions payable	558,544	565,129
	638,964	615,275
Partners' equity:		
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	\$ 638,964	\$ 615,275

The accompanying note is 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

< William D. Cameron >
William D. Cameron, Director

Global Strategy Master LP

Statements of Income and Deficit

Three months ended March 31

(Unaudited)

	2005	2004
Income		
Revenue:		
Distribution fees	\$ 666,103	\$ 885,334
Interest	1,536	2,250
	<u>667,639</u>	<u>887,584</u>
Expenses:		
General and administration	109,095	121,297
Net income for the period	<u>\$ 558,544</u>	<u>\$ 766,287</u>
Net income per limited partnership unit	<u>\$ 0.05</u>	<u>\$ 0.07</u>
Deficit		
Balance beginning of period	\$ (168,406,684)	\$ (168,289,615)
Net income for the period	558,544	766,287
Distributions to partners	(558,544)	(883,356)
Balance end of period	<u>\$ (168,406,684)</u>	<u>\$ (168,406,684)</u>

The accompanying note is an integral part of the financial statements.

Global Strategy Master LP

Statements of Cash Flow

Three months ended March 31

(Unaudited)

	2005	2004
Operating Activities:		
Net income for the period	\$ 558,544	\$ 766,287
Decrease in non-cash balances related to operations	43,942	3,305
	<u>602,486</u>	<u>769,592</u>
Financing Activities:		
Distributions paid to partners	(565,129)	(782,401)
	<u>37,357</u>	<u>(12,809)</u>
Increase (decrease) in cash during the year		
Cash beginning of period	377,412	660,690
Cash end of period	\$ 414,769	\$ 647,881

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

Global Strategy Master LP

Note to Financial Statements

For the three months ended March 31, 2005 and 2004
(Unaudited)

These unaudited interim financial statements of Global Strategy Master LP ("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, 2004. 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, 2004, as set out in Master LP's 2004 Annual Report. Certain comparative amounts have been reclassified to conform with the current period's presentation.



What are you doing after work?

Global Strategy Master LP

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AGF
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