

# Global Strategy Master LP

SEMI-ANNUAL REPORT  
FOR THE SIX MONTHS  
ENDED JUNE 30, 2008



What are you doing after work?

# Global Strategy Master LP

## Market Value of Distributed Securities

(Unaudited)

June 30, 2008

	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	\$ 90,711	AGF Global Government Bond Fund	\$ 23,460
AGF Canadian Balanced Value Fund	3,003	AGF Short-Term Income Class	296
AGF Elements Balanced Portfolio	1,925	AGF Global High Yield Bond Fund	190
AGF Elements Yield Portfolio	141		<u>23,946</u>
AGF Elements Conservative Portfolio	129		
	<u>95,909</u>	<b>SPECIALTY EQUITY FUNDS</b>	
		AGF Precious Metals Fund	20,667
<b>INTERNATIONAL EQUITY FUNDS</b>		AGF Canadian Resources Fund Limited	2,085
AGF European Equity Class	22,087	AGF Global Resources Class	135
AGF Global Equity Fund	19,721	AGF Global Health Sciences Class	89
AGF Global Value Fund	6,138	AGF Global Real Estate Equity Class	66
AGF International Stock Class	2,903	AGF Global Financial Services Class	30
AGF Elements Global Portfolio	1,103	AGF Global Technology Class	12
AGF China Focus Class	844		<u>23,084</u>
AGF Emerging Markets Fund	640	<b>CANADIAN FIXED INCOME FUNDS</b>	
AGF Japan Class	582	AGF Canadian Money Market Fund	4,286
AGF Global Perspective Class	449	AGF Canadian High Yield Bond Fund	1,418
AGF Aggressive Global Stock Fund	427	AGF Canadian Bond Fund	1,095
AGF Global Equity Class	203	AGF Canadian Conservative Income Fund	221
AGF Global Value Class	91		<u>7,020</u>
AGF Asian Growth Class	84	<b>U.S. EQUITY FUNDS</b>	
AGF World Opportunities Fund	60	AGF Aggressive™ U.S. Growth Fund	990
AGF Global Dividend Fund	2	AGF American Growth Class	616
	<u>55,334</u>	AGF U.S. Value Class	468
<b>CANADIAN EQUITY FUNDS</b>		AGF Special U.S. Class	35
AGF Canadian Real Value Fund	23,149	AGF U.S. Risk Managed Class	7
AGF Canadian Small Cap Fund	16,115		<u>2,116</u>
AGF Canadian Stock Fund	12,913	<b>INTERNATIONAL BALANCED AND ASSET ALLOCATION FUNDS</b>	
AGF Canadian Large Cap Dividend Fund	7,795	AGF World Balanced Fund	2,426
AGF Canadian Growth Equity Fund Limited	1,458	AGF Elements Growth Portfolio	326
AGF Dividend Income Fund	712		<u>2,752</u>
AGF Monthly High Income Fund	453		
AGF Canada Class	295		
AGF Diversified Dividend Income Fund	221		
	<u>63,111</u>	<b>TOTAL DISTRIBUTED SECURITIES</b>	<u>\$ 273,272</u>

# Global Strategy Master LP

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

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For the six months ended June 30, 2008

This Management's Discussion and Analysis ("MD&A") presents an analysis of the financial condition of Global Strategy Master LP ('Master LP') as at June 30, 2008 compared with December 31, 2007, and the results of operations for the six months ended June 30, 2008 compared with the corresponding period of 2007. This discussion should be read in conjunction with our 2007 annual MD&A and 2007 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 percentage changes 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 2007 annual MD&A: 'Significant Accounting Policies and Estimates', 'Exemptive Relief' and 'Corporate Governance'. Accordingly, readers should refer to our 2007 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 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 June 30, 2008, 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.

# Global Strategy Master LP

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

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### 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 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 annualized distribution fee rate for the six months ended June 30, 2008 was 0.55% compared to 0.56% in comparable period in 2007.

Distribution fees amounted to \$0.8 million for the six months ended June 30, 2008 as compared to \$1.0 million for the comparable period in 2007. The decrease of 22.3% in distribution fees was primarily attributable to the decline in net asset value of Distributed Securities from \$344.3 million as at June 30, 2007 to \$273.3 million as at June 30, 2008.

The following is a summary of the changes in Distributed Securities during the six months ended June 30, 2008 and 2007:

(Unaudited)	(in millions)	
Six months ended June 30	2008	2007
Market value of Distributed Units, beginning of period	\$ 309.3	\$ 375.9
Change in market value of Distributed Units, including reinvested distributions	(9.5)	6.8
Redemption of Distributed Units	(26.5)	(38.4)
Market value of Distributed Units, end of period	\$ 273.3	\$ 344.3

The annualized redemption rate during the six months ended June 30, 2008 based on the market value of Distributed Securities at the beginning of the period was 17.1% compared to 20.4% in 2007. Redemptions of \$26.5 million and market decline of \$9.5 million accounted for the decrease in the value of Distributed Securities during the six months ended June 30, 2008.

### DISTRIBUTED SECURITIES COMPOSITION

The composition of Distributed Securities as at June 30, 2008 and 2007 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.

# 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 June 30:

(Unaudited)	2008	2007
	%	%
Canadian Balanced and Asset Allocation Funds	35	31
Canadian Equity Funds	23	23
International Equity Funds	20	25
International Fixed Income Funds and Others	18	18
Canadian Fixed Income Funds	3	2
U.S. Equity Funds	1	1
<b>Total</b>	<b>100</b>	<b>100</b>

### 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 June 30, 2008) (Unaudited) (in thousands)	Weighted Average Annual Distribution Fee Rate	Distribution Fee Expiry Date (December 31)
LP 1990	\$ 6,058	0.60%	2014
LP II	4,298	0.69%	2015
LP III	23,313	0.65%	2016
LP IV	3,343	0.68%	2017
LP V	85,892	0.55%	2017
LP VI	66,525	0.55%	2018
LP VII	11,916	0.59%	2019
LP VIII	22,917	0.59%	2020
LP IX	49,010	0.47%	2012
	<b>\$ 273,272</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.

# Global Strategy Master LP

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

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### **GENERAL AND ADMINISTRATION EXPENSES**

General and administration expenses for the six months ended June 30, 2008, were \$125,915, a decrease of 18.9% from \$155,230 in the same period in 2007. The decrease was primarily attributable to the decrease in administration fees, audit, legal and filing 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 \$355,224 as at June 30, 2008 as compared to \$423,841 as at December 31, 2007. Assets as at June 30, 2008 consisted of cash and term-deposit totaling \$227,515 and receivables of \$127,709. These assets were used primarily to finance the quarterly distributions payable to limited partners. 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 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 and estimated taxable income for six months ended June 30, 2008 were \$0.06 per limited partnership unit as compared to \$0.08 per limited partnership unit for the same period in 2007. Cash distributions were paid on July 30, 2008 to limited partners of record on June 30, 2008 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.

# Global Strategy Master LP

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

### 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 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 six months ended June 30, 2008 and 2007 amounted to:

Six months ended June 30	2008	2007
Administration fees	\$ 77,514	\$ 96,892
Investment management fee	500	1,000

### SELECTED QUARTERLY INFORMATION

(in thousands, except per unit amounts)

Three months ended (Unaudited)	Jun. 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sep. 30, 2007
Revenue	\$ 400.5	\$ 407.9	\$ 452.3	\$ 475.3
Net income for the period	340.2	342.4	375.7	399.4
Net income and cash distribution per limited partnership unit	0.03	0.03	0.03	0.04

(in thousands, except per unit amounts)

Three months ended (Unaudited)	Jun. 30, 2007	Mar. 31, 2007	Dec. 31, 2006	Sep. 30, 2006
Revenue	\$ 504.6	\$ 536.2	\$ 511.9	\$ 503.4
Net income for the period	426.9	458.7	465.3	393.9
Net income and cash distribution per limited partnership unit	0.04	0.04	0.04	0.04

### ADDITIONAL INFORMATION

Additional information relating to the Partnership can be found in the Financial Statements and accompanying notes for the six months ended June 30, 2008, 2007 annual MD&A and Financial Statements, 2007 Annual Information Form ('AIF') and other documents 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)

## Global Strategy Master LP

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The following interim financial statements of Global Strategy Master LP for the six months ended June 30, 2008 are unaudited and have not been reviewed by our auditors.



# Global Strategy Master LP Balance Sheets

	As at June 30, 2008 (Unaudited)	As at December 31, 2007
<b>Assets</b>		
Current Assets:		
Cash and term-deposit	\$ 227,515	\$ 275,522
Distribution fees and interest receivable	127,709	148,319
<b>Total Assets</b>	<b>\$ 355,224</b>	<b>\$ 423,841</b>
<b>Liabilities and Partners' Equity</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 15,050	\$ 48,097
Distributions payable	340,174	375,744
	355,224	423,841
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)
	-	-
<b>Total Liabilities and Partners' Equity</b>	<b>\$ 355,224</b>	<b>\$ 423,841</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  
 (Unaudited)

Six months ended June 30	2008	2007
<b>Income</b>		
Revenue:		
Distribution fees	\$ 804,032	\$ 1,034,675
Interest	4,427	6,106
	808,459	1,040,781
Expenses:		
Administration and investment management fees	78,014	97,892
Audit, legal and filing fees	17,668	21,063
Transfer agent fees	23,607	26,364
Other costs	6,626	9,911
	125,915	155,230
Net income for the period	\$ 682,544	\$ 885,551
Net income per limited partnership unit	\$ 0.06	\$ 0.08
<b>Deficit</b>		
Balance beginning of period	\$ (168,406,684)	\$ (168,406,684)
Net income for the period	682,544	885,551
Distributions to partners	(682,544)	(885,551)
Balance end of period	\$ (168,406,684)	\$ (168,406,684)

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

Global Strategy Master LP  
 Statements of Cash Flow  
 (Unaudited)

Six months ended June 30	2008	2007
<b>Operating Activities:</b>		
Net income for the period	\$ 682,544	\$ 885,551
Net increase in non-cash balances related to operations	(12,438)	(2,927)
	670,106	882,624
<b>Financing Activities:</b>		
Distributions paid to partners	(718,113)	(923,958)
<b>Increase(decrease) in cash during the period</b>	<b>(48,007)</b>	<b>(41,334)</b>
Cash beginning of period	275,522	330,267
Cash end of period	\$ 227,515	\$ 288,933

*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

### (Unaudited)

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For the six months ended June 30, 2008 and 2007

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, 2007. 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, 2007, as set out in Master LP's 2007 Annual Report.



What are you doing after work?

### Global Strategy Master LP

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#### Transfer Agent and Registrar

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