

Read the small print

Problem we have is, a lot of folks aren't responding to over a million letters sent out to offer them assistance and mortgage counselling. You know, these mortgages can be pretty frightening to people. I mean, there's a lot of small print.

President George W. Bush, speech to the New York Financial Community, March 14, 2008

American authorities, especially Federal Reserve officials, harbour the mistaken belief that swift action can forestall a Japan-like collapse. The greater imperative is to avoid toxic asset bubbles in the first place. Steeped in denial and engulfed by election-year myopia, Washington remains oblivious of the dangers ahead.

Stephen S. Roach, Chairman, Morgan Stanley Asia, March 6, 2008, International Herald Tribune

All right, who didn't read the small print? It would appear the answer is just about everyone. The real answer is policy makers did not care. At the end of the quarter, Washington finally announced the overhaul of the rules governing its financial system. Stephen Roach, the former Morgan Stanley Strategist, so prescient over the last few years, now might allow, in surveying the greatest global credit wreck in history, Washington is oblivious no more. We appreciate the banking rules, the wrecking policies remain - discounted rates, deficit spending, and dollar depreciation.

Despite a series of unprecedented stimulative policies, Ben Bernanke now acknowledges the US might be coming to a recession. Just to quantify what recessive markets are, the following are the quarterly rates of change for a few of the worlds stock markets: Canada off 2.8%, New York, off 6.9%, London off 9.4%, India off 22.1% and China off 29.4% to name a few.

QV will not belabour the tribulations of a five-month equity bear market and the worst quarter in six years or a world banking crunch or the consumer and commodity de-levering flop that is just about to begin.

We've done enough of that. Well, in light of the proposed mess fixing, we cannot help comment that the folks bringing you the "most sweeping regulatory overhaul since the Depression" are the same folks who created "the worst banking crisis in 30 years."

In bailing out banking institutions, the Fed has acquired questionable paper and has allowed an increase in leverage by Fannie Mae and Freddie Mac, (government sponsored mortgage lenders) thus eroding the quality of these institutions. With off balance sheet guarantees, Fannie Mae is levered 75-to-1, compared to commercial banks of 10-to-1. Pray little goes more wrong in the mortgage market. Interest rates in the US will tend to rise with Government risk.

After eight discount rate cuts the evidence of the equity markets and in the economy suggests that the Fed's efforts to stimulate are ineffective. They have resulted in stock and commodity market surges and no proofs of a business bottom. They do not prepare a sound base of savings and investment to support a new cycle. The depreciation in the US dollar risks the accumulated assets of foreign lenders who have been financing US spending, hence the ongoing speculation in commodities and currencies. We think US dollar depreciation will stop later in the year based on higher market interest rates, softer international business, the end to the "Olympic build out" in China, and the prospective end to the Iraq confrontation.

The press has well reported our neighbour's monetary and fiscal policies. The month of May will see some economic respite arising from the mailing of tax rebates in the US. However, the housing crisis has spilled beyond financial institutions to consumer confidence and spending, profits, employment, and capital spending. David Rosenberg illustrates the spillage noting US newspaper advertising sales fell 9.4% last year, the worst drop since records started 57 years ago. The statistics are not lost on us as holders of Transcontinental, a printer of newspapers and Washington Post, a publisher.

The Asset Backed Commercial Paper fiasco is an illustrative home made problem. Appropriately, on April 1st, the Globe & Mail reported the disadvantaged Sandy Currie's comment to Purdy Crawford, the chairman of the committee directed to restore confidence in our ABCP's, "I found your presentation interesting but totally incomprehensible. Take it home, show it to your wives, see if they understand it."

As at April's Fools Day, Mr. Crawford has been moulding a corrective consensus for about 206 days. He has not achieved consensus, despite his many public statements of confidence and comfort. Thus, C\$32 billion in savers and spenders and pensioners money is frozen not making transactions, not paying interest, and not lubricating commerce, finance, and commodity speculation. Multiply the number many times and you understand the banker's predicament.

We sympathise with Sandy Currie. The markets have fooled us many times, as one client observed when we acknowledged we missed a big bet on the commodity boom. "Booms" have the habit overpricing assets then morphing into something else. The flight to commodities reflects easy money and the flight from the US dollar. It is end of cycle stuff, not new beginnings. Rampant inflation may prove us wrong but we have not erred on the credit crisis.

We think it an easy prediction that commodity prices will break. We see evidence in the zeal to deal in this new asset class by institutional and private players, in the crimp in bank lending, in rising margin requirements, in rising credit failures and from the slowing global economies. America's finances are not in their own hands, but in the hands of their creditors willing to accept the two billion dollars a day, they ship abroad for purchases.

On April's first day, and in some exultation over the start of a fresh quarter, over two major bank re-financings and over the newly proposed new oversight, the Dow rose nearly 400 points or three percent. The rally is one of many triggered by intervention. This is not new. The New York market has seen the greatest volatility in the past five years with 12 sessions of two percent changes or more, very typical of bear markets. Nothing has endured beyond the exuberant short covering rallies.

Investors yearn for a bottom. We do not think this is it. Over time, equity prices will correct to levels consistent with the lower returns companies will earn on their assets in a world reducing its debt and then, in an economy supported by more constrained increases in lending and spending.

Money has moved into quality bonds and has taken prices to high levels and yields down to a quarter of the long run return on corporate equity. That is a caution for bonds and a support for equities. Dividend yields on many companies exceed bill and bond yields, supportive of equities. The recession in the US will depress tax revenues. The bail out schemes will require financing. Debt issuance from the Treasury and security issuance from the banks will be high and put upward pressure on rates and that is a caution.

The Fed will cut again. The equity markets and commodities may rally again. Value, not the impetuous actions of the market, will be our guide. Our emphasis remains on reserves for flexibility and on quality securities to provide secure interest and dividends. We are investing in those companies able to sustain their dividends and to adjust their capital plans and balance sheets to something more aligned to growth rates much lower than that of the past five years. We will increase bond yields through corporate bond purchase but not sacrifice the standard of quality. Safety and preservation of capital is first in our minds.

Pooled Fund Performance Review

Pooled Fund Annualized Performance Summary^{+,^}

Period Ending March 31, 2008	3 Mos	6 Mos	YTD	1 Yr	2 Yr	3 Yr	5 Yr	8 Yr	10 Yr	Inception
	%	%	%	%	%	%	%	%	%	%
QV Canadian Balanced Fund	1.03	1.32	1.03	3.30	5.51	7.79	10.20	11.72	8.29	9.03
<i>*Balanced Fund Benchmark</i>	-0.32	-0.28	-0.32	4.54	6.58	10.03	12.64	6.51	7.19	8.22
QV Canadian Small Cap Fund	-5.12	-6.03	-5.12	3.30	5.28	13.64	21.96	19.84	15.17	14.79
<i>BMO Small Cap Unweighted Index</i>	-4.63	-8.30	-4.63	-9.68	-2.47	5.84	16.54	7.25	5.34	5.53
QV Canadian Income Fund	2.97	4.43	2.97	6.16	5.50	5.53	5.57	-	-	5.19
<i>DEX Short Term Bond Index</i>	4.01	5.69	4.01	7.15	5.85	4.64	5.02	5.74	5.47	4.84
QV Global Equity Fund	-0.07	-1.21	-0.07	-5.22	-	-	-	-	-	-6.78
<i>MSCI World Index (\$CA)</i>	-5.89	-9.22	-5.89	-15.36	-2.62	1.99	6.08	-4.19	-0.18	-11.8
QV Canadian Equity Fund	-1.57	-2.70	-1.57	1.55	7.2**	13.5**	19.2**	19.8**	-	2.9
<i>S&P/TSX Composite Total Return</i>	-2.84	-4.05	-2.84	4.00	7.65	14.17	18.49	6.40	7.81	5.3

* The Balanced Fund Index is weighted 5% in the DEX 91-Day Treasury Bill Index (formerly Scotia Capital Markets), 45% in the DEX Bond Universe (formerly Scotia Capital Markets), 40% in the S&P/TSX Composite Total Return Index, and 10% MSCI World Index (C\$)

+ Returns beyond 1 year are shown as annualized ^ All performance data is shown on a gross or before fee basis ** Cdn equity carve-out of QV Cdn Balanced Fund

Capital Markets Review

Period Ending March 31, 2008	3 Mos	6 Mos	YTD	1 Yr	2 Yr	3 Yr	5 Yr	8 Yr	10 Yr
	%	%	%	%	%	%	%	%	%
DEX 91-Day T-Bill Index	1.23	2.32	1.23	4.63	4.41	3.88	3.36	3.62	3.85
DEX Bond Universe Index	2.96	5.78	2.96	5.78	5.62	5.37	6.36	6.83	6.28
S&P 500 Index (\$CA)	-5.80	-9.69	-5.80	-15.37	-3.31	0.26	3.65	-4.12	0.24
S&P 500 Index (\$US)	-9.44	-12.46	-9.44	-5.08	3.03	5.85	11.32	0.12	3.50
MSCI World Index (\$US)	-8.95	-11.06	-8.95	-2.77	6.20	10.18	16.52	2.10	5.02

Fund Review - Canadian Balanced Fund

The *QV Canadian Balanced Fund* invests in larger Canadian companies and high quality fixed income securities for long-term income and capital gains.

Performance

In one of the worst equity markets in six years, the QV Canadian Balanced Fund rose 1.0% in the quarter, and 3.3% in the year. In contrast, the benchmark balanced fund index fell 0.3% and rose 4.5% over the comparable periods. The Fund's fixed income securities rose 3.7% in the quarter, 6.1% in the year. The Fund's equities fell 1.3% in the quarter but rose 2.7% for the year.

The Fund's performance has been supported by the defensive qualities of the asset mix and security selection. Bonds outperformed stocks over the year. Aggressive central bank rate cuts, asset liquidations, and demand for safe short-term government bonds contributed to the results. In the stock market, financials lost heavily down nearly 10%. Precious metals gained well on concern of re-inflation and rose about 7%.

Asset Mix

We reduced the equity exposure when we sold Cognos to IBM on a takeover and reduced energy and gold stocks at profits. We invested proceeds in Canada treasury-bills, temporarily boosting our cash exposure. The cash provided protection from the volatility experienced in the equity markets in the quarter. We expect to re-invest cash reserves in equities. The sell-off in the global markets will provide more attractive pricing on stocks.

Inside the Fund

Fixed Income

In the quarter, we purchased the *AA rated-NAV Canada bond, due February 24, 2016*, at a yield of 4.3%. NAV Canada, formerly a Crown corporation, owns and operates Canada's civil air navigation service. NAV Canada's monopoly position and pricing power supports their AA credit rating. Corporate bonds increased their yield advantage to the yields on Canada's to the largest gap since 2002 as investors sought the safety of governments through this period of credit market uncertainty. Yields of corporate bonds are now providing an attractive reward.

We will continue to look for opportunities to add to our exposure to corporate bonds. We prefer to own "public sector corporations". We can closely monitor the company through their equity and publicly available financial statements. NAV Canada publicly releases their financial information on a quarterly basis.

Canadian banks will continue to issue debt as they act to repair their balance sheets in response to the collapse of the structured debt markets. The collapse of the "shadow banking system" will reduce a lucrative source of fee income for banks and will force many corporate customers back to their banks for funding. We are seeing a rise in corporate loans on bank balance sheets. We expect this trend will continue. As the banks fight for capital and customers, we expect weaker profits and share prices.

While the credit crisis unfolds, we expect the yields on bank bonds to rise. We will pursue opportunities in this sector. We will maintain our discipline of investing only in investment grade banks and of exposing one sector to a maximum 25% for the overall Fund. Our current total exposure to financial services is at 16% of the portfolio.

Canadian Equities

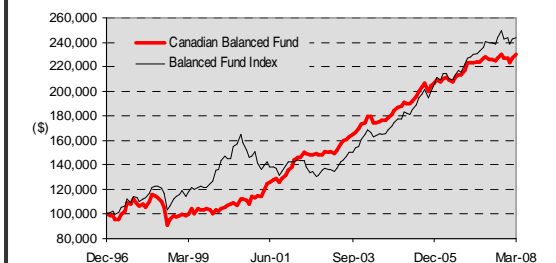
Please refer to the *Canadian Equity Fund* for a review of the past quarter's transactions.

Asset Mix - Canadian Balanced Fund

	Jun-07	Sep-07	Dec-07	Mar-08
Cash/T-bills	5%	7%	6%	10%
Fixed Income				
Bonds	44%	45%	47%	45%
Preferred Shares	5%	5%	3%	3%
Equities				
Income/Royalty Trusts	3%	3%	3%	2%
Common Shares	43%	40%	41%	40%
TOTAL	100%	100%	100%	100%

Investment Values

Based on \$100,000 Investment at Inception*



* Assume reinvestment of income and capital gains distributions

Fund Review - Canadian Balanced Fund

QUANTITY	SECURITY DESCRIPTION	UNIT COST	BOOK VALUE	UNIT PRICE	MARKET VALUE	COUPON/DIVIDEND	% OF PORTFOLIO	ANNUAL INCOME	YIELD AT MARKET
CASH/BILLS									
CASH									
-69,920	CASH - CANADIAN DOLLARS	1.00	-69,920.50	1.00	-69,920.50	0.00	-0.1	0.00	0.00
			-69,920.50		-69,920.50		-0.1	0.00	
TREASURY BILLS									
3,700,000	CANADA GOVT T/B DISCNT JUN 26 08	99.64	3,686,828.00	99.64	3,686,828.00	0.00	3.8	49,058.98	1.33
1,050,000	CANADA GOVT T/B DISCNT MAY 01 08	99.62	1,045,989.00	99.62	1,045,989.00	0.00	1.1	26,143.12	2.50
5,400,000	CANADA GOVT T/B DISCNT MAY 15 08	99.11	5,352,053.00	99.11	5,352,053.00	0.00	5.5	170,623.27	3.19
			10,084,870.00		10,084,870.00		10.3	245,825.37	
CASH/BILLS TOTALS			10,014,949.50		10,014,949.50		10.2	245,825.37	
FIXED INCOME									
GOVERNMENT BONDS									
6,050,000	ALBERTA CAP FIN AUTH 4.350 JUN 15 16	99.65	6,028,749.99	102.94	6,227,567.50	4.35	6.4	263,175.00	3.93
2,200,000	ALBERTA CAP FIN AUTH 4.650 JUN 15 17	100.30	2,206,600.00	104.49	2,298,835.00	4.65	2.3	102,300.00	4.06
4,000,000	BC MUNI FINANCE 4.000 DEC 01 10	99.48	3,979,350.00	101.69	4,067,640.00	4.00	4.2	160,000.00	3.33
4,000,000	CANADA HOUSING TRST 3.550 SEP 15 10	98.64	3,945,780.00	100.93	4,037,280.00	3.55	4.1	142,000.00	3.15
1,120,000	CMHC 5.500 JUN 01 12	101.82	1,140,369.50	108.35	1,213,520.00	5.50	1.2	61,600.00	3.34
3,455,000	MANITOBA PROV 4.800 DEC 03 14	102.38	3,537,236.62	105.95	3,660,572.50	4.80	3.7	165,840.00	3.78
5,000,000	NEW BRUNSWICK PROV 4.300 DEC 03 15	99.70	4,984,820.00	102.60	5,130,000.00	4.30	5.2	215,000.00	3.90
3,120,000	ONTARIO PROV 4.750 JUN 02 13	99.48	3,103,623.79	105.40	3,288,480.00	4.75	3.4	148,200.00	3.60
5,000,000	TORONTO ON 4.550 MAY 20 15	101.07	5,053,740.00	102.74	5,137,025.00	4.55	5.2	227,500.00	4.10
5,090,000	YORK ON 4.600 MAY 25 15	100.62	5,121,808.16	103.72	5,279,449.80	4.60	5.4	234,140.00	4.00
			39,102,078.05		40,340,369.80		41.2	1,719,755.00	
CORPORATE BONDS									
500,000	BANK OF NOVA SCOTIA 4.290 SEP 22 09	100.16	500,775.00	100.69	503,440.00	4.29	0.5	21,450.00	3.81
1,500,000	BELL CANADA 4.640 FEB 22 16	98.75	1,481,275.00	78.65	1,179,750.00	4.64	1.2	69,600.00	8.39
400,000	CU INC 6.145 NOV 22 17	102.75	411,000.00	111.39	445,560.00	6.15	0.5	24,580.00	4.66
500,000	ENBRIDGE GAS 5.000 MAR 31 09	100.06	500,310.00	101.49	507,425.00	5.00	0.5	25,000.00	3.48
1,000,000	NAV CANADA 4.713 FEB 24 16	102.90	1,029,000.00	102.74	1,027,400.00	4.71	1.0	47,130.00	4.30
320,000	SUN LIFE CAP TRUST 6.865 DEC 31 11 PER	102.62	328,384.00	107.50	344,000.00	6.87	0.4	21,968.00	4.66
			4,250,744.00		4,007,575.00		4.1	209,728.00	
STRAIGHT PREFERRED									
90,500	IND ALLNCE & FNCL NC CLASS A PRF SER B	25.00	2,262,550.00	20.50	1,855,250.00	1.15	1.9	104,075.00	5.61
34,600	POWER FINANCIAL CORP PFD 1 SER D 5.50%	24.77	856,927.64	24.70	854,620.00	1.38	0.9	47,575.00	5.57
			3,119,477.64		2,709,870.00		2.8	151,650.00	

Fund Review - Canadian Balanced Fund

QUANTITY	SECURITY DESCRIPTION	UNIT COST	BOOK VALUE	UNIT PRICE	MARKET VALUE	COUPON/DIVIDEND	% OF PORTFOLIO	ANNUAL INCOME	YIELD AT MARKET
FIXED INCOME TOTALS			46,472,299.69		47,057,814.80		48.1	2,081,133.00	
CANADIAN EQUITY									
ENERGY									
38,680	CDN OIL SANDS TRUST TRUST UNIT	19.09	738,329.82	41.50	1,605,220.00	3.00	1.6	116,040.00	7.23
25,100	ENBRIDGE INC COMMON	37.75	947,466.09	42.33	1,062,483.00	1.32	1.1	33,132.00	3.12
25,399	ENCANA CORPORATION COMMON	41.69	1,058,814.17	78.20	1,986,201.80	1.60 US	2.0	41,772.21	2.10
20,500	HUSKY ENERGY INC COMMON	44.46	911,512.00	40.19	823,895.00	1.32	0.8	27,060.00	3.28
50,705	TRANSCANADA CORP COMMON	37.86	1,919,924.72	39.55	2,005,382.75	1.44	2.0	73,015.20	3.64
41,700	TRICAN WELL SERVICE COMMON	23.79	991,856.44	21.49	896,133.00	0.10	0.9	4,170.00	0.47
			6,567,903.24		8,379,315.55		8.6	295,189.41	
MATERIALS									
7,400	AGNICO EAGLE MINES COMMON	39.51	292,388.80	69.62	515,188.00	0.18 US	0.5	1,369.16	0.27
11,150	GOLDCORP INC COMMON	35.99	401,234.29	39.89	444,773.50	0.18 US	0.5	2,063.00	0.46
34,000	RUSSEL METALS INC COMMON	28.45	967,459.80	26.24	892,160.00	1.80	0.9	61,200.00	6.86
23,700	TECK COMINCO LTD CLASS B SUB VTG	47.49	1,125,485.64	42.09	997,533.00	1.00	1.0	23,700.00	2.38
			2,786,568.53		2,849,654.50		2.9	88,332.16	
INDUSTRIALS									
39,300	CDN NATL RAILWAY COMMON	45.80	1,800,060.69	49.77	1,955,961.00	0.92	2.0	36,156.00	1.85
46,600	TOROMONT INDS LTD COMMON	23.16	1,079,474.21	28.79	1,341,614.00	0.56	1.4	26,096.00	1.95
139,750	TRANSCONTINENTAL INC CLASS A SUB VTG	18.76	2,621,403.00	18.67	2,609,132.50	0.28	2.7	39,130.00	1.50
			5,500,937.90		5,906,707.50		6.0	101,382.00	
CONSUMER DISCRETIONARY									
48,300	ASTRAL MEDIA INC CLASS A NON VTG	35.83	1,730,766.54	38.99	1,883,217.00	0.50	1.9	24,150.00	1.28
54,500	REITMANS CDA LTD CLASS A NON VTG	21.29	1,160,420.30	18.50	1,008,250.00	0.72	1.0	39,240.00	3.89
			2,891,186.83		2,891,467.00		3.0	63,390.00	
CONSUMER STAPLES									
96,000	METRO INC CLASS A SUB VTG	24.84	2,384,161.33	24.30	2,332,800.00	0.50	2.4	48,000.00	2.06
50,200	SAPUTO INC COMMON	16.19	812,820.84	27.68	1,389,536.00	0.76	1.4	38,152.00	2.75
			3,196,982.17		3,722,336.00		3.8	86,152.00	
FINANCIALS									
47,260	BANK OF NOVA SCOTIA COMMON	41.64	1,967,981.11	46.55	2,199,953.00	1.88	2.2	88,848.80	4.04
1,700	E-L FINANCIAL CORP COMMON	664.80	1,130,153.98	526.00	894,200.00	0.50	0.9	850.00	0.10
30,600	GMP CAPITAL TRUST TRUST UNIT	21.13	646,484.38	16.77	513,162.00	1.68	0.5	51,408.00	10.02
38,121	GREAT-WEST LIFECO COMMON	26.02	991,743.90	30.96	1,180,226.16	1.17	1.2	44,601.57	3.78
50,400	IND ALLNCE & FNCL COMMON	30.44	1,534,158.15	37.88	1,909,152.00	0.90	2.0	45,360.00	2.38
27,050	ING CANADA INC LTD VTG	47.75	1,291,535.11	36.49	987,054.50	1.24	1.0	33,542.00	3.40
28,300	NATIONAL BK CDA COMMON	57.38	1,623,898.13	47.84	1,353,872.00	2.48	1.4	70,184.00	5.18
36,400	POWER FINANCIAL CORP COMMON	29.10	1,059,187.42	35.11	1,278,004.00	1.25	1.3	45,500.00	3.56

Fund Review - Canadian Balanced Fund

QUANTITY	SECURITY DESCRIPTION	UNIT COST	BOOK VALUE	UNIT PRICE	MARKET VALUE	COUPON/DIVIDEND	% OF PORTFOLIO	ANNUAL INCOME	YIELD AT MARKET
18,827	TORONTO DOMINION BK COMMON	70.86	1,334,127.47	63.11	1,188,171.97	2.28	1.2	42,925.56	3.61
			11,579,269.64		11,503,795.63		11.8	423,219.93	
TELECOMMUNICATION SERVICES									
47,284	BCE INC COMMON	30.65	1,449,490.65	34.75	1,643,119.00	1.46	1.7	69,034.64	4.20
35,856	TELUS CORP NON VTG	57.20	2,051,072.40	43.25	1,550,772.00	1.80	1.6	64,540.80	4.16
			3,500,563.05		3,193,891.00		3.3	133,575.44	
UTILITIES									
33,900	CDN UTILITIES LTD CLASS A NON VTG	33.98	1,151,919.04	41.49	1,406,511.00	1.33	1.4	45,087.00	3.21
44,700	EMERA INC COMMON	20.72	926,175.06	21.04	940,488.00	0.91	1.0	40,677.00	4.33
			2,078,094.10		2,346,999.00		2.4	85,764.00	
CANADIAN EQUITY TOTALS			38,101,505.46		40,794,166.18		41.7	1,277,004.94	
PORTFOLIO TOTALS IN CANADIAN DOLLARS			94,588,754.64		97,866,930.48		100.0	3,603,963.31	

Fund Review - Canadian Equity Fund

The **QV Canadian Equity Fund** invests for long-term capital gain and dividend income from larger Canadian companies. The equities in the **QV Canadian Balanced Fund** and **QV Canadian Equity Fund** are the same and held in the same proportions in the two Funds.

Performance

The Canadian Equity Fund declined 1.6% in the quarter less than the decline of 2.8% for the S&P/TSX Composite Index. Over one year, the Canadian Equity Fund returned 1.6% versus the Index return of 4.0%.

In the past year, our underperformance resulted from our lack of exposure to the materials area. We have seen a strong bull market in this area assisted by the devaluation of the US dollar. We feel the valuations are still too high. We will only increase our exposure to this sector when valuations acknowledge its risk.

Markets around the world continued to be volatile in the first quarter. The Canadian market was one of the best performing markets in the world. No major global market showed a positive return.

Dividends have provided support in these weaker markets. All companies in the portfolio pay dividends. The return on price of the S&P/TSX Composite was a negative 3.5% in the quarter. The total return including dividends was a negative 2.8% as stated above. The dividend yield helped performance since the Fund's yield is 3.1% versus the market at 2.8%. The companies in our portfolio show a five-year dividend growth rate of 27% versus the market at 20%. We believe our focus on dividends will serve us well in these challenging markets.

Only two industry sectors on the TSX showed positive quarterly returns; materials returned 7.2% and energy was up by 0.4%. These two sectors are the most underweighted sectors in the QV Fund. Our contributors to the outperformance were the higher than normal cash weighting and the performance of the industrials sector. The cash weighting stood at approximately 10% at the beginning of the quarter. Transcontinental supported the industrials. We mentioned last quarter that we added to this name late last year and again on weakness in the first quarter.

Inside the Fund

We further reduced our exposure to the energy and materials areas. We believe with gold above \$1,000 per ounce and oil above \$110 per barrel and with stretched valuations we felt confident in reducing Agnico-Eagle and Goldcorp by half. We trimmed our weight in Encana and Canadian Oil Sands Trust.



We have been adding to areas outside the resource area, such as in the financials where we bought more GMP Capital Trust. GMP is an independent investment firm providing equity research, investment banking, and advisory services for individual and institutional investors. We have also increased the weight in Metro Inc., which is a grocery retailer in Ontario and Quebec.

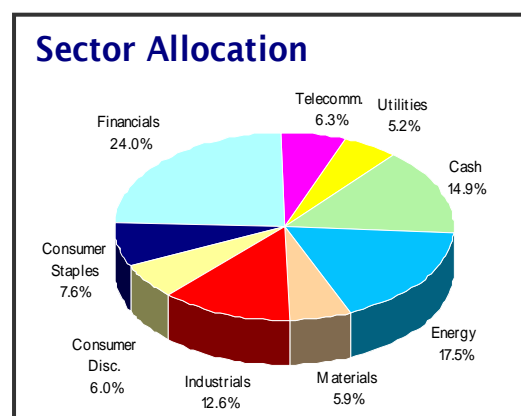
We purchased **Emera Inc.** during the quarter. Emera owns two regulated electric utilities, Nova Scotia Power and Bangor Hydro, which is an electricity transmission and distribution company in Maine.

Emera has been diversifying their business with the Bangor acquisition and other growth projects such as the Brunswick Pipeline. We anticipate steady growth from their initiatives. Emera provides a 4.5% dividend yield.



Outlook

We anticipate the Canadian market will feel the slowdown in the United States. We have reduced our cash when we have seen opportunities in good quality companies. For example, Metro Inc. declined 48% and GMP Capital Trust declined 41% from their peaks in early 2007. If we continue to see these types of declines, we will be buyers.



Fund Review - Canadian Equity Fund

QUANTITY	SECURITY DESCRIPTION	UNIT COST	BOOK VALUE	UNIT PRICE	MARKET VALUE	COUPON/DIVIDEND	% OF PORTFOLIO	ANNUAL INCOME	YIELD AT MARKET
CASH/BILLS									
CASH									
68,940	CASH - CANADIAN DOLLARS	1.00	68,939.87	1.00	68,939.87	0.00	1.0	0.00	0.00
			68,939.87		68,939.87		1.0	0.00	
TREASURY BILLS									
150,000	CANADA GOVT T/B DISCNT JUN 26 08	99.64	149,466.00	99.64	149,466.00	0.00	2.1	1,988.88	1.33
855,000	CANADA GOVT T/B DISCNT MAY 15 08	99.08	847,100.10	99.08	847,100.10	0.00	11.8	27,395.06	3.23
			996,566.10		996,566.10		13.9	29,383.94	
CASH/BILLS TOTALS			1,065,505.97		1,065,505.97		14.9	29,383.94	
CANADIAN EQUITY									
ENERGY									
5,700	CDN OIL SANDS TRUST TRUST UNIT	34.02	193,905.89	41.50	236,550.00	3.00	3.3	17,100.00	7.23
3,800	ENBRIDGE INC COMMON	38.69	147,032.78	42.33	160,854.00	1.32	2.2	5,016.00	3.12
3,800	ENCANA CORPORATION COMMON	65.52	248,983.05	78.20	297,160.00	1.60 US	4.1	6,249.63	2.10
3,200	HUSKY ENERGY INC COMMON	42.12	134,796.00	40.19	128,608.00	1.32	1.8	4,224.00	3.28
7,600	TRANSCANADA CORP COMMON	37.97	288,583.11	39.55	300,580.00	1.44	4.2	10,944.00	3.64
6,200	TRICAN WELL SERVICE COMMON	19.29	119,575.46	21.49	133,238.00	0.10	1.9	620.00	0.47
			1,132,876.29		1,256,990.00		17.5	44,153.63	
MATERIALS									
900	AGNICO EAGLE MINES COMMON	52.24	47,015.53	69.62	62,658.00	0.18 US	0.9	166.52	0.27
1,525	GOLDCORP INC COMMON	29.41	44,848.95	39.89	60,832.25	0.18 US	0.8	282.16	0.46
5,300	RUSSEL METALS INC COMMON	26.37	139,770.35	26.24	139,072.00	1.80	1.9	9,540.00	6.86
3,800	TECK COMINCO LTD CLASS B SUB VTG	41.90	159,204.36	42.09	159,942.00	1.00	2.2	3,800.00	2.38
			390,839.20		422,504.25		5.9	13,788.68	
INDUSTRIALS									
6,000	CDN NATL RAILWAY COMMON	53.73	322,353.39	49.77	298,620.00	0.92	4.2	5,520.00	1.85
7,500	TOROMONT INDS LTD COMMON	26.97	202,289.06	28.79	215,925.00	0.56	3.0	4,200.00	1.95
21,000	TRANSCONTINENTAL INC CLASS A SUB VTG	18.48	388,030.90	18.67	392,070.00	0.28	5.5	5,880.00	1.50
			912,673.35		906,615.00		12.6	15,600.00	
CONSUMER DISCRETIONARY									
7,200	ASTRAL MEDIA INC CLASS A NON VTG	41.63	299,703.04	38.99	280,728.00	0.50	3.9	3,600.00	1.28
8,100	REITMANS CDA LTD CLASS A NON VTG	19.34	156,653.38	18.50	149,850.00	0.72	2.1	5,832.00	3.89
			456,356.42		430,578.00		6.0	9,432.00	
CONSUMER STAPLES									
13,700	METRO INC CLASS A SUB VTG	29.18	399,793.67	24.30	332,910.00	0.50	4.6	6,850.00	2.06
7,700	SAPUTO INC COMMON	26.25	202,149.60	27.68	213,136.00	0.76	3.0	5,852.00	2.75
			601,943.28		546,046.00		7.6	12,702.00	
FINANCIALS									
6,600	BANK OF NOVA SCOTIA COMMON	49.84	328,976.35	46.55	307,230.00	1.88	4.3	12,408.00	4.04
250	E-L FINANCIAL CORP COMMON	597.34	149,334.45	526.00	131,500.00	0.50	1.8	125.00	0.10
4,150	GMP CAPITAL TRUST TRUST UNIT	19.06	79,106.99	16.77	69,595.50	1.68	1.0	6,972.00	10.02
6,000	GREAT-WEST LIFECO COMMON	34.08	204,504.78	30.96	185,760.00	1.17	2.6	7,020.00	3.78
7,900	IND ALLNCE & FNCL COMMON	37.28	294,526.91	37.88	299,252.00	0.90	4.2	7,110.00	2.38
5,300	ING CANADA INC LTD VTG	40.25	213,319.88	36.49	193,397.00	1.24	2.7	6,572.00	3.40

Fund Review - Canadian Equity Fund

QUANTITY	SECURITY DESCRIPTION	UNIT COST	BOOK VALUE	UNIT PRICE	MARKET VALUE	COUPON/DIVIDEND	% OF PORTFOLIO	ANNUAL INCOME	YIELD AT MARKET
3,800	NATIONAL BK CDA COMMON	54.10	205,586.33	47.84	181,792.00	2.48	2.5	9,424.00	5.18
5,400	POWER FINANCIAL CORP COMMON	38.56	208,212.52	35.11	189,594.00	1.25	2.6	6,750.00	3.56
2,575	TORONTO DOMINION BK COMMON	69.77	179,657.40	63.11	162,508.25	2.28	2.3	5,871.00	3.61
			1,863,225.60		1,720,628.75		24.0	62,252.00	
TELECOMMUNICATION SERVICES									
5,500	BCE INC COMMON	37.17	204,424.10	34.75	191,125.00	1.46	2.7	8,030.00	4.20
6,100	TELUS CORP NON VTG	50.40	307,410.33	43.25	263,825.00	1.80	3.7	10,980.00	4.16
			511,834.43		454,950.00		6.3	19,010.00	
UTILITIES									
5,700	CDN UTILITIES LTD CLASS A NON VTG	45.80	261,043.05	41.49	236,493.00	1.33	3.3	7,581.00	3.21
6,400	EMERA INC COMMON	20.72	132,606.72	21.04	134,656.00	0.91	1.9	5,824.00	4.33
			393,649.77		371,149.00		5.2	13,405.00	
CANADIAN EQUITY TOTALS			6,263,398.33		6,109,461.00		85.1	190,343.31	
PORTFOLIO TOTALS IN CANADIAN DOLLARS			7,328,904.30		7,174,966.97		100.0	219,727.25	

Fund Review - Global Equity Fund

The *QV Global Equity Fund* invests in the shares of larger companies operating outside of Canada for long-term capital gain and dividend income.

Performance

Still, the negative returns roll in for international markets. The MSCI World Index expressed in Canadian dollars, fell 15.4% in the 12 months and fell 5.9% in the three months ending March.

The Global Equity Fund fell much less, 5.2% in the year and was flat in the quarter. The fund rose 5.5% in March, more than the index at 3.6%.

The markets are violently volatile consistent with the shifts in the US credit crisis. The world's stock markets tumbled simultaneously in the first quarter with the winners in the past cycle taking the brunt of losses. China and India for example declined at nearly triple digit annual rates.

This is serious stuff for investors. The credit contraction is global. The equity market's reaction, that is weaker emerging markets, is perfectly consistent with the previously positive benefits conferred on foreign markets by unbridled American spending and debt.

Unlike previous quarters, the Canadian dollar was not a headwind. As half of our holdings are located in the US, we benefited from the 4.0% decline in the dollar against the greenback. If our call that commodities will soften in 2008, so too will the loonie against the US dollar.

Inside the Fund

Our concern about markets precipitated by the crack in the American banking system is evident in our trading. In the past nine months, we have introduced only two new securities and in the quarter we triggered only two transactions.

We eliminated BHP Billiton and we added slightly to our holdings in Zurich Financial. We have kept about 18% in cash.



BHP Billiton is the world's largest resource company and has an excellent record. However, consistent with our concern about commodities, about a global slowdown and about leveraged companies, we sold Billiton as it contemplated a multibillion dollar levered bid for its rival, Rio Tinto. Mining companies were not buying one another at the bottom of the market or gearing their balance sheets to do so. As Bob Hoye of Institutional Investors remarked in his recent letter:

... the Vale - Xstrada deal is coming apart and the BHP - RTP thing is becoming doubtful. Various explanations are offered, but the main influence - fragile credit conditions - was not at the forefront.

It seems that insatiable boardroom ambition to turn an index of mining stocks into one giant company will have to wait until the next secular bull market.

We purchased additional shares of **Zurich Financial**, a Zurich based global property and casualty insurer, is valued in excess of \$40 billion. The company's stock had fallen 20% from its highs last June, yields 4.7% on its dividend and trades at less than eight times earnings. The investment portfolio valued at over \$190 billion has less than 10% exposure to equities, over 86% exposure to cash and fixed income securities.

With respect to asset backed securities, Zurich has less than half of one percent exposure or to the frozen asset backed market. Zurich has enjoyed excellent returns on equity of over 20% over the last two years. Zurich is the type of company, with the valuation, that we like and that we will add to the Global Fund.

Looking out: The number of transactions and amount of deals has tumbled from the heated pace of 2007. Economic stats and confidence figures are still in retreat. We believe that despite massive policy stimulus, we are seeing little fundamental economic strength and believe markets must deal with the second shoe to drop, the business slowdown into 2009. We expect multiples paid for earnings and book value will decline. That said, we have every confidence in the quality of the companies we own. They will remain in business. They will grow. We will use distress as an opportunity with a particular emphasis on corporate dividend yield and sustainability.

Fund Review - Global Equity Fund

QUANTITY	SECURITY DESCRIPTION	UNIT COST	BOOK VALUE	UNIT PRICE	MARKET VALUE	COUPON/DIVIDEND	% OF PORTFOLIO	ANNUAL INCOME	YIELD AT MARKET
CASH/BILLS									
CASH									
107,552	CASH - CANADIAN DOLLARS	1.00	107,551.57	1.00	107,551.57	0.00	0.7	0.00	0.00
104,300,000	CASH - JAPANESE YEN	1.00 JP	1,073,247.00	1.00 JP	1,073,247.00	0.00 JP	6.5	0.00	0.00
7,600	CASH - SINGAPORE DOLLAR	1.00 SG	5,665.18	1.00 SG	5,665.18	0.00 SG	0.0	0.00	0.00
-41	CASH - SWISS FRANC	1.00 CH	-42.42	1.00 CH	-42.42	0.00 CH	0.0	0.00	0.00
1,249,839	CASH - U.S. DOLLARS	1.00 US	1,284,709.93	1.00 US	1,284,709.93	0.00 US	7.8	0.00	0.00
			2,471,131.26		2,471,131.26		15.0	0.00	
TREASURY BILLS									
625,000	CANADA GOVT T/B DISCNT JUN 26 08	99.64	622,775.00	99.64	622,775.00	0.00	3.8	8,286.99	1.33
			622,775.00		622,775.00		3.8	8,286.99	
CASH/BILLS TOTALS			3,093,906.26		3,093,906.26		18.8	8,286.99	
US EQUITY									
MATERIALS									
11,900	DU PONT E I DE NEMOU COMMON	50.68 US	678,619.44	46.76 US	571,968.79	1.64 US	3.5	20,060.50	3.51
			678,619.44		571,968.79		3.5	20,060.50	
INDUSTRIALS									
6,000	GRACO INC COMMON	39.32 US	220,816.06	36.26 US	223,629.92	0.74 US	1.4	4,563.88	2.04
23,300	HEARTLAND EXPRESS IN COMMON	16.48 US	424,739.16	14.26 US	341,528.00	0.08 US	2.1	1,916.01	0.56
6,400	UNITED PARCEL SV INC CLASS B	71.40 US	515,510.97	73.02 US	480,366.45	1.80 US	2.9	11,841.41	2.47
			1,161,066.19		1,045,524.37		6.3	18,321.29	
CONSUMER DISCRETIONARY									
700	WASHINGTON POST CO CLASS B	789.99 US	626,000.41	661.50 US	475,969.10	8.60 US	2.9	6,187.96	1.30
			626,000.41		475,969.10		2.9	6,187.96	
CONSUMER STAPLES									
7,600	JOHNSON & JOHNSON COMMON	64.64 US	521,901.73	64.87 US	506,767.03	1.66 US	3.1	12,967.99	2.56
7,000	KIMBERLY CLARK CORP COMMON	69.00 US	541,729.84	64.55 US	464,456.62	2.32 US	2.8	16,693.10	3.59
			1,063,631.57		971,223.65		5.9	29,661.08	
HEALTH CARE									
49,900	PFIZER INC COMMON	26.08 US	1,529,448.92	20.93 US	1,073,545.96	1.28 US	6.5	65,654.03	6.12
4,600	STRYKER CORP COMMON	66.47 US	325,761.36	65.05 US	307,578.52	0.33 US	1.9	1,560.35	0.51
			1,855,210.28		1,381,124.47		8.4	67,214.38	
FINANCIALS									
17,050	MERCURY GENERAL CORP COMMON	53.12 US	1,064,438.20	44.31 US	776,563.55	2.32 US	4.7	40,659.61	5.24
14,400	WELLS FARGO & CO COMMON	34.92 US	530,616.70	29.10 US	430,731.22	1.24 US	2.6	18,354.18	4.26
			1,595,054.90		1,207,294.76		7.3	59,013.79	
INFORMATION TECHNOLOGY									
25,100	CISCO SYSTEMS INC COMMON	29.47 US	768,045.26	24.09 US	621,528.99	0.00 US	3.8	0.00	0.00

Fund Review - Global Equity Fund

QUANTITY	SECURITY DESCRIPTION	UNIT COST	BOOK VALUE	UNIT PRICE	MARKET VALUE	COUPON/DIVIDEND	% OF PORTFOLIO	ANNUAL INCOME	YIELD AT MARKET
23,400	MICROSOFT CORP COMMON	31.95 US	777,305.86	28.38 US	682,620.17	0.44 US	4.1	10,583.26	1.55
			1,545,351.12		1,304,149.15		7.9	10,583.26	
TELECOMMUNICATION SERVICES									
11,200	AT&T INC COMMON	40.16 US	490,167.23	38.30 US	440,927.98	1.60 US	2.7	18,419.97	4.18
			490,167.23		440,927.98		2.7	18,419.97	
US EQUITY TOTALS			9,015,101.14		7,398,182.28		44.9	229,462.23	
INT'L EQUITY									
INDUSTRIALS									
38,000	SINGAPORE AIRLINES SGD0.50(1000 LOT)	19.25 SG	505,203.30	15.60 SG	441,873.12	0.55 SG	2.7	15,578.86	3.53
4,500	WARTSILA OYJ ABP NPV	49.39 EU	326,397.52	42.75 EU	312,493.95	2.25 EU	1.9	16,447.05	5.26
			831,600.82		754,367.07		4.6	32,025.91	
CONSUMER STAPLES									
15,900	HEINEKEN HOLDING EUR1.6	37.06 EU	848,320.49	31.85 EU	822,620.53	0.68 EU	5.0	17,563.01	2.14
			848,320.49		822,620.53		5.0	17,563.01	
HEALTH CARE									
5,400	NOVO-NORDISK AS ADR(1 'B' ORD)	55.45 US	313,873.40	69.24 US	384,327.70	0.68 US	2.3	3,765.91	0.98
			313,873.40		384,327.70		2.3	3,765.91	
FINANCIALS									
80,300	SWIRE PAC LTD SP ADR (1 ORD A)	10.80 US	1,019,574.64	11.45 US	945,087.24	0.40 US	5.7	32,819.70	3.47
2,400	ZURICH FIN SVS GRP CHF0.10	365.35 CH	764,883.43	312.75 CH	777,621.60	15.00 CH	4.7	37,296.00	4.80
			1,784,458.07		1,722,708.84		10.5	70,115.70	
INFORMATION TECHNOLOGY									
3,410	SAMSUNG ELECTRONICS GDR 144A (0.5 ORD)	310.73 US	1,244,783.71	312.25 US	1,094,479.65	2.70 US	6.6	9,456.87	0.86
			1,244,783.71		1,094,479.65		6.6	9,456.87	
UTILITIES									
82,700	CLP HOLDINGS LTD SP ADR (1 ORD)	7.10 US	628,550.49	8.20 US	697,060.11	0.32 US	4.2	26,805.36	3.85
12,200	FORTUM OYJ EUR3.40	22.91 EU	411,163.12	25.81 EU	511,494.32	0.77 EU	3.1	15,259.61	2.98
			1,039,713.61		1,208,554.43		7.3	42,064.97	
INT'L EQUITY TOTALS			6,062,750.10		5,987,058.21		36.3	174,992.38	
PORTFOLIO TOTALS IN CANADIAN DOLLARS			18,171,757.50		16,479,146.74		100.0	412,741.59	

1.00 US = 1.0279 CA; 1.00 SG = 0.7454 CA; 1.00 JP = 0.01029 CA; 1.00 EU = 1.6244 CA; 1.00 CH = 1.036 CA

Fund Review - Canadian Small Cap Fund

The *QV Canadian Small Cap Fund* provides investors with a superior long-term rate of return by investing in common shares of small and mid-cap Canadian companies

Performance

The investment environment for the first quarter was extremely volatile. The Canadian small cap sector continued to under-perform the large cap stocks as investors sought perceived safety. Historically, the market has migrated to larger companies at times of uncertainty and potential economic slowdown. In the current environment, we would not be surprised to see this trend continue for some time. The return of the BMO small cap (unweighted) benchmark was -4.6% versus -5.1% for the QV Canadian Small Cap Fund. Unlike the second half of 2007 where the small cap sector sold off sharply but our Fund held in well, this quarter the selling in the marketplace touched nearly all sectors and companies.

Inside the Fund

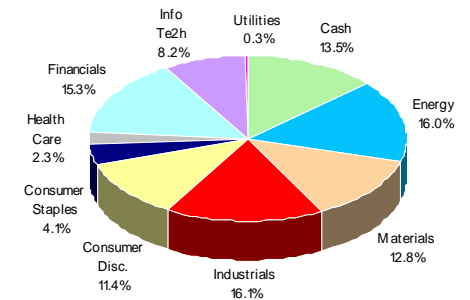
For well over a year our theme has been to “batten down the hatches” and ensure the portfolio would be able to weather any potential storms. In doing so we have ensured that the portfolio has been well diversified. Our portfolio is very well balanced between financial, consumer related, industrial, and resource companies. This was one of the factors that allowed us to post positive double digit returns last year when the small cap sector as a whole fell into negative territory.

In contrast, for the first three months of the year diversification was more detrimental than beneficial. We could have had positive returns if we invested every dollar in gold and energy stocks. These were the only two areas out of over ten sectors which posted positive gains. Even though we have been rather cautious on commodities we have in fact been adding to our weight in several energy companies over the past six months. Gold stocks though are a different story. We have rather minimal exposure to this area as it is a challenge for us to find the types of high quality businesses we look for. Not only did we not have near the exposure as that of the market but the companies we invested in performed poorly. We will not chase specific areas of the market for short term gains and have not added to our gold holdings.

Looking forward we are encouraged by the valuations of many of the companies we hold which were pressured in the quarter. We witnessed some indiscriminant selling where the good companies were tossed out with the poor ones. In a way it reminded us of the income trust sell off back in October of 2006 when all trusts fell by more or less 30%. From that came opportunity for investors to buy quality when it was on sale with the rest of the market. That is what we have been trying to do by adding to our holdings on weakness and deploying some of the cash reserves. During the quarter we received the cash for our shares in Axcan Pharma which was a corporate takeover announced in the fourth quarter of 2007.

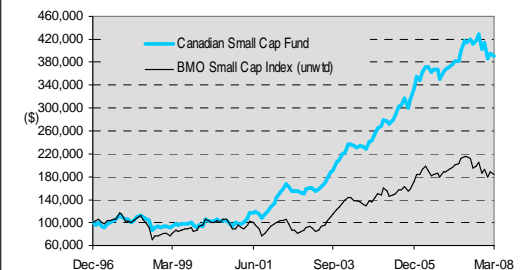
We made one new addition to the portfolio in buying shares of **Laurentian Bank (LB-T)**. We visited the corporate offices of Laurentian Bank in the fall of 2007 and had a review of the business with management. At the time we were quite impressed by the improvements we saw but found the shares to be fairly valued. The meltdown in the share values of **all** financial stocks earlier this year offered us an opportunity to initiate a position in the stock when it fell nearly 30% in sympathy with the other bank stocks. The company pays us a healthy dividend and is focused on efficiently growing their business.

Sector Allocation



Investment Values

Based on \$100,000 Investment at Inception*



* Assume reinvestment of income and capital gains distributions

Fund Review - Canadian Small Cap Fund

QUANTITY	SECURITY DESCRIPTION	UNIT COST	BOOK VALUE	UNIT PRICE	MARKET VALUE	COUPON/DIVIDEND	% OF PORTFOLIO	ANNUAL INCOME	YIELD AT MARKET
CASH/BILLS									
CASH									
96,898	CASH - CANADIAN DOLLARS	1.00	96,897.73	1.00	96,897.73	0.00	0.1	0.00	0.00
			96,897.73		96,897.73		0.1	0.00	
TREASURY BILLS									
76,000	CANADA GOVT T/B DISCNT JUN 26 08	99.64	75,729.44	99.64	75,729.44	0.00	0.1	1,007.70	1.33
17,980,000	CANADA GOVT T/B DISCNT MAY 15 08	99.20	17,837,009.55	99.20	17,837,009.55	0.00	13.3	561,455.10	3.15
			17,912,738.99		17,912,738.99		13.4	562,462.80	
CASH/BILLS TOTALS			18,009,636.72		18,009,636.72		13.5	562,462.80	
FIXED INCOME									
CORPORATE BONDS									
221,464	TAIGA BLDG PRODS LTD 14.000 SEP 01 20	100.00	221,464.00	93.00	205,961.52	14.00	0.2	31,004.96	15.26
			221,464.00		205,961.52		0.2	31,004.96	
FIXED INCOME TOTALS			221,464.00		205,961.52		0.2	31,004.96	
CANADIAN EQUITY									
ENERGY									
329,080	ALTAGAS INCOME TRUST TRUST UNIT	26.12	8,594,490.80	24.32	8,003,225.60	2.10	6.0	691,068.00	8.63
144,629	CRESCENT POINT ENRGY TRUST UNIT	20.15	2,914,851.55	28.62	4,139,281.98	2.40	3.1	347,109.60	8.39
333,700	PASON SYSTEMS COMMON	14.08	4,700,044.99	15.10	5,038,870.00	0.17	3.8	56,729.00	1.13
101,500	SAVANNA ENERGY COMMON	19.38	1,966,865.99	19.24	1,952,860.00	0.10	1.5	10,150.00	0.52
159,452	TRISTAR OIL&GAS COMMON	11.60	1,850,001.24	14.46	2,305,675.92	0.00	1.7	0.00	0.00
			20,026,254.57		21,439,913.50		16.0	1,105,056.60	
MATERIALS									
172,000	CANAM GROUP INC COMMON	12.53	2,154,565.14	10.95	1,883,400.00	0.16	1.4	27,520.00	1.46
159,100	CASCADES INC COMMON	11.56	1,839,124.77	7.86	1,250,526.00	0.16	0.9	25,456.00	2.04
172,210	CCL INDUSTRIES INC CLASS B NON VTG	35.30	6,078,254.51	29.94	5,155,967.40	0.56	3.9	96,437.60	1.87
545,220	IAMGOLD CORP COMMON	8.74	4,764,992.06	7.61	4,149,124.20	0.06 US	3.1	33,625.90	0.81
568,700	METALLIC VENTRS GOLD COMMON	2.21	1,258,883.70	1.97	1,120,339.00	0.00	0.8	0.00	0.00
111,620	RUSSEL METALS INC COMMON	26.69	2,979,074.98	26.24	2,928,908.80	1.80	2.2	200,916.00	6.86
405,900	TAIGA BUILDING PROD COMMON	1.78	723,218.80	1.20	487,080.00	0.18	0.4	73,062.00	15.00
			19,798,113.96		16,975,345.40		12.7	457,017.50	
INDUSTRIALS									
123,800	GLV INC CLASS A SUB VTG	8.82	1,091,916.00	13.78	1,705,964.00	0.05	1.3	6,190.00	0.36
74,850	LOCKERBIE & HOLE INC COMMON	10.50	786,094.24	12.50	935,625.00	0.00	0.7	0.00	0.00
30,150	MAJOR DRILLING GRP COMMON	25.08	756,094.10	53.50	1,613,025.00	0.00	1.2	0.00	0.00
210,450	MARTINREA INTL COMMON	11.97	2,518,467.07	7.57	1,593,106.50	0.00	1.2	0.00	0.00
228,460	MULLEN GROUP INCOME FD	21.78	4,976,457.85	18.85	4,306,471.00	1.80	3.2	411,228.00	9.55
177,550	RICHELIEU HARDWARE COMMON	22.98	4,080,248.43	20.90	3,710,795.00	0.32	2.8	56,816.00	1.53

Fund Review - Canadian Small Cap Fund

QUANTITY	SECURITY DESCRIPTION	UNIT COST	BOOK VALUE	UNIT PRICE	MARKET VALUE	COUPON/DIVIDEND	% OF PORTFOLIO	ANNUAL INCOME	YIELD AT MARKET
319,300	TRANSCONTINENTAL INC CLASS A SUB VTG	17.54	5,599,265.77	18.67	5,961,331.00	0.28	4.5	89,404.00	1.50
255,970	TRIMAC INCOME FUND TRUST UNIT	9.81	2,511,471.09	6.55	1,676,603.50	0.93	1.3	236,823.44	14.13
			22,320,014.54		21,502,921.00		16.1	800,461.44	
CONSUMER DISCRETIONARY									
178,700	COSSETTE COMMUNICAT SUB VTG	12.14	2,169,472.96	7.51	1,342,037.00	0.00	1.0	0.00	0.00
1,016,200	GLACIER VENTURES COMMON	3.41	3,468,878.00	4.20	4,268,040.00	0.00	3.2	0.00	0.00
78,900	LE CHATEAU INC CLASS A SUB VTG	11.51	908,300.39	12.41	979,149.00	0.50	0.7	39,450.00	4.03
423,500	LEONS FURNITURE LTD COMMON	12.00	5,081,089.45	11.90	5,039,650.00	0.28	3.8	118,580.00	2.35
144,430	UNI SELECT INC COMMON	29.33	4,235,470.87	24.59	3,551,533.70	0.43	2.7	62,104.90	1.75
			15,863,211.67		15,180,409.70		11.4	220,134.90	
CONSUMER STAPLES									
142,630	EMPIRE LTD CLASS A NON VTG	41.48	5,916,830.02	38.61	5,506,944.30	0.66	4.1	94,135.80	1.71
			5,916,830.02		5,506,944.30		4.1	94,135.80	
HEALTH CARE									
196,450	ATRIUM INNOVATIONS COMMON	18.30	3,595,536.32	15.80	3,103,910.00	0.00	2.3	0.00	0.00
			3,595,536.32		3,103,910.00		2.3	0.00	
FINANCIALS									
56,500	ADDENDA CAPITAL COMMON	21.50	1,214,960.27	26.42	1,492,730.00	1.36	1.1	76,840.00	5.15
121,960	CDN WESTERN BANK COMMON	22.53	2,747,285.02	25.76	3,141,689.60	0.40	2.4	48,784.00	1.55
381,600	CROMBIE REIT	12.22	4,663,337.38	10.95	4,178,520.00	0.85	3.1	324,344.74	7.76
9,276	E-L FINANCIAL CORP COMMON	590.12	5,473,957.07	526.00	4,879,176.00	0.50	3.7	4,638.00	0.10
76,970	HOME CAPITAL GROUP COMMON	32.20	2,478,359.82	35.65	2,743,980.50	0.48	2.1	36,945.60	1.35
31,300	LAURENTIAN BK CDA COMMON	32.19	1,007,494.93	42.55	1,331,815.00	1.28	1.0	40,064.00	3.01
150,900	MORNEAU SOBECO INCOME FUND	12.41	1,872,476.40	12.85	1,939,065.00	0.88	1.5	133,202.45	6.87
165,010	WESTERN FINL COMMON	2.91	479,769.70	4.18	689,741.80	0.04	0.5	6,600.40	0.96
			19,937,640.59		20,396,717.90		15.3	671,419.18	
INFORMATION TECHNOLOGY									
127,100	AASTRA TECHNOL COMMON	31.34	3,983,825.87	30.55	3,882,905.00	0.00	2.9	0.00	0.00
522,300	AXIA NETMEDIA COMMON	3.27	1,709,495.63	2.98	1,556,454.00	0.00	1.2	0.00	0.00
39,300	CONSTELLATION SFTWR COMMON	20.09	789,541.25	22.95	901,935.00	0.18 US	0.7	7,271.36	0.81
311,050	GENNUM CORP COMMON	11.25	3,498,773.65	9.95	3,094,947.50	0.14	2.3	43,547.00	1.41
91,600	SOFTCHOICE CORP COMMON	16.67	1,526,607.47	16.75	1,534,300.00	0.40	1.1	36,640.00	2.39
			11,508,243.88		10,970,541.50		8.2	87,458.36	
UTILITIES									
52,035	ALTAGAS UTILITY GRP COMMON	7.31	380,293.62	6.65	346,032.75	0.16	0.3	8,325.60	2.41
			380,293.62		346,032.75		0.3	8,325.60	
CANADIAN EQUITY TOTALS			119,346,139.16		115,422,736.05		86.4	3,444,009.39	
PORTFOLIO TOTALS IN CANADIAN DOLLARS			137,577,239.88		133,638,334.29		100.0	4,037,477.15	

Fund Review - Canadian Income Fund

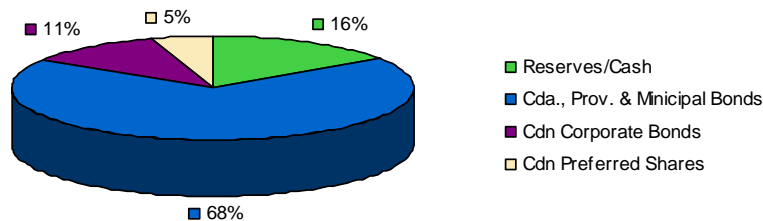
The **QV Canadian Income Fund** invests in Canadian bonds, preferred shares, trusts and common stocks for both dividend and interest income. The bond portfolio in the QV Income Fund is short, dominant and of high quality to provide low risk to capital.

Performance

The Income Fund rose 3.0% in the quarter and 6.2% in the year. In comparison, the DEX Short Bond Index rose 4.0% and 7.1% over the comparable time period.

Investor fears of further large assets write-downs by banks related to the crisis in the structured credit markets, and aggressive Central Bank rate cuts, generated strong demand for short-term bonds. The 2-year Canada bond now trades at low yield of 1.8%.

Fund Composition



Inside the Fund

Expectations of continued Central Bank rate cuts have kept prices high for shorter-term bonds, and yields low. Investor anxiety over further credit rating downgrades have also resulted in a nine-month flight to quality government issuers. As a result of this heightened level of anxiety, corporate bonds are now trading at yield advantages over federal government bonds ranging from 0.5% to 2.0%, depending on the credit quality of the issuer. These yield spreads have not been available for over 5 years.

To take advantage of the spreads and improve income we purchased a **TransCanada Pipelines Bond, due October 3, 2016**, at a yield of 4.9%, rated A by Standard & Poor's and a AA rated, **NAV Canada bond, due February 24, 2016**, at a yield of 4.3%. The Nav Canada bond yields 80 basis points more than a comparable Canada bond.

TransCanada Corporation is a company that we own in our Canadian Balanced and Canadian Equity Funds. TransCanada operates pipelines and electrical power plants in North America. TransCanada recently announced a deal to purchase Ravenswood, a power generating plant in New York City. TransCanada asserts it will finance the acquisition via 50% equity and 50% debt to preserve their A credit rating.

NAV Canada is the private sector corporation that owns and operates Canada's civil air navigation service. The company's monopoly position in Canada, and subsequent pricing power, provides support for their superior credit rating.

Our corporate bond purchases, coupled with a roll-over of a bond maturity, resulted in an increase in the average term to maturity of the bond portfolio to 4.2 years and an increase in the yield to enhance the yield to maturity.

Asset Mix

A large contribution to the Fund on the last day of the quarter moved our cash exposure over our target of 5%, and lowered the total portfolio yield.

We will invest the cash in more corporate and government bonds.

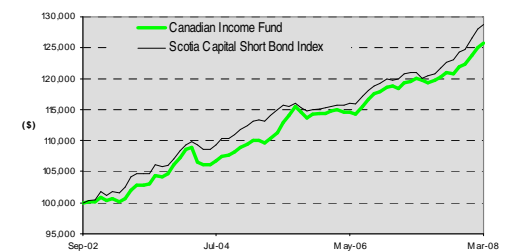
We will extend the term of the Fund. We will diversify with provincial and corporate issuers. We intend to increase the yield. We will hold the credit quality of the Fund intact. At quarter end 95% of our bonds were rated either AA or AAA.

Cdn Income Bond Characteristics

Credit Ratings as issued by Standard & Poor's	(%) of bond portfolio
AAA	69%
AA	26%
A	5%
< A/Not rated	0%
Weighted Average Term to Maturity	4.2 years
Average Bond Portfolio Yield	3.3%
Total Portfolio Yield	3.2%

Investment Values

Based on \$100,000 Investment at Inception*



* Assume reinvestment of income and capital gains distributions

Period Ending March 31, 2008

Fund Review - Canadian Income Fund

QUANTITY	SECURITY DESCRIPTION	UNIT COST	BOOK VALUE	UNIT PRICE	MARKET VALUE	COUPON/DIVIDEND	% OF PORTFOLIO	ANNUAL INCOME	YIELD AT MARKET
CASH/BILLS									
CASH									
14,119	CASH - CANADIAN DOLLARS	1.00	14,119.24	1.00	14,119.24	0.00	0.2	0.00	0.00
			14,119.24		14,119.24		0.2	0.00	
TREASURY BILLS									
950,000	CANADA GOVT T/B DISCNT JUN 26 08	99.64	946,618.00	99.64	946,618.00	0.00	10.9	12,596.22	1.33
390,000	CANADA GOVT T/B DISCNT MAY 15 08	99.18	386,817.60	99.18	386,817.60	0.00	4.5	12,405.67	3.21
			1,333,435.60		1,333,435.60		15.4	25,001.90	
CASH/BILLS TOTALS			1,347,554.84		1,347,554.84		15.6	25,001.90	
FIXED INCOME									
GOVERNMENT BONDS									
500,000	ALBERTA PROV 4.000 SEP 01 10	97.82	489,100.00	102.05	510,250.00	4.00	5.9	20,000.00	3.11
500,000	ALBERTA TREASURY MTN 4.100 DEC 01 11	98.35	491,750.00	102.40	512,000.00	4.10	5.9	20,500.00	3.40
450,000	BC MUNI FINANCE 4.000 DEC 01 10	99.78	448,996.50	101.69	457,609.50	4.00	5.3	18,000.00	3.33
200,000	BC MUNI FINANCE 4.750 APR 22 12	99.76	199,514.00	104.53	209,068.00	4.75	2.4	9,500.00	3.54
450,000	CANADA GOVT 3.500 JUN 01 13	99.63	448,317.00	102.40	460,784.25	3.50	5.3	15,750.00	3.00
600,000	CANADA GOVT 3.750 JUN 01 12	101.10	606,600.00	103.29	619,740.00	3.75	7.2	22,500.00	2.91
800,000	CANADA GOVT 4.000 JUN 01 16	98.71	789,663.40	104.93	839,408.00	4.00	9.7	32,000.00	3.31
755,000	CANADA HOUSING TRST 3.550 MAR 15 09	98.26	741,900.40	100.77	760,843.70	3.55	8.8	26,802.50	2.73
1,000,000	CANADA HOUSING TRST 4.050 MAR 15 11	99.79	997,900.00	102.19	1,021,900.00	4.05	11.8	40,500.00	3.27
500,000	ONTARIO PROV 4.750 JUN 02 13	101.36	506,782.00	105.40	527,000.00	4.75	6.1	23,750.00	3.60
			5,720,523.30		5,918,603.45		68.3	229,302.50	
CORPORATE BONDS									
300,000	BANK OF NOVA SCOTIA 4.295 AUG 22 08	99.61	298,827.00	100.36	301,086.00	4.30	3.5	12,885.00	3.35
300,000	NAV CANADA 4.713 FEB 24 16	102.90	308,700.00	102.74	308,220.00	4.71	3.6	14,139.00	4.30
350,000	TRANSCANADA PIPELINE 4.650 OCT 03 16	98.17	343,584.50	98.11	343,388.50	4.65	4.0	16,275.00	4.92
			951,111.50		952,694.50		11.0	43,299.00	
STRAIGHT PREFERRED									
8,000	IND ALLNCE & FNCL NC CLASS A PRF SER B	25.00	200,000.00	20.50	164,000.00	1.15	1.9	9,200.00	5.61
6,100	POWER FINANCIAL CORP PFD 1 SER D 5.50%	24.97	152,291.18	24.70	150,670.00	1.38	1.7	8,387.50	5.57
5,000	ROYAL BANK CDA PFD 1 SER N	26.18	130,889.00	25.15	125,750.00	1.18	1.5	5,875.00	4.67
			483,180.18		440,420.00		5.1	23,462.50	
FIXED INCOME TOTALS			7,154,814.98		7,311,717.95		84.4	296,064.00	
PORTFOLIO TOTALS IN CANADIAN DOLLARS			8,502,369.82		8,659,272.79		100.0	321,065.90	

Portfolio Risk Management Terms

Price to Earnings Multiple

The Price to Earnings Multiple is the ratio of a company's share price to its earnings per share. This ratio indicates how many times an investor is paying for each dollar of earnings. A lower number is more attractive.

Return on Equity - 4 Year Average

The Return on Equity - 4 year average is the four year average of the earnings per share expressed as a percentage of the book value per common share. The book value (equity) is the amount shareholders have invested into the firm. This is a common profitability measure. A higher rather than lower percentage is desirable.

Dividend Yield

The Dividend Yield is the annual dividend rate expressed as a percentage of the current price of the stock. The higher the yield, the more income is paid to the investor.

Percentage of Debt to Shareholder's Equity

The Percentage of Debt to Shareholder Equity shows the amount of debt (leverage) used by the company relative to share holders investment (book value) to in their business. Typically, the lower the debt to equity ratio, the lower the financial risk of the company.

Average Yield to Maturity

The Average Yield to Maturity refers to the average annual percent that will be earned on capital if a bond or bond portfolio is held to maturity. The yield to maturity calculation considers the bond's market price, the term (the time remaining to the bond's maturity), and the coupon (the bond's yield at its initial sale). The yield to maturity assumes the semi-annual payments received are reinvested at the prevailing interest rate. The higher the yield the more attractive a bond is.

Average Term to Maturity

The Average Term to Maturity is the time remaining until the bond portfolio is repaid by the borrower to the investor. The shorter the average term to maturity for a bond, the less sensitive or more stable the price of the bond is to changes in interest rates.

Disclosures

Please note that due to rounding differences, the individual components of various portfolio column totals may not sum to exactly 100 percent.

Pooled fund returns are quoted gross of fees (before fees) within the fund reviews; whereas, individual portfolio reviews are quoted accordingly to whether the portfolio is comprised of pooled and/or segregated holdings. The Pooled portion of the return is net of fees (after fees) and the segregated portion of the return is gross of fees.

Please be advised that the Contribution, Withdrawal and Income columns in the Portfolio History table reflect cumulative transactions from the previous date to the next date's record.

QV Investors acts for and may invest in the following related companies:

- Industrial Alliance (Clarington Funds)
- Western Financial Group
- CI Funds
- Ethical Funds

Due to rounding differences, "total" amounts may not reconcile completely throughout the various tables in this report.

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