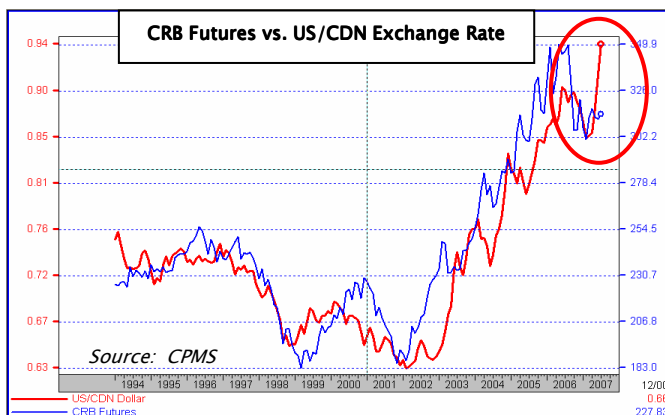


QVGD's Pooled Fund – Month End Unit Values

Unit Values	Mar-07	Apr-07	May-07
Cdn Balanced	\$14.15	\$14.28	\$14.36
Cdn Small Cap	\$22.17	\$23.11	\$24.16
Cdn Equity Fund	\$10.20	\$10.43	\$10.78
Global Equity Fund	\$9.64	\$9.57	\$9.55
Cdn. Income Fund	\$10.35	\$10.39	\$10.36

O Canada! The Canadian dollar cannot seem to stop climbing! Foreign interest in our dollar has been fuelled by strong economic fundamentals and firm commodity prices. The possibility of Canadian/US dollar parity is now more of a reality than a pipe dream!



The chart above illustrates that the most recent surge in the Canadian dollar is not directly related to the performance of the commodity markets. The Canadian dollar has gone up from \$0.85 at the beginning of the year to \$0.94 in the last week. This is a move of 4.5% in the month of May and 9.0% year to date. On the other hand, the commodity markets have remained stable. The chart shows that the correlation between the Canadian dollar and the CRB (Commodity Research Bureau Inc.) Index has been strong historically. What has changed to subdue this correlation? One possible answer may be the high demand for Canadian dollars by foreign equity investors used to finance acquisitions in our country. As we write this letter, there are numerous Canadian companies who are either in takeover talks or rumoured to be in talks with foreign firms. These include Alcan, Stelco and BCE Inc. The escalating level of merger and acquisition activity in Canada helped the S&P/TSX Composite Index outperform 23 other developed markets in May. On the flip side, the rising Canadian dollar will continue to hamper exporting companies, and companies

with extensive operations outside Canada. This may dampen the enthusiasm of Canadian equity investors. As an exporter nation, we are cautious about the economic implications caused by the sharp rally in the Canadian dollar. We continue to monitor our companies in the portfolios to ensure they are managing their operations to withstand substantial currency moves.

In the Funds

The benefit of a thriving merger and acquisition environment can be seen in the significant move in our BCE and Telus positions. In early June it was announced that a third bidder confirmed their intention to pursue BCE. If BCE is taken out by a private equity consortium, there is a strong possibility that the "loser" will go after Telus. We increased our weight in Telus during the month because of its strong market position and the possibility we will lose our investment in BCE to private equity. BCE is a holding in our Canadian Equity, Balanced and Income funds. Telus is in the Canadian Equity and Balanced Funds.

In the Canadian Equity and Balanced Funds, we sold our position in Magna International, the Canadian autoparts maker. Recent Board member resignations, coupled with the move by Chairman Frank Stronach to sell approximately 15% of Magna to a Russian company, a complex deal that primarily benefits Stronach and his new Russian partner, prompted our decision to sell.

Total Return – Capital Gains plus Income (%)

To May 31, 2007	3Mo	1Yr	3 Yr	5 Yr	10 Yr
QVGD Pooled Funds:	%	%	%	%	%
Canadian Balanced Fund	1.9	10.1	10.7	10.0	9.9
Canadian Small Cap	9.1	13.5	23.5	21.7	17.1
Canadian Equity Fund	5.8	18.2+	22.5+	18.6+	21.5 ⁺
Global Equity Fund	-1.6	-	-	-	-
Canadian Income Fund	0.7	5.4	5.0	5.0*	

+ Historic equity returns from the Cdn. Bal. Fund *4yr ^8yr

Benchmarks:

Balanced Fund Index	4.1	14.3	13.7	10.9	8.6
BMO Sml. Cp. Index (unwtd)	7.5	14.1	16.5	15.3	7.7
Scotia Capital Bond Unvrs.	-1.7	4.6	5.3	6.2	6.6
S&P/TSX Comp. Index	8.4	22.7	21.1	15.2	10.1
S&P 500 Index (\$CA)	-0.1	19.1	4.3	1.9	5.1

- Our pooled fund returns are gross of management and custodial of fees. Returns over one year are annualized.
 - The Balanced Fund Index reflects the total rates of return earned by the Scotia Capital (SC) 91-Day T-Bill Index (10%), the SC Bond Universe (35%), and the S&P/TSX Composite Index (55%).