

Equities & Good Companies

- risks to economies and markets from excessive debt are public and acknowledged
- remedies implemented have yet to contain governments' spending within revenues
- the downdraft to economies and to markets from "containment" and austerity is to come
- in a flight to safety, monies have flooded the gold, base metal, and bond markets
- equities have suffered from the flight as corporations strengthen operations and finances

Risks

After decades and dollops of debt and denial, we are having the consequent contagion, first in America, and now Europe. Dexia SA was a multi-line Belgian/French bank. From a high of EUR 22.40 in May of 2007, the shares now trade at EUR 0.80. In the second quarter, Dexia wrote down its Greek debt and other "fair value adjustments" by EUR 4.1 billion on an equity base of about EUR 19.0 billion. Three weeks after Dexia SA passed the banking "stress tests" it failed as wholesale lenders withdrew their support. The governments have stepped in to sell off the assets.

As QV Investors' pooled funds hold securities in custody with Dexia in a partnership with the Royal Bank of Canada (RBC), we had no little interest in the rescue of Dexia. RBC will likely buy out the partnership. None of your assets were in jeopardy. Two points come to mind. Firstly, the prudent and financially strong will inherit the weak. We must keep this in mind as we look to our investing, with the emphasis on the prudent and financially strong. Secondly, if the stress tests missed Dexia, we guess they have likely missed others.

Global balance sheet deleveraging and de-risking is not pretty. Unlike the start of the tragedy, begun in 2007, governments are now sensible to the world's balance sheet problem. Dexia does not mark the end to the deleveraging. It does carry stark acknowledgement of care from Europe's leaders. More is to come.

Quoting David Rosenberg of Gluskin Sheff, "Considering that total private sector credit market debt relative to national income (US) is still near a record-high of 137% versus a long-run norm of 80%, the mean-reversion process suggests that before we can even consider embarking on a fresh credit cycle in the household sector alone, mean-reverting debt-to-asset of debt-to-income ratios would imply that anywhere from \$4 to \$6 trillion of leverage has to be extinguished before we can bring the outstanding level of liability to levels that would allow for a return to a sustainable pace of credit creation."

Remedies

Printing money to buy debt, running ongoing deficits, slashing interest rates, extending jobless benefits, and softening the sting of foreclosure are remedies of apparently little reward. Mean reversion must prevail. Debt must come down. Governments must live within their tax revenues.

Inflation (CPI) at 3.8% eclipses the rate of interest on 10-year Treasury bonds of 2.1%. The numbers in Canada are similar. A negative real return on government bonds is not a basis for long-term trust. Consequently, in our bond portfolios we have worked down the weaker corporate credits after a good run. In our Income Fund, which has an objective of absolute capital preservation, we have sold weaker bonds, equities, and preferred shares.

We think the woeful script needs to play out. We are convinced the public figures are well behind the play and the puck. They seem unable to articulate the benefits of "less is more" or "smaller is better."

Downdraft

If the stock market has any value as a forecasting tool, we will see retrenchment in the economy in 2012. In the past quarter, the cyclical and resource sectors suffered badly as the Eurobank crisis unfolded. This sharply reversed the trends established at the market bottom in 2009. OECD leading indicators and spot raw commodities have fallen

five months in a row. The track of Weekly Leading Indicators prepared by Economic Cycle Research Institute has rolled over a top, well below that of the 2010 peak and that top is below that of the 2007 peak. We expect profits to shrink from 2011 highs.

Returns on equity (ROE) and profit margins are at records driven by the monetary and fiscal stimulus of the last two years. The ROE now earned on the Dow Jones Industrial Index is 20.5%. We expect it reasonable to expect “reversion to the historic mean” closer to 15.0%. Accordingly, equity prices are likely to weaken. Alas, so do most other folks. Therein lays the opportunity.

Flight to Safety, An Opportunity

Notwithstanding negative real interest rates, investors in search of capital protection have sold equities and placed significant monies in bond funds, bank deposits, gold and until recently speculative positions in commodities. All these assets have something in common; they return little or nothing for the “investor.” We see these assets as latent buying reserves for equities when confidence returns. And it will return.

Equities & Good Companies

We remind ourselves when buying stocks of what we are doing and of what others may do. Some will game the market selecting sectors of possible “outperformance.” We never forget we try to purchase good, long-term businesses at rewarding prices for our clients. So long as that company can serve the natural demand, which will fluctuate with easy money or an especially timely product, we can calculate the worth of the company and buy, hold or sell accordingly. In a depression, if it comes to that, we will still eat, clothe, shelter, and drive ourselves to the extent we can.

Companies today are financially stronger. The S&P 500’s ratio of net debt to earnings before interest, taxes, and depreciation dropped to 2.6 times from 5.0 times in 2008, according to Bloomberg. Many

companies are harbouring cash. Microsoft, one of our Global Equity Fund holdings, is the largest holder among non-financial companies with nearly \$53 billion in the till. Many of the companies in our Canadian equity funds have net cash positions on their balance sheets.

In the US, the equity earnings yields are four times the 10-year Treasury bond yield. Dividend yields have exceeded interest rates only in the 1950’s and in 2008-09, in the recent financial crisis. Although before the 1940’s that was the norm. The thought occurs that we perhaps are entering a similar era. If so, dividends offer great reward. Bloomberg also reports the dividend payout ratio at 27% is well below the 30-year average of 41%, contributing to a margin of safety and the potential for dividend increases.

We have built-in a margin of safety in the event of a terrible business outcome from the financial fiasco. We will buy unloved well-financed companies providing better returns than bonds. We know we will encounter failures, but not all will be so. Meanwhile we earn at a return above inflation and we own many franchises that are the best in Canada and many that circle the world. Any positive outcome will be a bonus.

- Leigh Pullen

Pooled Fund Performance Review

Pooled Fund Annualized Performance Summary^{+,^}

Period Ending Sep 30, 2011	3 Mos	6 Mos	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	8 Yr	10 Yr
	%	%	%	%	%	%	%	%	%
QV Canadian Income Fund	2.2	4.6	5.5	6.8	7.4	6.2	5.9	5.7	-
DEX Short Term Bond Index	2.3	3.9	3.9	4.1	5.5	5.1	4.7	4.6	5.0
QV Canadian Balanced Fund	-5.2	-4.6	2.3	7.3	7.0	5.5	6.9	7.3	9.0
CDN Balanced Fund Benchmark*	-5.0	-6.9	0.6	5.0	4.9	4.1	6.5	7.1	6.8
QV Canadian Equity Fund**	-11.4	-12.1	-0.4	7.6	4.1	4.9	9.2	10.3	13.8
S&P/TSX Composite Total Return	-12.0	-16.6	-3.6	3.8	2.7	2.6	7.0	8.4	8.0
QV Canadian Small Cap Fund	-8.3	-10.2	2.7	9.8	6.5	4.2	9.1	11.3	15.5
BMO Small Cap Unweighted Index	-16.7	-23.8	-5.3	12.2	14.1	2.8	6.0	7.6	10.3
QV Global Equity Fund	-3.4	-2.1	1.1	5.4	4.7	-	-	-	-
MSCI World Index (\$CA)	-10.7	-11.6	-5.5	-2.6	-2.9	-	-	-	-

* The Canadian Balanced Fund Index is weighted 10% in the DEX 91-Day Treasury Bill Index, 35% in the DEX Bond Universe, 55% in the S&P/TSX Composite TR Index

+ Returns beyond 1 year are shown as annualized ^ All performance data is shown on a gross or before fee basis

** Returns beyond 4 yrs reflect Cdn equity carve-out of QV Cdn Balanced Fund

Capital Markets Review

Period Ending Sep 30, 2011	3 Mos	6 Mos	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	8 Yr	10 Yr
	%	%	%	%	%	%	%	%	%
DEX 91-Day T-Bill Index	0.3	0.5	1.0	0.7	0.9	2.1	2.4	2.4	2.5
DEX Bond Universe Index	5.1	7.7	6.7	7.0	8.1	6.1	6.2	6.0	6.5
S&P 500 Index (\$CA)	-7.2	-7.8	2.0	3.9	0.6	-2.6	-0.6	0.3	-1.4
S&P 500 Index (\$US)	-13.9	-13.8	1.1	5.6	1.2	-1.2	2.3	3.7	2.8
MSCI World Index (\$US)	-14.0	-13.9	1.3	5.7	1.4	-1.0	2.5	3.9	2.8

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

The Fund fell 5.2% in the past quarter and rose 2.3% over the past 12 months. In comparison, the benchmark Canadian Balanced Index fell 4.9% and rose 0.6% over the same periods. Weakening economic conditions and renewed fears of a banking crisis in Europe triggered a sell-off in equities and a shift into bonds. Equities tied to the economic cycle were the worst performers.

The Fund's defensive equity holdings performed well in the sell-off, but did not offset large price declines in the shares of **Bombardier**, **Encana**, **Transcontinental** and life insurer, **Industrial Alliance**. Long-term federal government bonds outperformed as investors adjusted their outlook for inflation given the worsening economic conditions. As a result, our shorter-term bond portfolio rose in value, but underperformed the Index.

Asset Mix

We closed the quarter with the following asset mix: 5.8% cash reserves, 41.9% bonds and preferred shares, and 52.3% common shares. During this period of heightened risk aversion, high quality bonds offer stability but little return over inflation. We will gradually invest our growing cash reserves into equities.

Inside the Fund - Fixed Income

Concerns of another financial crisis caused yield spreads to widen between federal government bonds and all other issuers. Yield spreads on the lowest quality investment grade bonds (BBB) rose approximately 0.5% to 2.3% as investors sought the liquidity and relative safety of federal bonds to preserve capital. To that end, we trimmed two corporate issues, **Canadian Pacific Railway** and **Husky Energy**, at large premiums to their purchase price to preserve gains in this environment of rising credit risks. Corporate bond spreads could widen further in the event of another wave of panic selling in the equity markets. This will provide an opportunity to buy good quality corporate and provincial bonds at more attractive valuations. We capitalised on two such opportunities in the quarter with the introduction of two new bonds to the Fund.

We purchased a 10-year new issue **Intact Financial bond**, rated A, at a yield of 4.7%. At the time of the purchase, this new issue bond offered a 2.3% yield advantage to Canada bonds, and a yield advantage to other A-rated bonds. We also purchased a new issue 5-year **Canada Housing Trust bond**, rated AAA, and fully guaranteed by the Government of Canada. The bond at purchase offered an income yield of 1.8%, representing a 0.4% yield premium to the underlying Canada bond, thus providing an opportunity to enhance yield without sacrificing credit quality.

Inside the Fund - Equities

We introduced paper manufacturer **Domtar** to the large cap equity portfolio in the quarter. We also trimmed our weight in the defensive sectors of telecommunication and utilities on valuation concerns. *Please see the Canadian Equity Fund commentary for more details of our equity trading.*

Policy Outlook

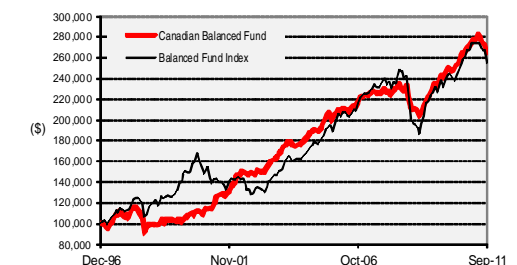
We expect equities may fall further in value as the global economy contracts. We expect the Bank of Canada to keep interest rates low, at least into 2012. The opportunity to enhance income and growth will come from buying good quality stocks at attractive valuations. We will hold our fixed income exposure below 40%, and gradually increase equities at the right opportunity.

Asset Mix

	Dec-10	Mar-11	Jun-11	Sep-11
Cash/T-bills	5%	4%	6%	6%
Fixed Income	40%	38%	40%	42%
Equities	55%	58%	54%	52%
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 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 posted a -11.4% return in the quarter versus -12.0% for the S&P/TSX Composite Total Return Index (TSX). The one-year return was -0.4% for the Fund versus -3.6% for the benchmark.

Continued weakness in the third quarter was primarily concentrated in the Energy and Financials sectors. The Fund outperformed in these sectors given its lower exposure to both. The bulk of the Fund's losses resulted from an overweight exposure to the Industrials sector.

The best and worst performers in the quarter were **Canadian Utilities Ltd.** and **Bombardier Inc.**, respectively. Canadian Utilities' stock price hit a 52-week high in September as investors rushed to more defensive sectors against a backdrop of economic uncertainty. We discuss Bombardier below.

Inside the Fund

We remained conservative with the Fund's cash position ending the quarter at 9.3%, just shy of where we started at 9.6%. We trimmed select holdings in the quarter due to above average valuations, especially in defensive names. Signs of a slowing global economy and high valuation levels increase the risk in equities and support a higher cash position. We reduced our weight in **CGI Group**—a global IT services provider. Following its acquisition of **Stanley**, CGI has sizeable revenue exposure to the U.S. Federal government. With slow growth and a rising deficit in the United States, together with CGI's higher relative value compared to other businesses in the Fund, we saw it as a source of cash. CGI also lacks a dividend, which reduces the return potential in flat or weak markets.

With the cash raised, we redeployed a portion by initiating a position in **Domtar Corporation (UFS)**. Domtar is the world's second largest manufacturer of uncoated freesheet paper and a leading manufacturer of pulp. A recent decline in pulp prices provided an opportunity for us to enhance the portfolio with a business that has pricing power, generates significant cash flow, and uses its cash to reduce debt and reward shareholders through dividends.

Of the 32 companies in the Fund, Bombardier is arguably the most sensitive to the business cycle. Despite headwinds from slower expected productivity, Bombardier has been growing its order backlog and is gaining traction for its C-series aircraft. Debt levels at the firm are high relative to other businesses held in the portfolio, but operating margins are improving. We continue to assess the portfolio's exposure to cyclical businesses, but feel the attractive valuation and 3.0% dividend yield supports our position in Bombardier.

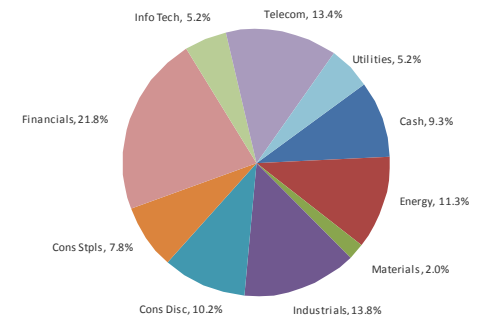
Remorse In Mind (RIM): Last week we enjoyed seven meetings over two days with potential clients. In each meeting, participants asked us about the future and price of **Research in Motion**, an investment we have made in our equity and balanced funds. Our average cost is about \$50. From a high of \$150 in June of 2008, RIM has plunged to \$22 today.

Ugh. But...an abyss of angst is built into that share price. The shares trade at under four times trailing earnings. They sold over 10.0 million BlackBerry units in the last quarter despite stubbing their toe on their PlayBook. They carry net cash on their balance sheet. Their products are still the only ones meeting the US security standards. The business is not dead. We remain constructive.

Domtar Corp. (www.stockcharts.com)



Sector Allocation



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

The Numbers

Period	3 Months	9 Months	12 Months	4 Yrs
Global Equity Fund	-3.4%	-0.9%	1.1%	2.0%
S&P/TSX Composite	-12.0%	-11.9%	-3.6%	-1.9%
S&P 500 (in C\$)	-7.2%	-4.6%	2.0%	-4.2%

On a relative basis, we will take the numbers.

Sasol

We have purchased shares of **Sasol**, a South African based chemical and energy company. Sasol is global in scope and complements **Chevron** in the portfolio. The Company's chemical production is a refinement of their gas, coal, and oil production. Sasol is unique in the energy sector for its involvement in the commercialization of its gas and coal to liquids technology. Sasol has joined with **Talisman Energy** to exploit its natural gas reserves in Western Canada. With the low price of gas, we might expect Sasol to invest here to produce diesel fuel from the abundance of gas reserves. On virtually all measures, value, growth, credit, and unitized results, Sasol contributed to the Global Equity Fund. No guarantee of a positive result, we qualify, but a good start.

Asset Mix

The asset mix in the Fund at the end of September was 12.5% cash and 87.5% international equities. We hold a little more cash these days fully expecting the global recession to be longer and deeper than experienced so far.

Defensive Orientation

We underscore the defensive nature of the Fund. The Fund carries a significant overweight in the "less to moderately risky sectors" at 52.5% of the portfolio. Its 3.2% dividend yield is above that of the S&P500 Index or the S&P/TSX Composite benchmark.

The preponderance of US dollar holdings and exposure is at 50.6%, a benefit while the Canadian dollar is weakening from the resource downturn.

Brief Sector Analysis

Defensive sectors, those least hurt by the business cycle, include utilities, telecommunications, and consumer staples. They make up 37.2% of the portfolio. Sectors more impacted by a downturn include healthcare and media providers (**Washington Post** and **W.H. Smith**). They represent 16.3% of the portfolio. Finally, the higher risk or cyclical industries include energy, and industrials at 15.3%. Equally sensitive to any downturn are information technology (17.0%) and financial services (2.2%), totalling 19.2% of the Fund. We might consider that the businesses of **Microsoft** and **Intel** are very annuity-like because of their essential nature in this electronically linked world. By comparison to the Toronto Index, we are meaningfully overweight the defensive, staple and information technology sectors and underweight materials, financials and energy, the benchmark's heaviest weights, at 79.7% of the total index!

Portfolio Character

On all measures of value, growth (excepting expected sales growth) and credit, the Fund well eclipses the numbers for the S&P/TSX Composite Index. In a phrase, better growth at less risk with a higher dividend yield.

In the worst of this deleveraging financial cycle, we will find no hiding place in this bear market. We are quite alert to the possibility of a plunge in share prices if a panic plays out...as it should. A deep recession will curtail demand for all products and services provided by the companies in the portfolio. However, we expect consumers to continue to use electricity, call on their smart phones, consume coffee, beer, and spirits, and peck away on their computers. Demand will fall. The companies will endure. We will buy their shares at bargain prices relative to their assets and earning power.

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 QV Canadian Small Cap Fund declined -8.3% in the third quarter compared to a decline of -16.7% for the BMO Small Cap benchmark (unweighted) and -12.0% for the S&P/TSX index. Year-to-date, the Fund has declined by -5.2% compared to a decline of -21.0% for the small cap benchmark and -11.9% for the S&P/TSX index. The majority of Fund outperformance during the past three and nine months came from overweighting more defensive areas of the market and limiting exposure to materials and energy sectors. This positioning was costly for the Fund on a relative basis in 2009 and 2010 but has provided more diversification and downside support during more challenging periods. All benchmark sectors declined in value during the quarter, while within the Fund, the telecommunications and the consumer staples sectors provided positive returns. Broadly speaking, companies with smaller market capitalizations tended to underperform the large cap indices. Small companies often underperform large companies during periods of elevated uncertainty due to their lower liquidity and higher perceived risk.

Outlook & Inside the Fund

The Fund did not add any new positions during the quarter but there was notable activity within the portfolio. The Fund's cash position continued to build during the quarter through the sale of **Le Chateau** and a reduction of our holdings in **Altagas Ltd**, **Canam Group**, **Glacier Media**, **Mullen Transportation** and **Uni-Select**. One large purchase for the Fund during the reporting period was the acquisition of additional shares of **Lassonde Industries Inc.** Lassonde is a Canadian leader in the production and marketing of fruit and vegetable juices. The leadership at Lassonde is aligned with other shareholders through their ownership of more than half the total shares outstanding. The team at Lassonde has a long record of deploying capital effectively, while reinvesting and profitably gaining market share. In the most recent quarter, Lassonde was able to purchase **Clement Pappas Inc.**, a family owned leader in the US private label fruit drink market that had a succession void. QV took part in a financing to help facilitate this purchase by Lassonde. The main benefits resulting from this acquisition include additional purchasing power, new customers, new products and earnings accretion.

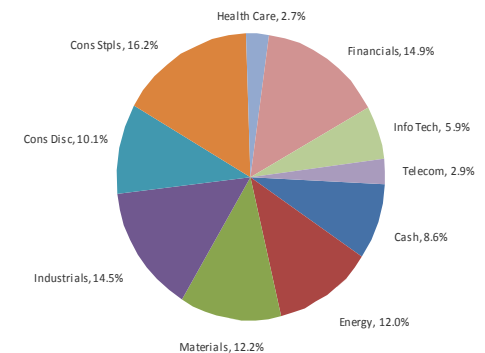
We look forward to Lassonde successfully integrating this business over the coming year. With the most recent additional purchase of Lassonde shares, it is now one of the Fund's top ten holdings

The Fund maintains a sizeable cash balance and an overweight position in the more stable consumer staples and telecommunications sectors. Although this defensive position can help in difficult markets, it will not eliminate the Fund's exposure to a broadly based sell off in equities.

With the recent equity market weakness, some high quality businesses that we have monitored for some time are becoming more attractively valued. If an opportunity to add these companies to the portfolio at very attractive prices develops, we will take action.

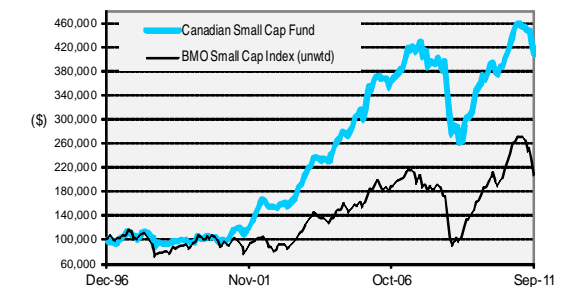
Most of the Fund's valuation characteristics remain at an advantage to the BMO Small Cap Index. The current Price to Earnings ratio for the Fund is 12.8x compared to 14.6x for the BMO Small Cap Index. From a balance sheet perspective, over a third of the companies in the portfolio have no debt. Over 80% of the companies in the Fund pay a dividend. The dividend yield for the portfolio is approximately 2.8%.

Sector Allocation



Investment Values

Based on \$100,000 Investment at Inception*



*Assume reinvestment of income and capital gains distributions

Fund Review - Canadian Income Fund

The **QV Canadian Income Fund** invests in Canadian bonds, preferred shares, real estate investment trusts and common stocks for both dividend and interest income. The bond portfolio in the QV Income Fund is short in term and high in quality to provide capital preservation.

Performance

The QV Canadian Income Fund rose 2.2% in the quarter and rose 5.5% over the past 12 months, a strong result compared to the pure equity fund returns over the past year. These results compare to 2.3% and 3.9% for the DEX Short Bond Universe Index. The Fund's higher cash position and exposure to preferred and common shares weakened relative performance in the quarter.

Asset Mix

To preserve the large gains generated in the Fund over the past two years, we eliminated the equities, sold select corporate bonds, and trimmed the Fund's holdings in preferred shares. We close the quarter holding 38.1% in cash and treasury bills, 60.5% in bonds, and 1.4% in preferred shares. We are prepared to sacrifice yield for capital preservation.

Inside the Fund

The objective of the Fund is to preserve capital and generate income through investment in mostly high quality fixed income securities. We allow for investment in preferred shares and common dividend paying equities, up to 20%. This limits the degree of volatility associated with investing in a riskier asset class. We also limit the investment in bonds rated below AA to 20%, and set strict limits on the term to maturity. Investment in riskier assets allows the opportunity to enhance the income yield of the Fund, especially during this time of low bond yields.

However, we shifted strategy to preserve capital in the quarter. The worsening political and economic climate in the US, combined with the European debt crisis, presents potential risk to the values in the Fund's equity and corporate bond holdings. We felt it was necessary to preserve the large gains earned in the Fund and invest the sale proceeds into 6-month and 1-year Canada treasury bills to limit volatility as investors increasingly move out of equities and into the relative safety of government bonds. The yield on treasury bills is 0.9%. We recognize the very low rate. We expect to reinvest these short-term funds into higher yield bonds and lower valued equities sometime in the future.

Following this shift, the Fund's total yield fell to 1.4%. The credit quality of the Fund improved after the changes as we trimmed or sold select corporate bonds trading at a large premium to par, and in sectors that could potentially trade at lower prices given their sensitivity to the economic cycle.

Policy

As global policy makers struggle with strategies to boost growth, central bankers, including the Bank of Canada, are clear in their position that their policy rates will remain accommodative.

In Canada, our strong domestic economy aided by record household lending, combined with a booming resource sector, bolstered our growth. Large international fund flows have supported our bond market given our relatively strong economy. We risk, however, a reversal of these flows that will add more volatility to our rate structure.

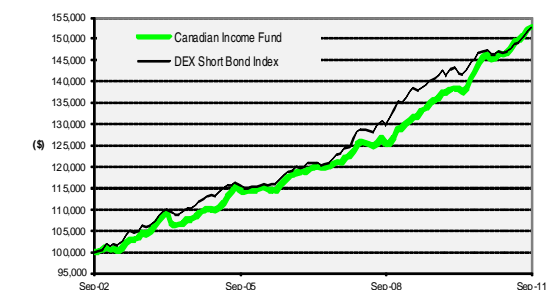
As risks of another global recession rise, we are seeing a shift to debt reduction, risk reduction, and a move back to liquidity - the US dollar. Low bond yields do not offer a return above even low levels of inflation. We will hold our large treasury bill position and await an opportunity to re-invest into the bond market at more attractive yields.

Bond Characteristics

Credit Ratings as issued by Standard & Poor's	(%) Bond Portfolio
AAA / AA	82%
A	8%
<A/Not rated	10%
Weighted Average Term to Maturity	3.4 years
Fixed Income Yield	1.7%
Total Portfolio Yield	1.4%

Investment Values

Based on \$100,000 Investment at Inception*



*Assume reinvestment of income and capital gains distributions

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 Investments
- Northwest Ethical Investments (Ethical Funds)

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

Please note, bond ratings indicated within the quarterly report are provided by Dominion Bond Rating Services. Bond ratings can vary between various bond rating service providers.

Yields quoted represent gross income yields.

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