



FAIRWAY DIVERSIFIED INCOME AND GROWTH TRUST



Investment Objective

The Trust's investment objectives are to provide holders of the units with stable monthly distributions and enhance the total return with capital appreciation.

Market Review

Monthly Commentary for the Period Ending January 31, 2006

The S&P TSX, which represents a broad measure of Canadian equity performance, posted the best return with a total return of +6.06%. Income Trusts, as measured by the Scotia Capital Income Trust Index (SCITI), posted a total return of +5.14%. High Yield Bonds, as measured by the Merrill Lynch Master II Index (in U.S. dollars) posted a return of +1.59%.

These positive returns were generated despite both central banks raising administered rates. On January 24th, The Bank of Canada raised its target for the overnight rate by 25 basis points to 3.5%. The U.S. Federal Reserve followed on January 31st, by raising its target for the federal funds rate by 25 basis points to 4.5%.

The portfolio continues to hold an underweight position in the energy sector. Holding a large weight in energy stocks is inconsistent with the goal of long-term capital preservation. The assets of energy stocks are declining in nature, typically sacrificing future capital for a higher level of income today. In the high yield space, the Trust benefited from the news GTECH was being acquired by Lottomatica SpA and tendering for their bonds, and on speculation HealthSouth would also refinance their bonds (confirmed in early February).

The Trust is interest sensitive; therefore, in an environment of continued interest rate increases, the Managers would shift the asset mix to favour equities over high yield bonds. We will continue to look for securities that are under-valued and offer unitholders the best risk-return profile.

FAIRWAY DIVERSIFIED INCOME AND GROWTH TRUST (FDT.UN)

Top 20 Holdings

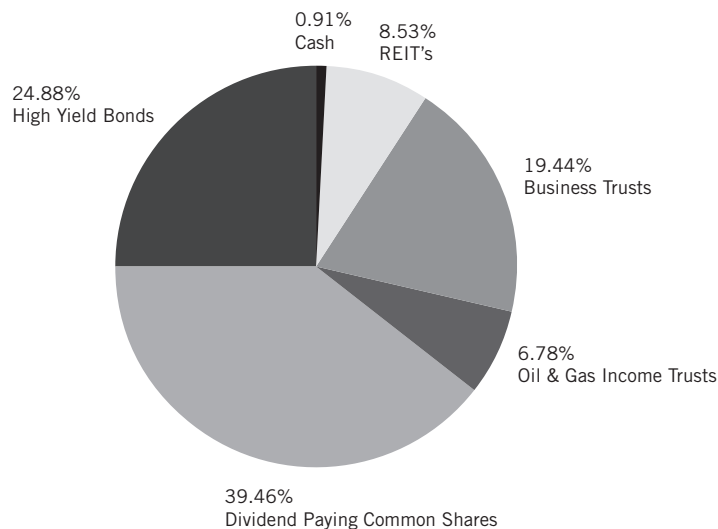
as of January 31, 2006

	% Of Mkt Value
Petro Canada	4.05%
BCE Inc	3.72%
Toronto Dominion Bank	3.39%
Shiningbank Income Fund	2.90%
BFI Canada Income Fund	2.55%
Bank of Nova Scotia	2.27%
Royal Bank of Canada	2.21%
Summit Real Estate Inv Tr-Ut	2.20%
ARC Energy Trust Unit	2.18%
Livingston Intl Income Fund	2.14%
Power Corporation of Canada	2.13%
Teck Corp Cl B	2.11%
Sun Life Financial Svcs Can	2.10%
Western Financial Bank	1.85%
Telus Corporation	1.84%
Brookfield Asset Management	1.80%
Riocan Real Estate Invst Tr	1.77%
Cdn Imperial Bank Commerce	1.73%
Davis & Henderson	1.70%
Bonavista Energy Trust	1.70%



Portfolio Details

as of January 31, 2006



For more information please contact FAIRWAY CAPITAL MANAGEMENT.

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