



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

[Market Commentary for the period ending November 30, 2006.](#)

During the month of November, equities performed best. The S&P/TSX Index, a broad measure of Canadian equity performance, returned 3.52%, while bonds, as measured by the Scotia Capital Bond Universe, posted a total return of 1.06%. High-yield bonds, as measured by the Merrill Lynch Master II High Yield Index, Constrained, returned 1.48%, in U.S. dollar terms. Income trusts, as measured by the Scotia Capital Income Trust Index, was the laggard asset class with a total return of 9.65%.

High-yield spreads tightened by seven basis points, on average, against U.S. Treasuries. The U.S. 10-year bond traded up, falling by 14 basis points of yield and ending the month at 4.46%. Higher-quality, more interest rate-sensitive BB bonds returned 1.49%, tightening by seven basis points against Treasuries. At the other end of the high-yield spectrum, CCC bonds tightened by 16 basis points, returning 1.65%. Year to date, lower-quality high-yield bonds have dramatically outperformed higher-quality issues. Defaults are expected to gradually increase over the next year, but still remain well below the historical average.

During the month, the fund's performance was negatively affected by its allocation to income trusts. On October 31, the federal government announced its decision to impose a tax on income trust distributions, beginning in 2011. The decision came in response to announcements by some large Canadian public equities, such as Telus Corp. and BCE Inc., that they planned to convert to income trusts. It was becoming clear to Ottawa that more of Canada's largest corporations were likely to convert to income trust structures. As a result, the federal government was concerned that the amount of corporate tax collected would decline. The government clearly intends to eliminate, from a tax perspective, any attractiveness that the trust structure had in comparison to a corporate structure. The fund managers do not expect Ottawa will reverse this decision.

As a result of the sell-off that followed the announcement, however, the fundamental valuations of some existing trusts became more attractive, despite the elimination of the tax advantage. Opportunities may also arise as some income trusts decide to convert back to a corporate structure. As always, the fund managers will continue to purchase good-quality companies at valuations they believe to be attractive and to sell companies that become overpriced.

FAIRWAY DIVERSIFIED INCOME AND GROWTH TRUST (FDT.UN)

Top 20 Holdings

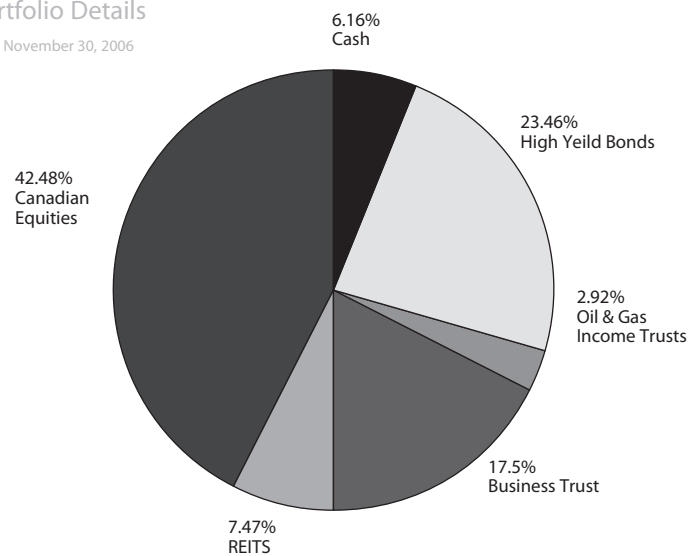
as of November 30, 2006

	% Of Mkt Value
TORONTO DOMINION BANK	4.05
PETRO CANADA	3.93
ROYAL BANK OF CANADA	3.20
TELUS CORP	3.06
B C E INC NEW	2.98
BFI CANADA INCOME FUND	2.97
BANK OF NOVA SCOTIA	2.64
BROOKFIELD ASSET MAN CL A	2.61
POWER CORPORATION OF CANADA SV	2.54
SUN LIFE FINANCIAL SVCS CAN	2.31
LIVINGSTON INTL INCOME FUND	2.27
CDN IMPERIAL BANK COMMERCE	2.17
ARC ENERGY TRUST UNIT	2.00
NORTHERN REIT	1.96
H & R REIT	1.86
POWER FINANCIAL CORP COM	1.81
TRANSCANADA CORP	1.73
DAVIS & HENDERSON INCOME TRUST UNITS	1.57
RIOCAN REAL ESTATE INVST TR	1.57
MAGNA INTERNATIONAL CL A SV	1.27



Portfolio Details

as of November 30, 2006



For more information please contact F AIRWAY CAPITAL MANAGEMENT.

1-866-299-7929 www.fairwaycapital.com