



## MESSAGE TO INVESTORS

The VBA Canadian Partners' Fund's unit value increased by 6.5% during the first quarter of 2006, as compared to the significant 13.5% increase for the BMO Nesbitt Burns Small Cap Index ("NBSCI") and a more modest 8.0% rise for the S&P/TSX Composite Index. Small caps' outperformance was led by the speculative interest of investors for junior gold and mining stocks, which propelled the Material Sector of the NBSCI to a 27.9% gain. Our Material Sector exposure is limited to an investment in *Winpak Ltd.*, a leader in the food packaging industry in North America. Notwithstanding its cost conscious management and strong track record, *Winpak's* operating margin is being squeezed by higher raw material costs and, therefore, its stock price is certainly not benefiting from the current red-hot resource market. As we have mentioned in previous newsletters, sharp and significant increases in resource-related stocks will undoubtedly result in the Partners' Fund's underperforming its benchmark.

The market acknowledged the fundamental value of our holdings through two takeover offers. On February 14, 2006, *Producers Oilfield Services Inc.* received a share exchange offer from *Mullen Group Income Fund*, valued at \$14.00 a share, 39% above the closing stock price. The offer translates into more than twice our original purchase price paid in early 2005. On April 3, 2006, *Vincor International Inc.* received a second offer from US-based *Constellation Brands* (this time with the consent of the Board of Directors) for a cash consideration of \$36.50 a share, a 16% premium over the previous day close. We believe both offers are financially fair, therefore, we will tender our shares.

During the quarter, we increased our holdings in *Miranda Technologies Inc.*, *Gennum Corporation*, *Vincor International Inc.* and *Iteration Energy Ltd.* As well, we initiated two new positions: *Martinrea International Inc.*, a steel stamping auto parts manufacturer, which will benefit from the current industry consolidation and *Medisys Health Group Income Fund*, a company involved in the health management and medical imaging services (i.e., CT Scan, MRI) industry. With the growing pressure on the public health care system, well-managed private health care delivery companies are promised a great future.

The recent strong equity markets have certainly not improved the relative valuation of small caps, but we believe these transactions were executed at attractive prices. The remaining cash reserve of 14% will be invested in financially-strong, well-managed, long-term growth companies using the same investment discipline.

Benoît Durand  
Vice-President, Canadian Small-Cap Equities

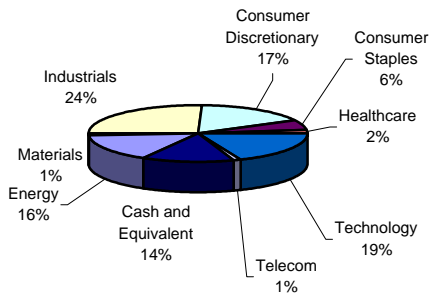


**Details of the Fund (as of March 31, 2006)**

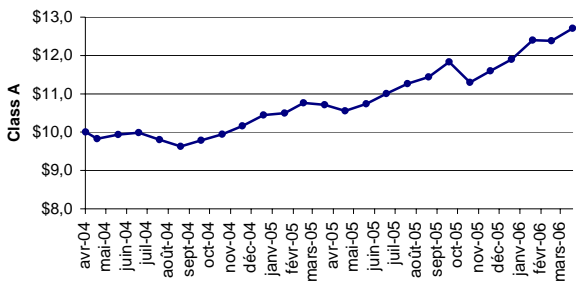
Class A Unit value:	\$12,71
Inception date:	April 30, 2004
Management expense ratio:	2,00%
Valuation frequency:	Monthly
Net assets (in millions of CA\$):	1.259
Distribution:	—
Minimum investment*:	\$150,000
RRSP eligible:	Yes
CIFSC category:	Canadian Small-Cap equities

\* Available to sophisticated individual investors or corporations.

**Asset Allocation**



**Unit Value**



**Performance Results**

	3 months %	1 year %	Since inception %
VBA Canadian Partners' Fund	6,5	19,9	15,0
BMO Nesbitt Burns Small-Cap Weighted Index	13,5	31,1	23,5

**Portfolio Overview (top 25 holdings)**

Company	% of portfolio
MacDonald Dettwiler and Associates Ltd.	5,5%
Mullen Group Income Fund	5,1%
Groupe Laperrière & Verreault Inc. 'A'	4,5%
Producers Oilfield Services Inc.	4,2%
ATS Automation Tooling Systems Inc.	3,6%
Toromont Industries Ltd.	3,6%
Uni-Sélect Inc.	3,5%
Savanna Energy Services Corp.	3,3%
Dorel Industries Inc. 'B'	3,1%
Gildan Activewear Inc.	3,1%
Matrikon Inc.	3,1%
Van Houtte Inc.	3,1%
Enghouse Systems Limited	2,8%
Shawcor Ltd. 'A'	2,8%
Genum Corporation	2,6%
Stantec Inc.	2,6%
Miranda Technologies Inc.	2,5%
Vincor International Inc.	2,4%
Zargon Energy Trust	2,2%
RONA Inc.	2,0%
Prairie Schooner Petroleum Ltd.	2,0%
Richelieu Hardware Ltd.	2,0%
Iteration Energy Ltd.	1,8%
Easyhome Ltd.	1,5%
Mega Bloks Inc.	1,3%
<b>Top 25 holdings</b>	<b>74,2%</b>
Other holdings	11,6%
Cash and equivalents	14,2%
<b>Total</b>	<b>100,0%</b>

The portfolio overview will change due to ongoing transactions. A quarterly update is available.

For more information on our products and our services, please contact:

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