

VEGA CANADIAN BOND FUND

FINANCIAL STATEMENTS

DECEMBER 31, 2003

February 27, 2004

Auditors' Report

PricewaterhouseCoopers LLP
Chartered Accountants
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To the Participants of
Vega Canadian Bond Fund:

We have audited the statements of net assets and investment portfolio of Vega Canadian Bond Fund (the Fund) as at December 31, 2003 and the statements of operations, and changes in net assets for the year then ended. These financial statements are the responsibility of the Fund's Investment Manager. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2003 and the results of its operations and changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Toronto, Ontario

VEGA CANADIAN BOND FUND

STATEMENTS OF NET ASSETS

As at December 31	2003	2002
Assets		
Investments, at market value	\$ 2,585,217	\$ 2,999,519
Cash	-	1
	2,585,217	2,999,520
Liabilities		
Distribution payable to unitholders	7,513	16,189
Accrued expenses	3,359	3,210
Payable for units redeemed	-	2,000
	10,872	21,399
Net assets representing participants' equity (Note 2)	\$ 2,574,345	\$ 2,978,121
Net asset value per unit	\$ 10.29	\$ 10.27
Investments, at average cost (amortized where applicable)	\$ 2,660,777	\$ 3,068,190

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Investment Manager,
Guardian Capital Inc.:

Director



Director



VEGA CANADIAN BOND FUND
STATEMENT OF INVESTMENT PORTFOLIO
As At December 31, 2003

<u>Number of Shares/Units</u>	<u>Security</u>	<u>Average Cost</u>	<u>Market Value</u>
56,495	Canadian-Pooled Fund-100.4% Vector Canadian Bond Fund	\$ <u>2,660,777</u>	\$ <u>2,585,217</u>
	Total investments - 100.4%	2,660,777	2,585,217
	Other net liabilities - (0.4)%	<u>(10,872)</u>	<u>(10,872)</u>
	Total net assets - 100.0%	<u>\$ 2,649,905</u>	<u>\$ 2,574,345</u>

The accompanying notes are an integral part of these financial statements.

VEGA CANADIAN BOND FUND

STATEMENTS OF OPERATIONS

Year ended December 31	2003	2002
Investment income:		
Interest	\$ 155,109	\$ 160,110
Operating expenses (Note 3):		
Administration costs (rebate)	-	(2,692)
Audit fees	3,139	3,000
Goods and Services Tax	220	39
	3,359	347
Net investment income	151,750	159,763
Realized and Unrealized Gain (Loss) on Investments		
Proceeds from sale of investments	613,737	387,155
Cost of investments, beginning of year	3,068,190	3,223,290
Cost of investments purchased during the year	178,319	209,632
	3,246,509	3,432,922
Cost of investments, end of year	2,660,777	3,068,190
Cost of investments sold during the year	585,732	364,732
Net realized gain on sale of investments	28,005	22,423
Increase (decrease) in unrealized appreciation (depreciation) of investments	(6,889)	62,382
Net realized and unrealized gain on investments	21,116	84,805
Increase in net assets from operations	\$ 172,866	\$ 244,568

The accompanying notes are an integral part of these financial statements.

VEGA CANADIAN BOND FUND
STATEMENTS OF CHANGES IN NET ASSETS

Year ended December 31	2003	2002
Net assets, beginning of year	\$ 2,978,121	\$ 3,071,801
Increase in net assets from operations	172,866	244,568
Distributions to participants:		
From net investment income	151,750	159,763
Capital transactions:		
Issue of fund units (including reinvested distributions)	144,238	175,600
Redemption of fund units	569,130	354,085
	(424,892)	(178,485)
Net decrease in net assets for the year	(403,776)	(93,680)
Net assets, end of year	\$ 2,574,345	\$ 2,978,121

Summary of changes in number of outstanding units

Units, beginning of year	289,950	307,162
Number of units issued (including reinvested units)	14,017	17,056
	303,967	324,218
Number of units redeemed	53,786	34,268
Units, end of year	250,181	289,950

The accompanying notes are an integral part of these financial statements.

VEGA CANADIAN BOND FUND

NOTES TO FINANCIAL STATEMENTS

1. Significant accounting policies:

These financial statements, prepared in accordance with generally accepted accounting principles in Canada, include estimates and assumptions by the Investment Manager that effect the reported amounts of assets, liabilities, income and expenses during the reporting period. The following is a summary of significant accounting policies followed by the Fund.

Valuation of investments -

Investments in pooled funds are valued at the latest available net asset value.

Investment transactions and income recognition -

Investment transactions are accounted for on the trade date. Income and capital gains from pooled fund investments are recognized when distributed to the Fund. Realized gains (losses) from investment transactions and unrealized appreciation (depreciation) of investments are determined on an average cost basis.

2. Participants' equity:

Participants' equity includes the amounts representing the Fund's units, any undistributed net income and realized gain (loss) on sale of investments, and unrealized appreciation (depreciation) of investments. An unlimited number of the Fund's units may be issued, which are redeemable at the participants' option in accordance with the provisions of the Trust Agreement. Unrealized depreciation of investments as at December 31, 2003 was \$75,560 (2002 - \$68,671).

3. Operating expenses:

The Fund is responsible for the payment of its custodian fees and expenses, and other reasonable out-of-pocket expenses incurred in the administration of the Fund. Administration costs, including participant transfer costs, are incurred by the Investment Manager and allocated to this and other funds on an equitable basis. No allocation has been made to this Fund in 2003.

4. Income taxes:

The Fund is not subject to income taxes on its net taxable capital gains and its net income for the year if it allocates such gains and income (less any applicable loss carry forwards) to participants. The taxable income of the Fund is allocated annually to participants so as to eliminate any income taxes otherwise payable by the Fund.

Capital losses in the amount of \$362,098 are available to be carried forward and applied against future capital gains.

6. Financial information summary:

	<u>Year Ended December 31</u>	
	<u>2003</u>	<u>2002</u>
Earnings per unit (based on the weighted average number of units outstanding during the year):		
Net investment income	\$ 0.57	\$ 0.54
Realized gain on sale of investments	0.11	0.08
	<hr/>	<hr/>
	\$ 0.68	\$ 0.62
	<hr/>	<hr/>
Distributions per unit (based on the number of units outstanding on the dates of the distributions):		
Net investment income	\$ 0.64	\$ 0.58
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7. Comparative Figures:

Certain comparative figures have been restated to conform with the current year's presentation.