

VEGA CANADIAN BOND FUND

FINANCIAL STATEMENTS

DECEMBER 31, 2004

PricewaterhouseCoopers LLP
Chartered Accountants
PO Box 82
Royal Trust Tower, Suite 3000
Toronto, Ontario
Canada M5K 1G8
Telephone +1 416 863 1133
Facsimile +1 416 365 8215

March 4, 2005

Auditors' Report

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, 2004 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, 2004 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.

PricewaterhouseCoopers LLP

Chartered Accountants

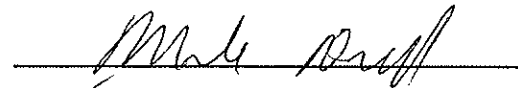
VEGA CANADIAN BOND FUND

STATEMENTS OF NET ASSETS

As at December 31	2004	2003
Assets		
Investments, at market value	\$ 2,468,055	\$ 2,585,217
Liabilities		
Distribution payable to unitholders	5,850	7,513
Accrued expenses	3,210	3,359
	9,060	10,872
Net assets representing participants' equity (Note 2)	\$ 2,458,995	\$ 2,574,345
Net asset value per unit	\$ 10.50	\$ 10.29
Investments, at average cost	\$ 2,506,861	\$ 2,660,777

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

Approved on behalf of the Investment Manager,
Guardian Capital LP:

Per: 

Per: 

VEGA CANADIAN BOND FUND
STATEMENT OF INVESTMENT PORTFOLIO
As At December 31, 2004

<u>Number of Units</u>	<u>Security</u>	<u>Average Cost</u>	<u>Market Value</u>
53,260	Canadian - Pooled Fund - 100.4% Vector Canadian Bond Fund	\$ <u>2,506,861</u>	\$ <u>2,468,055</u>
	Total investments - 100.4%	2,506,861	2,468,055
	Other net liabilities - (0.4)%	<u>(9,060)</u>	<u>(9,060)</u>
	Total net assets - 100.0%	<u>\$ 2,497,801</u>	<u>\$ 2,458,995</u>

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

VEGA CANADIAN BOND FUND

STATEMENTS OF OPERATIONS

Year ended December 31	2004	2003
Investment income:		
Interest	\$ 114,821	\$ 155,109
Operating expenses (Note 3):		
Audit fees	3,061	3,359
Net investment income	111,760	151,750
Realized and Unrealized Gain (Loss) on Investments		
Proceeds from sale of investments	334,190	613,737
Cost of investments, beginning of year	2,660,777	3,068,190
Cost of investments purchased during the year	168,217	178,319
	2,828,994	3,246,509
Cost of investments, end of year	2,506,861	2,660,777
Cost of investments sold during the year	322,133	585,732
Net realized gain on sale of investments	12,057	28,005
Increase (decrease) in unrealized appreciation (depreciation) of investments	36,754	(6,889)
Net realized and unrealized gain on investments	48,811	21,116
Increase in net assets from operations	\$ 160,571	\$ 172,866
Earnings per unit	\$ 0.68	\$ 0.65

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	2004	2003
Net assets, beginning of year	\$ 2,574,345	\$ 2,978,121
Increase in net assets from operations	160,571	172,866
Distributions to participants:		
From net investment income	(111,760)	(151,750)
Capital transactions:		
Issue of fund units	37,006	-
Reinvested distributions	105,910	144,238
Redemption of fund units	(307,077)	(569,130)
	(164,161)	(424,892)
Net decrease in net assets for the year	(115,350)	(403,776)
Net assets, end of year	\$ 2,458,995	\$ 2,574,345

Summary of changes in number of outstanding units

Units, beginning of year	250,181	289,950
Number of units issued	3,423	-
Number of units reinvested	10,087	14,017
	263,691	303,967
Number of units redeemed	(29,426)	(53,786)
Units, end of year	234,265	250,181

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. Actual results could differ from these estimates. The following is a summary of significant accounting policies followed by the Fund.

Generally accepted accounting principles:

The Canadian Institute of Chartered Accountants ("CICA") issued Section 1100, "Generally Accepted Accounting Principles ("GAAP") of the *CICA Handbook – Accounting*, which establishes standards of financial reporting. Section 1100 applies to all entities, with the exception of rate-regulated operations, for fiscal years beginning on or after October 1, 2003.

This section primarily impacts the disclosure of an investment fund's financial statements, and accordingly, has no impact on the valuation of a fund or in the calculation of the net asset value per unit of a fund. For financial statement reporting purposes, earnings per unit is now included in the Statements of Operations in accordance with GAAP. Certain disclosures previously considered GAAP by virtue of general use in the investment funds industry are no longer considered GAAP.

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.

Earnings per unit:

Earnings per unit is based on the increase (decrease) in net assets from operations divided by the average number of units outstanding during the period.

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, 2004 was \$38,806 (2003 - \$75,560)

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 2004 and 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 \$349,659 are available to be carried forward indefinitely and applied against future capital gains.

5. Net asset value per unit:

The net asset values as at December 31, 2004 – 2000, are as follows:

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$10.50	\$10.29	\$10.27	\$10.00	\$9.83

6. Comparative figures:

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

7. Statement of portfolio transactions:

A statement of portfolio transaction (unaudited) for the Fund for the period ended December 31, 2004, may be obtained without charge by writing to:

Guardian Capital LP
Commerce Court West, Suite 3100, P.O. Box 201
Toronto, Ontario
M5L 1E8