

VECTOR CANADIAN EQUITY FUND
(the "Fund")

FINANCIAL STATEMENTS

DECEMBER 31, 2006

March 26, 2007

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Auditors' Report

**To the Participants of
Vector Canadian Equity Fund (the Fund)**

We have audited the statements of net assets and investment portfolio of the Fund as at December 31, 2006 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, 2006 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
Toronto, Ontario

Vector Canadian Equity Fund


Statements of Net Assets

<i>As at December 31</i>		2006	2005
Assets			
Cash and short-term notes	\$	4,989,801	\$ 2,713,254
Investments, at market value*		156,721,472	139,269,243
Subscriptions receivable		198,577	52,979
Interest and dividends receivable		287,500	270,959
		<u>162,197,350</u>	<u>142,306,435</u>
Liabilities			
Accrued expenses		52,371	45,532
Redemptions payable		107,565	94,304
		<u>159,936</u>	<u>139,836</u>
Net assets representing participants' equity (Note 2)	\$	<u>162,037,414</u>	\$ <u>142,166,599</u>
Net asset value per unit	\$	<u>146.58</u>	\$ <u>136.40</u>
*Investments, at average cost	\$	<u>88,393,623</u>	\$ <u>81,795,606</u>


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

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

Per:



Per:



Vector Canadian Equity Fund

Statements of Operations

For the years ended December 31	2006	2005
Income:		
Dividends	\$ 2,070,004	\$ 1,970,530
Interest	118,801	86,429
Foreign withholding taxes	(1,007)	-
	<u>2,187,798</u>	<u>2,056,959</u>
Expenses (Note 3):		
Administration costs	246,599	252,212
Custodian fees and interest charges	15,635	13,300
Audit fees	54,809	46,907
	<u>317,043</u>	<u>312,419</u>
Net investment income	1,870,755	1,744,540
Gain on sale of investments	15,927,267	10,890,534
Gain on sale of foreign currencies	15,824	726
Change in unrealized appreciation in value of investments	10,854,212	15,148,318
Increase in net assets from operations	<u>\$ 28,668,058</u>	<u>\$ 27,784,118</u>
Increase in net assets from operations per unit	<u>\$ 27.99</u>	<u>\$ 25.93</u>

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

Vector Canadian Equity Fund
Statements of Changes in Net Assets

For the years ended December 31	2006	2005
Net assets, beginning of year	\$ 142,166,599	\$ 132,563,738
Increase in net assets from operations	28,668,058	27,784,118
Distributions to participants from:		
Net investment income	(1,859,319)	(1,667,166)
Realized gain on sale of investments	(15,923,294)	(9,970,086)
	(17,782,613)	(11,637,252)
Capital transactions:		
Proceeds from sale of units	10,566,728	15,442,443
Reinvested distributions	17,782,613	11,637,252
Redemption of fund units	(19,363,971)	(33,623,700)
	8,985,370	(6,544,005)
Net assets, end of year	\$ 162,037,414	\$ 142,166,599

Change in Units		
Units issued and outstanding, beginning of year	1,042,303	1,081,503
Number of units issued	72,381	112,763
Number of units reinvested	121,316	85,317
	1,236,000	1,279,583
Number of units redeemed	(130,560)	(237,280)
Units issued and outstanding, end of year	1,105,440	1,042,303

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

Vector Canadian Equity Fund
Statement of Investment Portfolio
As at December 31, 2006

<u>Number of Shares/Units</u>	<u>Security</u>	<u>Average Cost</u>	<u>Market Value</u>
Consumer Discretionary - 8.5%			
44,500	Astral Media Inc., Class A	\$ 1,085,223	\$ 1,776,885
53,100	Gildan Activewear Inc.	2,707,011	2,893,419
77,200	RONA Inc.	1,578,740	1,621,200
43,400	Shaw Communications Inc., Class B	1,610,557	1,601,894
56,750	Thomson Corporation, The,	2,457,610	2,745,565
92,900	Tim Hortons Inc.	2,828,684	3,129,801
		<u>12,267,825</u>	<u>13,768,764</u>
Consumer Staples - 5.4%			
71,600	Alimentation Couche-Tard Inc., Class B	1,795,435	1,815,060
21,400	George Weston Limited	2,082,512	1,617,840
33,100	Loblaw Companies Limited	1,637,679	1,614,949
72,200	Shoppers Drug Mart Corporation	1,754,668	3,616,498
		<u>7,270,294</u>	<u>8,664,347</u>
Energy - 24.2%			
102,352	Cameco Corporation	945,894	4,831,014
50,176	Enbridge Inc.	727,513	2,020,588
109,356	EnCana Corporation	2,840,387	5,868,043
50,400	Nexen Inc.	2,882,842	3,235,680
70,100	Petro-Canada	940,203	3,347,275
79,700	Suncor Energy Inc.	1,996,483	7,315,663
269,500	Talisman Energy Inc.	1,653,143	5,336,100
76,838	TransCanada Corporation	1,669,452	3,120,391
126,300	Western Oil Sands Inc., Class A	1,160,194	4,131,273
		<u>14,816,111</u>	<u>39,206,027</u>
Financials - 22.3%			
40,900	Bank of Montreal	1,307,687	2,822,100
99,932	Bank of Nova Scotia	1,736,819	5,206,457
28,700	Brookfield Asset Management Inc., Class A	1,600,312	1,617,532
36,500	Canadian Imperial Bank of Commerce	1,686,389	3,587,950
46,400	Great-West Lifeco Inc.	1,558,112	1,568,320
101,900	Manulife Financial Corporation	2,269,148	4,009,765
26,900	National Bank of Canada	828,136	1,771,096
66,600	Power Corporation of Canada	944,896	2,350,314
99,200	Royal Bank of Canada	2,560,331	5,505,600
83,300	Sun Life Financial Inc.	2,630,226	4,108,356
51,952	Toronto-Dominion Bank, The,	1,677,668	3,622,093
		<u>18,799,724</u>	<u>36,169,583</u>
Health Care - 1.0%			
73,700	MDS Inc.	1,279,248	1,567,599
Industrials - 7.9%			
43,500	Canadian National Railway Company	1,172,761	2,178,045
40,800	Canadian Pacific Railway Limited	1,023,596	2,505,120
73,200	Finning International Inc.	2,190,083	3,498,228
148,819	SNC-Lavalin Group Inc.	708,179	4,683,334
		<u>5,094,619</u>	<u>12,864,727</u>

	Information Technology - 9.2%		
173,500	Celestica Inc.	\$ 1,837,359	\$ 1,575,380
59,700	Cognos Incorporated	2,244,751	2,958,135
79,100	MacDonald, Dettwiler and Associates Ltd.	1,879,068	3,385,480
80,350	Nortel Networks Corporation	2,530,628	2,513,348
29,900	Research In Motion Limited	2,620,004	4,455,100
		<u>11,111,810</u>	<u>14,887,443</u>
	Materials - 11.4%		
46,400	Aber Diamond Corporation	1,296,545	1,995,200
41,100	Alcan Inc.	1,938,365	2,333,658
149,730	Barrick Gold Corporation	3,529,747	5,367,821
48,100	Goldcorp Inc.	1,578,296	1,592,591
29,700	Potash Corporation of Saskatchewan Inc.	1,477,719	4,959,900
25,756	Teck Cominco Limited, Class B	374,985	2,263,952
		<u>10,195,657</u>	<u>18,513,122</u>
	Telecommunication Services - 6.8%		
60,137	BCE Inc.	1,998,459	1,888,302
162,400	Rogers Communications Inc., Class B	2,239,551	5,635,280
29,700	Telus Corporation	1,685,475	1,589,544
37,800	Telus Corporation, Non Voting Shares	1,634,850	1,966,734
		<u>7,558,335</u>	<u>11,079,860</u>
	Total investments - 96.7%	88,393,623	156,721,472
	Short-term notes - 3.0%*	4,884,143	4,884,143
	Other net assets - 0.3%		<u>431,799</u>
	Total net assets - 100.0%		<u><u>\$ 162,037,414</u></u>

**Short-term notes earn interest rates ranging from 4.282% to 4.334% and mature between January 19, 2007 and January 29, 2007.*

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

VECTOR CANADIAN EQUITY 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 may affect 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.

a) Valuation of investments:

- i) Investments are valued at market values which are determined for each security by the latest available sale price on the recognized stock exchange on which the security is listed or principally traded.
- ii) Short-term investments are stated at cost. Interest income is accrued daily and is included in income receivable. In the opinion of the Investment Manager, the cost of the investments, together with the accrued interest which is included in income receivable, approximates their market value.

b) Investment transactions and income recognition:

Investment transactions are accounted for on the trade date. Interest income is accrued daily and dividend income is recognized on the ex-dividend date. Discounts arising on the purchase of short-term notes are recognized as income over the term to maturity. Realized gains (losses) from investment transactions and unrealized appreciation (depreciation) of investments are determined on an average cost basis.

c) Translation of foreign currency transactions and balances:

The market value of investments and other assets and liabilities in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on each valuation date. Purchases and sales of investments, income and expenses are translated at the rates of exchange prevailing on the respective dates of such transactions. Foreign exchange gains (losses) on completed transactions are included in realized gain (loss) on sale of investments and unrealized gains (losses) are included in unrealized appreciation (depreciation) of investments.

d) Increase in net assets from operations per unit:

Increase in net assets from operations per unit is calculated as 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 appreciation of investments as at December 31, 2006 was \$68,327,849 (2005 - \$57,473,637).

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.

4. Income taxes:

The Fund qualifies as a unit trust under the provisions of the Income Tax Act (Canada) and, as such, 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.

5. Brokerage commissions:

Total brokerage commissions paid to dealers in connection with the portfolio transactions of the Fund for the year ended December 31, 2006 amounted to \$ 78,436 (2005 – \$110,944).

6. Exemption for filing of financial statements:

In accordance with applicable securities regulations, the Fund is relying upon certain available exemptions, which provide that the Fund is not required to file these financial statements with securities regulators.

7. Future accounting standard:

On April 1, 2005, the Canadian Institute of Chartered Accountants (“CICA”), which establishes Canadian generally accepted accounting principles (“GAAP”) for financial reporting purposes, issued Section 3855, “Financial Instruments – Recognition and Measurement”. This section came into effect on October 1, 2006 and will be applicable for the Fund’s fiscal period commencing January 1, 2007. The new section, among other things, changes the methodology for valuation of fund securities and the accounting for transaction costs such as brokerage commissions. As a result, the adoption of this section may impact the calculation of the net asset value of an investment fund, as well as certain financial ratios for financial reporting purposes.

The Canadian securities regulatory authorities (the “CSA”) have adopted rules which require the net asset value of an investment fund be calculated in accordance with Canadian GAAP. This means that the valuation principles for securities, as set out in Section 3855, must be adopted by the investment fund industry, both for the preparation of financial statements and for the calculation of fund prices at which investors buy and sell units of investment funds. However, the CSA have granted a temporary exemption, until September 30, 2007, to investment funds from applying the provisions of Section 3855, for the purpose of calculating fund prices that are used for investor transactions. The CSA are currently reviewing the suitability of applying Section 3855 to investment funds for the purposes other than the preparation of financial statements. Pending the outcome of this review, the method by which the Fund’s net asset values are calculated may change on October 1, 2007.