

VEGA GLOBAL EQUITY FUND

FINANCIAL STATEMENTS

DECEMBER 31, 2004

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March 4, 2005

Auditors' Report

To the Participants of
Vega Global Equity Fund

We have audited the statements of net assets and investment portfolio of Vega Global Equity 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

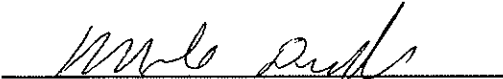
VEGA GLOBAL EQUITY FUND

STATEMENTS OF NET ASSETS

As at December 31	2004		2003	
Assets				
Investments, at market value	\$	2,384,615	\$	1,427,274
Cash		56,558		5,257
Accrued interest and dividends receivable		3,464		2,609
		2,444,637		1,435,140
Liabilities				
Accrued expenses		5,596		5,276
Net assets representing participants' equity (Note 2)	\$	2,439,041	\$	1,429,864
Net asset value per unit	\$	8.45	\$	8.01
Investments, at average cost	\$	2,182,070	\$	1,322,944

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

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

Per: 

Per: 

VEGA GLOBAL EQUITY FUND
STATEMENT OF INVESTMENT PORTFOLIO
As At December 31, 2004

<u>Number of Shares/Units</u>	<u>Security</u>	<u>Average Cost</u>	<u>Market Value</u>
Canada - 25.7%			
550	Alimentation Couche-Tard Inc. 'B'	\$ 19,823	\$ 19,525
957	Bank of Montreal	51,157	55,276
2,075	Bank of Nova Scotia	55,586	84,452
1,155	Canadian National Railway Co.	56,896	84,396
1,420	Canadian Natural Resources Ltd.	41,944	72,775
451	Canadian Tire Corp. Ltd. 'A'	20,915	25,351
1,040	Husky Energy Inc.	20,628	35,620
885	Manulife Financial Corp.	45,234	49,029
1,680	Power Corp. of Canada	45,155	52,080
1,215	Saputo Inc.	39,750	44,068
1,420	Sun Life Financial Inc.	50,725	57,013
580	Suncor Energy Inc.	20,663	24,592
580	Teck Cominco Ltd. 'B'	19,828	21,414
		<u>488,304</u>	<u>625,591</u>
Denmark - 0.8%			
300	Novo Nordisk A.S. ADR	19,668	19,592
Finland - 1.2%			
1,580	Nokia Oyj ADR	39,398	29,799
Germany - 5.0%			
730	BASF AG ADR	47,699	63,279
570	Siemens AG ADR	45,394	58,088
		<u>93,093</u>	<u>121,367</u>
Hong Kong - 1.1%			
1,250	China Mobile Hong Kong Ltd. ADR	24,984	25,817
Japan - 9.8%			
735	Canon Inc. ADR	45,228	48,001
1,330	Honda Motor Co. Ltd. ADR	41,206	41,717
2,290	Matsushita Electric Industrial Co. Ltd. ADR	46,196	44,238
1,775	Nippon Telegraph & Telephone Corp. ADR	63,665	48,176
570	Toyota Motors Corp. ADR	51,245	56,167
		<u>247,540</u>	<u>238,299</u>
Netherlands - 3.5%			
1,500	Koninklijke Phillips Electronics NV, New York Shares	45,525	47,843
470	Unilever NV, New York Shares	43,515	37,737
		<u>89,040</u>	<u>85,580</u>
Spain - 0.9%			
700	Repsol YPF S.A. ADR	20,737	21,990
Sweden - 1.6%			
830	Volvo AB ADR	39,763	39,550

<u>Number of Shares/Units</u>	<u>Security</u>	<u>Average Cost</u>	<u>Market Value</u>
Switzerland - 4.3%			
500	Credit Suisse Group ADR	\$ 23,834	\$ 25,390
730	Novartis AG ADR	47,157	44,406
350	UBS AG, Registered	32,673	35,318
		<u>103,664</u>	<u>105,114</u>
United Kingdom - 9.0%			
1,360	Barclays PLC ADR	65,194	74,773
1,310	British American Tobacco PLC ADR	47,977	54,633
320	GlaxoSmithKline PLC ADR	20,570	18,252
750	Scottish Power PLC ADR	29,212	28,128
1,330	Vodafone Group PLC ADR	42,426	43,830
		<u>205,379</u>	<u>219,616</u>
United States - 34.9%			
810	Altria Group Inc.	61,214	59,567
360	Bank of America Corp.	20,092	20,361
610	Broadcom Corp. 'A'	32,399	23,700
250	Capital One Financial Corp.	25,694	25,339
1,960	Cisco Systems Inc.	51,311	45,577
200	ConocoPhillips	20,296	20,902
900	Devon Energy Corp.	29,184	42,160
180	eBay Inc.	20,281	25,205
760	Electronic Arts Inc.	47,928	56,421
960	Exelon Corp.	37,585	50,921
117	Freescale Semiconductor Inc. 'B'	2,602	2,585
160	International Business Machines Corp.	22,126	18,984
535	Johnson & Johnson	40,360	40,838
460	Johnson Controls Inc.	29,068	35,124
420	Lehman Brothers Holdings Inc.	45,072	44,222
1,060	Motorola Inc.	25,425	21,944
470	Occidental Petroleum Corp.	24,077	33,014
470	Pfizer Inc.	22,708	15,211
600	Qualcomm Inc.	26,110	30,620
1,280	Symantec Corp.	41,571	39,686
380	United Technologies Corp.	40,101	47,269
340	UnitedHealth Group Inc.	25,320	36,024
360	Verizon Communications Inc.	20,882	17,553
320	Wachovia Corp.	20,466	20,259
310	WellPoint Inc.	40,105	42,908
480	Wells Fargo & Co.	38,523	35,906
		<u>810,500</u>	<u>852,300</u>
	Total investments - 97.8%	2,182,070	2,384,615
	Other net assets - 2.2%	54,426	54,426
	Total net assets - 100.0%	\$ 2,236,496	\$ 2,439,041

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

VEGA GLOBAL EQUITY FUND

STATEMENTS OF OPERATIONS

Year ended December 31	2004	2003
Investment income:		
Dividends	\$ 43,563	\$ 31,665
Less: Withholding taxes	(3,506)	(2,953)
Interest	199	1,244
	40,256	29,956
Operating expenses (Note 3):		
Administration costs	3,127	2,574
Custodian fees, interest and bank charges	2,874	389
Audit fees	5,132	4,681
Professional fees	56	319
	11,189	7,963
Net investment income	29,067	21,993
Realized and Unrealized Gain (Loss) on Investments		
Proceeds from sale of investments	766,160	232,831
Cost of investments, beginning of year	1,322,944	1,245,169
Cost of investments purchased during the year	1,641,523	341,420
	2,964,467	1,586,589
Cost of investments, end of year	2,182,070	1,322,944
Cost of investments sold during the year	782,397	263,645
Loss on sale of investments	(6,535)	(26,763)
Loss on foreign currencies	(9,702)	(4,051)
Net realized loss on sale of investments	(16,237)	(30,814)
Increase (decrease) in unrealized appreciation (depreciation) of investments	98,215	170,234
Net realized and unrealized gain on investments	81,978	139,420
Increase in net assets from operations	\$ 111,045	\$ 161,413
Earnings per unit	\$ 0.44	\$ 0.92

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

VEGA GLOBAL EQUITY FUND

STATEMENTS OF CHANGES IN NET ASSETS

Year ended December 31	2004	2003
Net assets, beginning of year	\$ 1,429,864	\$ 1,268,451
Increase in net assets from operations	111,045	161,413
Distributions to participants:		
From net investment income	(28,252)	(20,737)
Capital transactions:		
Issue of fund units	900,000	-
Reinvested distributions	28,252	20,737
Redemption of fund units	(1,868)	-
	926,384	20,737
Net increase in net assets for the year	1,009,177	161,413
Net assets, end of year	\$ 2,439,041	\$ 1,429,864

Summary of changes in number of outstanding units

Units, beginning of year	178,441	175,852
Number of units issued	106,982	-
Number of units reinvested	3,343	2,589
	288,766	178,441
Number of units redeemed	(235)	-
Units, end of year	288,531	178,441

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

VEGA GLOBAL 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 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 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.

Investment transactions and income recognition:

Investment transactions are accounted for on the trade date. Dividend income is recognized on the ex-date, except for certain non-North American dividends, which are recognized upon receipt. Realized gains (losses) from investment transactions and unrealized appreciation (depreciation) of investments are determined on an average cost basis.

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 noon rates of exchange at the year end. 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.

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 appreciation of investments as at December 31, 2004 was \$202,545 (2003 - \$104,330).

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 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 \$822,141 are available to be carried forward indefinitely and applied against future capital gains.

5. Brokerage commissions:

Total brokerage commissions paid to dealers in connection with the portfolio transactions of the Fund for the year ended December 31, 2004 amounted to \$4,053 (2003 – \$1,187).

6. 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>
\$8.45	\$8.01	\$7.21	\$7.79	\$9.47

7. Concentration of unitholdings:

Certain unitholders of the Fund hold a significant percentage of the outstanding units. The investment activities of these unitholders could have a material impact on the Fund.

8. Comparative figures:

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

9. 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:

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Toronto, Ontario
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