

VEGA INTERNATIONAL EQUITY FUND

FINANCIAL STATEMENTS

DECEMBER 31, 2004

PricewaterhouseCoopers LLP
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March 4, 2005

Auditors' Report

To the Participants of
Vega International Equity Fund

We have audited the statements of net assets and investment portfolio of Vega International 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 INTERNATIONAL 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>
	Finland - 4.7%		
2,170	Nokia Oyj ADR	\$ 69,191	\$ 40,927
	France - 2.5%		
450	Sanofi-Aventis ADR	20,421	21,692
	Germany - 11.3%		
510	BASF AG ADR	33,733	44,208
750	Fresenius Medical Care AG ADR	21,428	24,192
290	Siemens AG ADR	22,308	29,554
		<u>77,469</u>	<u>97,954</u>
	Hong Kong - 6.9%		
750	China Mobile Hong Kong Ltd. ADR	14,996	15,490
430	HSBC Holdings PLC ADR	42,208	44,064
		<u>57,204</u>	<u>59,554</u>
	Japan - 13.4%		
590	Canon Inc. ADR	35,295	38,531
700	Honda Motor Co. Ltd. ADR	24,056	21,956
760	Nippon Telegraph & Telephone Corp. ADR	27,874	20,627
360	Toyota Motor Corp. ADR	31,610	35,474
		<u>118,835</u>	<u>116,588</u>
	Netherlands - 13.2%		
675	ABN AMRO Holding NV ADR	19,251	21,611
1,043	ING Groep NV ADR	37,260	37,974
1,080	Koninklijke Phillips Electronics NV, New York Shares	32,757	34,447
300	Royal Dutch Petroleum Co., New York Shares	20,046	20,719
		<u>109,314</u>	<u>114,751</u>
	Norway - 4.6%		
2,100	Statoil ASA	36,944	40,138
	Spain - 3.3%		
1,020	Endesa S.A. ADR	24,578	28,568
	Sweden - 5.7%		
1,035	Volvo AB ADR	47,394	49,318
	Switzerland - 10.3%		
700	Credit Suisse Group ADR	31,975	35,546
470	Novartis AG ADR	29,521	28,590
250	UBS AG, Registered	23,347	25,227
		<u>84,843</u>	<u>89,363</u>

<u>Number of Shares/Units</u>	<u>Security</u>	<u>Average Cost</u>	<u>Market Value</u>
	Taiwan - 0.2%		
83	AU Optronics Corp. ADR	\$ 1,974	\$ 1,432
	United Kingdom - 22.8%		
1,215	Barclays PLC ADR	62,376	66,801
240	BP PLC ADR	19,560	16,870
1,000	British American Tobacco PLC ADR	31,291	41,705
400	GlaxoSmithKline PLC ADR	27,486	22,815
680	Scottish Power PLC ADR	26,489	25,503
750	Vodafone Group PLC ADR	22,236	24,716
		<u>189,438</u>	<u>198,410</u>
	Total investments - 98.9%	837,605	858,695
	Other net assets - 1.1%	<u>9,883</u>	<u>9,883</u>
	Total net assets - 100.0%	<u>\$ 847,488</u>	<u>\$ 868,578</u>

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

VEGA INTERNATIONAL EQUITY FUND

STATEMENTS OF OPERATIONS

Year ended December 31	2004	2003
Investment income:		
Dividends	\$ 30,300	\$ 30,222
Less: Withholding taxes	(3,162)	(4,212)
Interest	53	98
	27,191	26,108
Operating expenses (Note 3):		
Administration costs	2,016	1,952
Custodian fees, interest and bank charges	1,919	289
Audit fees	4,131	4,305
Professional fees	-	237
	8,066	6,783
Net investment income	19,125	19,325
Realized and Unrealized Gain (Loss) on Investments		
Proceeds from sale of investments	791,281	161,555
Cost of investments, beginning of year	1,097,663	1,064,660
Cost of investments purchased during the year	586,073	232,875
	1,683,736	1,297,535
Cost of investments, end of year	837,605	1,097,663
Cost of investments sold during the year	846,131	199,872
Loss on sale of investments	(53,194)	(35,077)
Loss on foreign currencies	(1,656)	(3,240)
Net realized loss on sale of investments	(54,850)	(38,317)
Increase (decrease) in unrealized appreciation (depreciation) of investments	62,820	108,007
Net realized and unrealized gain on investments	7,970	69,690
Increase in net assets from operations	\$ 27,095	\$ 89,015
Earnings per unit	\$ 0.18	\$ 0.53

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

VEGA INTERNATIONAL EQUITY FUND
STATEMENTS OF CHANGES IN NET ASSETS

Year ended December 31	2004	2003
Net assets, beginning of year	\$ 1,059,233	\$ 971,809
Increase in net assets from operations	27,095	89,015
Distributions to participants:		
From net investment income	(18,943)	(18,466)
Capital transactions:		
Issue of fund units	32,527	25,500
Reinvested distributions	18,943	18,466
Redemption of fund units	(250,277)	(27,091)
	(198,807)	16,875
Net increase (decrease) in net assets for the year	(190,655)	87,424
Net assets, end of year	\$ 868,578	\$ 1,059,233

Summary of changes in number of outstanding units

Units, beginning of year	169,894	167,328
Number of units issued	5,183	4,613
Number of units reinvested	3,021	2,964
	178,098	174,905
Number of units redeemed	(39,593)	(5,011)
Units, end of year	138,505	169,894

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

VEGA INTERNATIONAL 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-dividend date except for certain non-North American dividends, which are recorded 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

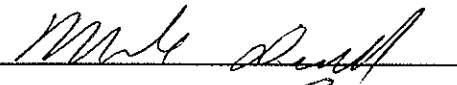
VEGA INTERNATIONAL EQUITY FUND

STATEMENTS OF NET ASSETS

As at December 31	2004	2003
Assets		
Investments, at market value	\$ 858,695	\$ 1,055,933
Cash	12,881	6,828
Accrued interest and dividends receivable	1,467	1,224
	873,043	1,063,985
Liabilities		
Accrued expenses	4,465	4,752
Net assets representing participants' equity (Note 2)	\$ 868,578	\$ 1,059,233
Net asset value per unit	\$ 6.27	\$ 6.23
Investments, at average cost	\$ 837,605	\$ 1,097,663

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

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

Per: 

Per: 

the participants' option in accordance with the provisions of the Trust Agreement. Unrealized appreciation of investments as at December 31, 2004 was \$21,090 (2003 unrealized depreciation of investments - \$41,730).

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 \$1,660,223 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 \$2,549 (2003 - \$859).

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>
\$6.27	\$6.23	\$5.81	\$6.76	\$8.86

7. Comparative figures:

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

8. 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
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