



MESSAGE TO INVESTORS

For the year 2005, the performance of the VBA Canadian Partners' Fund increased by 15.5%, which compares to 19.7% for the BMO Nesbitt Burns Small Cap Weighted Index ("the benchmark"). Canadian small-cap stocks had a superior performance to their US counterpart as shown by the small increase of 4.6% (US) for the Russell 2000 Index. The broader Canadian index; namely, the S&P/TSX Composite Index was up 24.1% outperforming the small-cap market. Our performance lagged our benchmark and, as a result, of our higher-than-normal cash level, which ended the year at 22.5% of the portfolio. And, as a result of our significant underweight position in the Energy and Basic Material Sectors. We revised our fully invested stance of June 30, 2005, to a cash reserve of 22.5% at the end of the year, based on our concerns toward increasing stock valuations. For example, the S&P/TSX Small-Cap Index's trailing P/E ratio reached 22.6x at the end of the year, its highest level in the past three years.

Small-cap indices in Canada and our benchmark are now highly concentrated in the Energy and Resource Sectors (they now represent 55.4% of the benchmark). Our investment approach focuses on discovering and investing in well-managed companies with long-term growth, which can grow their earnings in a predictable way, as much as possible. Therefore, it would be contrary to our investment approach and it would be irresponsible on our part to invest half of your portfolio in sectors where earnings are highly cyclical and totally dependent upon the level of energy prices and basic commodities.

Income Trust investments have been very popular and are now included in benchmark indices. Our view towards these new forms of corporate structures is the same as our underlying investment approach we use toward traditional equity companies. While the Income Trust market does offer interesting investment opportunities, we must apply the same research disciplines to separate the weak underlying business models from the long-term solid investments. For example, a recent study by Standard and Poor's demonstrates the lack of consistency toward cash generation and its availability for distribution. In the 40 income fund samples studied, they identified 19 different names and definitions to quantify this measure. Our other concerns are corporate governance issues and unitholder protection measures. Therefore, we expect unitholders to receive, through the distribution, a return 'on' capital and not a return 'of' capital.

In the portfolio, we currently own two Income Trust investments: *Zargon Energy Trust Units* and *Mullen Group Income Fund*. Both are well-managed companies that focus on creating shareholder value. For example, Mullen's return on equity over the past ten years averaged 17.5% and fell below 10% only during 2002. Murray K. Mullen and the surrounding Mullen family still owns 21% of the trust units outstanding, therefore, focusing on increasing the unitholder distribution through careful and long-term growth.

For 2006, we remain concerned with the expected 30% growth in earnings, as currently forecasted by the broker/analyst community for small-cap stocks in Canada. A key assumption underpinning its growth rests on high energy and basic commodity prices. We believe that any weakness in these prices, combined with increasing operating costs, the continuing strength of the Canadian dollar, and the current high valuation could test investors' current positive sentiments, which could result in lower equity prices. We plan to use these weaknesses to be opportunistic in investing our cash reserves in solid companies offering long-term investment potential.

Benoît Durand
Vice-President, Canadian Small-Cap Equities

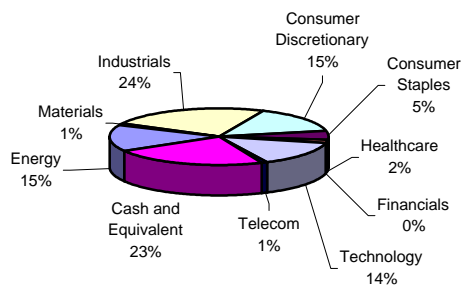


Details of the Fund (as of December 31, 2005)

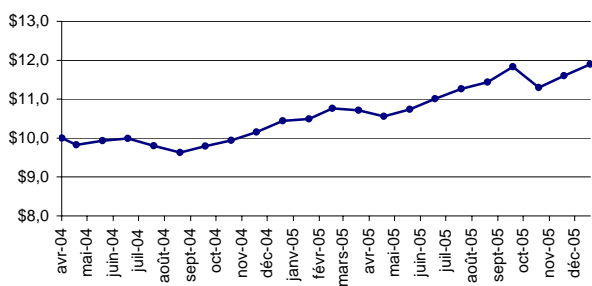
Unit value:	\$11,93
Inception date:	April 30, 2004
Management expense ratio:	2,00%
Valuation frequency:	Monthly
Net assets (in millions of CA\$):	1.168
Distribution:	\$0,13
Minimum investment*:	\$150,000
RRSP eligible:	Yes
CIFSC category:	Canadian Small-Cap equities

* Available to sophisticated individual investors or corporations.

Asset Allocation



Unit Value



Performance Results

	3 months	1 year	Since inception
	%	%	%
VBA Canadian Partners' Fund	2,0	15,5	13,18
BMO Nesbitt Burns Small-Cap Weighted Index	4,7	19,7	18,18

Portfolio Overview (top 25 holdings)

Company	% of portfolio
Mullen Group Income Fund	5,6%
MacDonald Dettwiler and Associates Ltd.	4,9%
Toromont Industries Ltd.	4,0%
Savanna Energy Services Corp.	3,6%
Groupe Laperrière & Verreault Inc. 'A'	3,6%
Van Houtte Inc.	3,6%
Uni-Sélect Inc.	3,5%
ATS Automation Tooling Systems Inc.	3,1%
Gildan Activewear Inc.	3,0%
Producers Oilfield Services Inc.	2,8%
Matrikon Inc.	2,6%
Zargon Energy Trust	2,5%
Prairie Schooner Petroleum Ltd.	2,5%
Stantec Inc.	2,4%
Enghouse Sysems Limited	2,4%
Dorel Industries Inc. 'B'	2,4%
Gennum Corporation	2,2%
Shawcor Ltd. 'A'	2,1%
Richelieu Hardware Ltd.	2,1%
Iteration Energy Ltd.	1,8%
RONA Inc.	1,8%
Vincor International Inc.	1,8%
Mega Bloks Inc.	1,5%
Easyhome Ltd.	1,3%
Cangene Corp.	1,2%
Top 25 holdings	68,3%
Other holdings	9,2%
Cash and equivalents	22,5%
Total	100,0%

The portfolio overview will change due to ongoing transactions. A quarterly update is available.

For more information on our products and our services, please contact:

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