

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

GUARDIAN CAPITAL LP
COMMERCE COURT WEST
199 BAY STREET, SUITE 3100
TORONTO, ONTARIO, CANADA M5L 1E8
(416) 364-8341
www.guardiancapital.com

March 30, 2012

This brochure provides information about the qualifications and business practices of Guardian Capital LP. If you have any questions about the contents of this brochure, please contact us at (416) 364-8341. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Guardian Capital LP also is available on the SEC's website at www.adviserinfo.sec.gov.

Guardian Capital LP is a registered investment adviser. Registration does not imply a certain level of skill or training.

Item 2 Material Changes

This Firm Brochure, dated March 30, 2012, provides you with a summary of Guardian Capital LP's ("Guardian") advisory services and fees, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform you of the revision(s) based on the nature of the information as follows.

1. *Annual Update*: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.
2. *Material Changes*: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location or disciplinary proceedings. We may also advise you of other changes based on the nature of the updated information. The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure dated March 31, 2011.

There have been no material changes in Guardian's business since Guardian published its last Brochure Form ADV Part 2A dated March 31, 2011.

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Item 4 Advisory Business

A. Describe your advisory firm, including how long it has been in business. Identify your principal owner(s).

Founded in 1962, Guardian is an independent, institutional investment firm. Guardian is a subsidiary of Guardian Capital Group Limited, one of Canada's largest and most established independent publicly listed financial services companies. Guardian offers its investment management expertise in equity management and fixed-income management to pension fund clients, institutions, operating and endowment funds, charitable organizations, mutual funds and high net worth individuals. Guardian is registered as a Portfolio Manager in all provinces of Canada and is an SEC-registered investment adviser. The principal direct owner of Guardian is The Guardian Capital Unit Trust, which in turn is wholly owned by Guardian Capital Group Limited.

B. Describe the types of advisory services the firm offers. If the firm holds itself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis or market timing, explain the nature of that service in detail. If the firm provides investment advice only with respect to limited types of investments, explain the type of investment advice firm offers and disclose that the advice is limited to those types of investments.

Guardian provides fee-based investment supervisory services to investment funds (pooled funds and mutual funds), pension and profit sharing plans, charitable organizations, and other Canadian institutional investors. Guardian offers similar services to U.S.-based clients. Guardian mainly uses exchange-listed securities, securities traded over-the-counter, foreign securities, warrants, corporate debt securities, commercial paper, municipal securities, mutual funds and United States government securities, options contracts on securities, futures contracts on intangibles, interests in partnerships investing in real estate and oil & gas interests to accomplish client objectives.

Guardian offers balanced fund mandates, specialty Canadian equity, fixed-income expertise, and investment management for U.S., international and global mandates.

Quantitative analysis

Guardian's global equity team has adopted a systematic approach to researching individual securities. Focusing on globally diversified large cap blue chip stocks, our proprietary system distills a range of fundamental factors from individual companies worldwide, further weighted by major economic indicators and historical predictors. All factors are evaluated to find the securities that stand out favorably among their peers. Our research tool is complemented by a group of experienced portfolio managers who have the extensive wealth preservation experience needed to construct portfolios aligned to each individual client's needs.

Guardian has developed a proprietary research tool (we refer to as GEMX) which provides a clear picture of the fundamentals of each stock within our selection universe. Using this tool, Guardian's global team identifies the top stocks in the universe with the highest probability of success based on the weighting of fundamental factors that have shown to be successful overtime. The next step is to review all available qualitative material in order to develop a clear picture of the company and its business model. This research includes the following:

- Annual and Quarterly reports, and Management Discussion and Analysis reports;
- analyst reports; and,
- Sector/Industry or macro factor research that might affect the stock.

This work allows us to form an investment thesis of the stock. Does our qualitative work confirm the picture we developed from the data? Are there reasons why the stock is growing, yet, still reasonably priced? Are there an industry trends/risks not captured by the data that we should be aware of? What is the quality of management?

This process also allows the risk factors to be brought into consideration, as well as an investment thesis to be formed.

C. Explain whether (and, if so, how) the firm tailors advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.

Guardian relies on a model portfolio to tailor its advisory services to a client's individual needs. Our disciplined approach brings consistency in the development of the model portfolios. The clients' stated policy and objectives are the primary guide for portfolio construction of constrained accounts. We monitor the implementation at different levels such as through our portfolio accounting team and through our compliance officers. Every client works directly with a dedicated client service executive. Clients may impose certain restrictions on investing in certain securities or types of securities. Those restrictions are primarily outlined in the client agreement.

D. If you participate in *wrap fee programs* by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.

Purchases and/or sales for institutional portfolios are generally executed as a block. Guardian's private clients are in pooled funds that trade simultaneously with institutional (segregated) accounts. The resulting fills are allocated on a pro-rata basis to ensure fairness. Wrap account trades are routed through the sponsoring dealer's facilities. This may mean the order being simultaneously executed with the balance of Guardian institutional orders. More often the execution is separated to ensure minimal market impact from having multiple buyers (sellers) in the market at one time. Therefore, wrap fills may be different (higher/lower).

Guardian receives a portion of the wrap fee for its services from the program sponsor.

E. If you manage *client* assets, disclose the amount of *client* assets you manage on a *discretionary basis* and the amount of *client* assets you manage on a *non-discretionary basis*. Disclose the date "as of" which you calculated the amounts.

As of December 31, 2011, Guardian managed US\$ 12,727,630,000 in client assets on a discretionary basis and US\$ 0 in client assets on a non-discretionary basis.

Item 5 Fees and Compensation

A. Describe how the firm is compensated for its advisory services. Provide the fee schedule. Disclose whether the fees are negotiable.

Compensation for services rendered is, for most clients, based on assets under management. Fees charged to institutional accounts are based on a percentage of the market value of assets under management, usually on a sliding scale. Fee schedules vary by the type of investment mandate selected by the client, and by the type of account. For example, a small-mid cap equity mandate may be charged a slightly higher fee than a large cap mandate due to the greater amount of management necessary for such a mandate. Most clients are charged according to a standard schedule, but fees may be negotiated within a narrow range.

Currently, Guardian has agreed to performance-based fees for 2 of its more than 100 institutional accounts. Performance fees are calculated with reference to a predetermined market index. Performance fees are only agreed to upon the express request of a prospective client. Any performance-based fees will be computed and charged in accordance with Section 205 of the Advisers Act, rule 205-3 and other applicable laws.

B. Describe whether the firm deducts fees from *clients'* assets or bills *clients* for fees incurred. If *clients* may select either method, disclose this fact. Explain how often you bill *clients* or deduct your fees.

Management fees for Guardian's segregated clients are billed quarterly in arrears. Guardian's pooled fund clients have the option to have management fees debited directly from their accounts after each quarter end.

C. Describe any other types of fees or expenses clients may pay in connection with the firm's advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.

All fees paid to Guardian for investment advisory services are separate and distinct from the fees and expenses charged by a custodian and those charged by mutual funds to their shareholders. Segregated clients choose their own custodians and negotiate those fees separately. Mutual fund fees and expenses are described in each fund's prospectus and generally include a management fee and other fund expenses. Clients will incur brokerage and other transaction costs in the management of their Guardian account. See brochure Item 12, Brokerage Practices for more information.

D. If the firm's clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

Clients are billed quarterly in arrears. No fees are charged in advance.

E. If the firm or any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact.

Neither the firm nor its supervised persons accepts compensation for the sale of securities or other investment products.

Item 6 *Performance-Based Fees and Side-By-Side Management*

If you or any of your *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *supervised persons* face by managing these accounts at the same time, including that you or your *supervised persons* have an incentive to favor accounts for which you or your *supervised persons* receive a *performance-based fee*, and describe generally how you address these conflicts.

Guardian currently has agreed to performance-based fees for two clients. These performance-based fees are in addition to an asset-based fee. Certain conflicts of interest can arise when managing performance-based fee accounts at the same time as asset-based accounts. There can be an incentive to favor these accounts. Guardian treats all accounts fairly in accordance with its policy on securities allocation. See brochure Item 5A above.

Item 7 Types of *Clients*

Describe the types of clients to whom the firm generally provides investment advice, such as individuals, trusts, investment companies or pension plans. If the firm has any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

Guardian offers its investment management expertise to investment funds (pooled funds and mutual funds), pension and profit sharing plans, trusts, estates, charitable organizations, corporations or other business entities, and wrap fee programs sponsored by third-party providers.

Guardian's minimum account requirement for opening and maintaining a segregated account varies by mandate, for example Canadian equity segregated accounts have a C\$20MM minimum, while Global equity segregated accounts have a \$10MM minimum. Minimum account size to participate in Guardian's pooled funds is \$1 Million. However, Guardian may, at its sole discretion, accept accounts with a lower value depending on the circumstances.

Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that *clients* should be prepared to bear.

Guardian mainly uses fundamental analysis techniques in formulating investment advice or managing assets for clients. The main sources of information used are financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission and other regulatory authorities, company press releases and interviews with management of investee companies. The methods of analysis and investment strategies vary by mandate.

Canadian Equities

Research is conducted by all members of our Canadian Equity Team. Each team member is looking for a “catalyst” that will positively influence the fortunes of a company and that has not yet been fully recognized by the marketplace. One distinguishing factor within the Guardian approach is that we do not allocate our research efforts on a sector or industry basis. This allows for the open exchange of ideas without biases. As a result, any team member can bring an idea to the table for discussion.

Global Equities

Guardian has developed a proprietary research tool (we refer to as GEMX) which provides a clear picture of the fundamentals of each stock within our selection universe. See information re. Quantative Analysis under brochure Item 4B.

Clients are reminded that investing in securities involves risk of loss that clients need to be prepared to bear.

B. For each significant investment strategy or method of analysis the firm uses, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss the risks in detail. If the firm’s primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

The investment strategies used to implement any investment advice given to Guardian’s clients include long term purchases, short term purchases, short sales and the limited use of exchange-traded futures contracts for managing certain fixed income portfolios. In the short term, there can be frequent trading of securities, which can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. There is a certain amount of additional risk involved in short sales in that there is no theoretical limit to the amount of potential loss.

We work under a number of various risk control guidelines. Our objective is to maintain the most efficient portfolio. Continual monitoring of the market enables us to trade out of relatively "overvalued" securities into relatively "undervalued" ones – according to the guidelines of the portfolio. The ability to identify and act on these relative values has contributed to our performance for both constrained and unconstrained portfolios.

C. If the firm recommends primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.

Guardian does not primarily recommend a particular type of security.

Item 9 Disciplinary Information

If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of the firm's advisory business or the integrity of the firm's management, disclose all material facts regarding those events.

Neither Guardian nor its management team has had any material legal or disciplinary events, currently or in the past.

A. If the firm or any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

Neither Guardian nor any of its management persons are registered as a representative of a broker-dealer or have an application pending to register as a broker-dealer. Guardian is registered in each Canadian province as an exempt market dealer.

B. If the firm or any of its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.

Guardian is registered with the Ontario Securities Commission as Commodity Trading Counsel & Commodity Trading Manager.

C. Describe any relationship or arrangement that is material to the firm's advisory business or to your clients that the firm or any of its management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.

Guardian has relationships or arrangements that are material to its advisory business or clients with the following related and connected issuers:

1. Guardian Capital Advisors LP ("GCALP"), another indirect subsidiary of Guardian Capital Group Limited ("Guardian Group"), is a registered investment adviser and exempt market dealer that specializes in advising high net worth individuals, and is an affiliate of Guardian.
2. Worldsource Financial Management Inc. ("WFM") and Worldsource Securities Inc., also indirect subsidiaries of Guardian Group, are both registered dealers in Canada, a mutual fund dealer and an investment dealer, respectively. WFM is also an exempt market dealer.
3. Guardian is the manager of a group of pooled trust funds, the Guardian Capital Funds.
4. Alexandria Global Investment Management Limited, also an indirect subsidiary of Guardian Group, is registered as a mutual fund manager under the laws of the Cayman Islands, and is the manager of a mutual fund, The Alexandria Fund, which is sold to the public outside Canada and the U.S. The fund consists of a number of "sub-funds", each of which has a different investment objective.

Conflicts of interests resulting from the above relationships are minimized in a number of ways. Regulations, policies and procedures made by the industry regulating bodies restrict the relationships among dealers and advisers and govern their relationships with clients. The directors and officers of Guardian who also serve as directors and officers of its related dealers and advisers generally provide overall corporate services to the Guardian Group entities, and are not involved in the day to day trading for or advising of clients. Each of the entities has its own full-time professional staff who carries out the day to day trading and advising, and who may also be officers, and represented on the boards of directors, of the entities involved. As well, each entity has its own extensive conflicts of interest policies. Compliance with both internal and external regulations, policies and procedures are monitored at all levels of the organization, under the guidance of the Compliance Department and the Governance Committee of the board of Guardian Group.

D. If firm recommends or selects other investment advisers for its clients and receives compensation directly or indirectly from those advisers that creates a material conflict of interest, or if the firm has other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.

Guardian may recommend or select other investment advisers for clients. However, Guardian does not receive compensation directly or indirectly from those advisers. Those advisers and the potential conflicts of interest are discussed in brochure Item 10C.

A. If the firm is an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.

Guardian has developed a Code of Business Conduct which sets forth standards of conduct expected of advisory personnel and addresses conflicts that arise from personal trading by advisory personnel. Guardian's supervised persons must report specified personal securities transactions to Guardian's Compliance Department.

Guardian will provide a copy of its Code of Business Conduct to any client or prospective client upon request.

B. If the firm or a *related person* recommends to *clients*, or buys or sells for *client* accounts, securities in which you or a *related person* has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Where Guardian exercises discretion under the client's authority in the purchase or sale of securities for the client's account, Guardian may not exercise that discretion for securities in which Guardian or a related person has a material financial interest unless Guardian has obtained the client's prior specific and informed written consent. In the context of the related and connected issuers referred to in brochure Item 10C, such consent will generally take the form of an acknowledgement by the specific clients involved, that all or a portion of their investment account will be invested in one or more of the associated pooled funds.

Guardian must make certain disclosures where Guardian advises clients, or exercises discretion on their behalf with respect to securities issued by Guardian, a related party or, in the course of an initial distribution, by a connected party. In these situations, Guardian must disclose either its relationship with the issuer of the securities or that Guardian is the issuer. Guardian must also make disclosure to clients where Guardian knows or should know that, as a result of acting as adviser to clients, or exercising discretion on behalf of clients, securities will be purchased from or sold to Guardian, an associated party or, in the course of an initial distribution, a connected party. These disclosures must be made when Guardian advises clients with respect to the purchase or sale of such securities, prior to Guardian giving such advice.

C. If the firm or a *related person* invests in the same securities (or related securities, *e.g.*, warrants, options or futures) that you or a *related person* recommends to *clients*, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.

Guardian and/or a related person may from time to time purchase or sell products that they may recommend to clients. Guardian has adopted a Code of Business Conduct that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Business Conduct governs personal trading by each employee of Guardian deemed to be an Access Person and is intended to require that securities transactions effected by Access Persons of Guardian are conducted in a manner that avoids any actual or potential conflict of interest between such persons and clients of Guardian or its affiliates. Guardian collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve potential conflicts of interest. Guardian's Code of Business Conduct is available upon request.

D. If the firm or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that you or a *related person* buys or sells the same securities for your own (or the *related person's* own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

See the response to brochure Item 11C above.

A. Describe the factors the firm considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g. commissions).

Guardian's policy on broker selection and allocation is to ensure that Guardian, on behalf of its clients, receives good value from brokerage firms. This is achieved by allocating equity trade commission dollars and fixed-income trade volume to approved brokerage firms based on their efforts, for the benefit of our Clients. Guardian has established a Broker Selection and Allocation Committee to review the allocation of brokerage commissions and volume, and to generally monitor Guardian's usage of brokerage firms. Guardian maintains a list of approved brokerage firms. No Guardian portfolio manager is permitted to conduct a trade with a brokerage firm unless the brokerage firm is on the list of approved brokerage firms and is approved for the applicable trade type. Brokerage arrangements are made by Guardian's trading staff and portfolio managers based on their estimation of the ability of each broker to provide to Guardian services such as research, servicing, trade execution and liability trading.

When selecting brokers to conduct securities transactions on behalf of Client portfolios, Guardian takes into account a number of factors, in the context of its over-riding responsibility to seek best execution, including without limitation:

- (a) the execution ability of the broker with reference to the particular trade;
- (b) trading expertise and prompt access to large blocks of securities;
- (c) willingness of the broker to commit its own capital to facilitate trading;
- (d) analyst expertise;
- (e) quality of sales coverage including access to company meetings, conferences, industry or economic speakers and seminars; and
- (f) international expertise.

Additionally, in selecting a broker for a particular transaction, Guardian may consider the quality and quantity of research ("Research") provided by various competing brokers, provided such brokers are otherwise able to effectively execute the applicable trade. Guardian's use of such Research is deemed to be an integral part of the investment portfolio management process and, as such, is of benefit to our Clients.

None of Guardian's clients receive preferred treatment in respect of brokerage charges. In transactions governed by a fixed commission scale, Guardian's clients will not be charged in excess of that fixed commission scale. In the case of transactions where commission scales are negotiable, Guardian endeavours to secure the best possible terms for its clients, taking into account also the general quality and reliability of service provided by the broker.

The Broker Selection and Allocation Committee meets on a quarterly basis to conduct a review of the prior period trading that includes:

- review of the appropriateness of the commission rate paid on particular transactions and investigate the reasons behind any unusual levels; and,
- review of the percentage of total commission dollars spent or trading volume, by product line, allocated to brokerage firms; any unusually high concentrations are investigated to ensure that they are justified based on the value added by the brokerage firm, or other unique circumstances.

1. Research and Other Soft Dollar Benefits.

If the firm receives research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), disclose the firm’s practices and discuss the conflicts of interest they create.

Guardian realizes that brokerage commissions are the property of its Clients. Guardian, as the investment manager, has an ongoing responsibility to ensure the quality of all transactions effected on behalf of its Clients, including: seeking to obtain best execution; minimizing transaction costs (market impact plus commissions); and using Client brokerage to benefit our Clients.

Canadian and U.S. securities regulators, along with the CFA Institute, have prescribed rules and guidelines applicable to Guardian and its portfolio managers with respect to the appropriate use of client brokerage commissions. Guardian will not direct any brokerage transactions involving client brokerage commissions to a dealer in return for the provision of goods or services by the dealer or a third party, except where the goods and services relate to order execution or research that is related to the investment decision-making process.

When selecting brokers to conduct securities transactions on behalf of Client portfolios, Guardian takes into account a number of factors, in the context of its over-riding responsibility to seek best execution, including without limitation:

- (a) the execution ability of the broker with reference to the particular trade;
- (b) trading expertise and prompt access to large blocks of securities;
- (c) willingness of the broker to commit its own capital to facilitate trading;
- (d) analyst expertise;
- (e) quality of sales coverage including access to company meetings, conferences, industry or economic speakers and seminars; and
- (f) international expertise.

Additionally, in selecting a broker for a particular transaction, Guardian may consider the quality and quantity of research (“Research”) provided by various competing brokers, provided such brokers are otherwise able to effectively execute the applicable trade. Guardian’s use of such Research is deemed to be an integral part of the investment portfolio management process and, as such, is of benefit to our Clients.

Guardian is aware of the potential conflict of interest faced by money managers given the incentives created for money managers to place their own interests ahead of their clients’ interests when obtaining goods or services other than order execution in connection with client transactions. Guardian manages this potential conflict of interest by using client brokerage only for investment decision-making services that will benefit our Clients. Guardian never uses client brokerage commissions to pay for general overhead expenses or other services that do not benefit our Clients. Additionally, Guardian does not pay affiliated brokers for Research. Affiliated brokers include those brokers in the same corporate group as Guardian.

In the normal course, Guardian receives and utilizes Research provided by brokers without any formal arrangement to compensate such brokers for the Research. Guardian may utilize Research obtained from any broker without any corresponding obligation to direct trading commissions to such broker. Such brokers may or may not continue to provide Research in the absence of any allocation of trading commissions.

In the course of Client trading activity, Guardian may cause the accounts involved in a trade to pay more than the lowest available commission rate for eligible brokerage services in order to obtain better trade execution and in recognition of Research provided by brokers. Because brokerage commissions are a Client asset, Guardian has the obligation to determine, in good faith, that commissions paid are reasonable in relation to the Research and brokerage products and services received. When making this good faith determination, Guardian will consider the unbundled price (when that price is available) that a broker charges for Research. However, in Guardian's experience, such unbundled pricing is rare. To the contrary, in the normal course, the excess commission paid to brokers above the lowest available commission rate for a particular trade is a function not only of Research provided, but of a set of factors including execution quality and the other factors normally considered by Guardian in its broker selection process. Therefore, in the normal course, Guardian makes its good faith determination, not in reference to particular transactions, but rather, in reference to its overall responsibilities with respect to accounts over which it exercises investment discretion.

Over time, as permitted by regulatory requirements, Clients collectively receive the benefit of the Research supplied to Guardian through the use of their collective brokerage commissions.

Guardian's Governance Committee must approve, in advance, any formal pre-arranged commitment whereby client brokerage commissions are allocated according to a pre-determined formula as payment for any products or services other than order execution (a "Pre-approved Soft Dollar Arrangement"). Approval for Pre-approved Soft Dollar Arrangements is generally given by approving a budget for the targeted payments at the beginning of each year, but adjustments may be made during the year, as warranted by changed circumstances.

In approving Pre-approved Soft Dollar Arrangements, the Governance Committee will require that the applicable soft dollars be provided by the groups of Clients who are most likely to directly benefit from the products or services involved.

Guardian does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

The maximum percentage allocation for all transactions under Pre-approved Soft Dollar Arrangements will not exceed 10% of Guardian's total firm-wide commissions generated during the calendar year.

Guardian will disclose annually, to all Clients, its Policy on the use of client brokerage commissions. New Clients will be provided with this Policy, as well as a list of each general type of good or service, other than order execution, that might be provided to Guardian in connection with Client trading activity.

Following is a list of each type of good or service, other than order execution, that was acquired with client brokerage commissions within Guardian's last fiscal year:

- Analysis and forecasts for institutional investors, anticipating market movements
- Oil and gas commodity forecasts
- Economic forecasts
- Research related to market strategy, economic commentary, and quantitative group and sector analysis
- Equity database, analysis and strategies
- Equity and forensic accounting investment research
- Advice relating to the value of specific securities or the advisability of effecting a transaction in a specific security
- Other analyses and research reports, presented in oral or written form, concerning specific securities, portfolio strategies, issuers, industries, and economic and political factors and trends

2. Brokerage for Client Referrals.

If the firm considers, in selecting or recommending broker-dealers, whether the firm or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

Guardian does not receive client referrals from any broker-dealer or third party as a result of the firm selecting or recommending that broker-dealer to clients.

3. Directed Brokerage.

If the firm routinely recommends, requests or requires that a client direct you to execute transactions through a specified broker-dealer, describe the firm's practice or policy.

Guardian's policy is to not utilize directed brokerage, unless the following conditions are satisfied:

- (a) directed brokerage is requested in writing by the client (a copy of the request must be provided to the Compliance Officer and must be maintained in the client's file by the Portfolio Manager); and
- (b) the client is provided with written disclosure regarding:
 - I. Guardian's inability to negotiate commissions;
 - II. Guardian's inability to necessarily obtain volume discounts or best execution;
 - III. the possibility of disparity in commission charges; and
 - IV. the potential conflicts of interest arising from brokerage firm referrals.

B. Discuss whether and under what conditions the firm aggregates the purchase or sale of securities for various client accounts. If the firm does not aggregate orders when it has the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.

Purchases for Client portfolios and sales from Client portfolios are, generally, placed as a block (i.e., all Clients are purchasing or selling at the same time).

Guardian has established a Policy for security allocation among our Clients' portfolios to advance our goal of dealing with all Client accounts in a fair and objective manner when taking investment actions. As a result, our Security Allocation Policy requires that preferential treatment will not be given to any one Client over another or that any one Client will be at a disadvantage as compared to another.

Our goal is to have the highest degree of commonality possible among our Clients' portfolios which have similar investment mandates, guidelines and performance standards. This objective is consistent with our goal of treating all Clients fairly.

In general, Guardian buys and sells securities as a block for all Clients' portfolios. In the process of building a "full" position or reducing or eliminating a position, it is Guardian's practice to "pro-rate" the transaction over all the portfolios that are participating in the transaction. This practice facilitates a high degree of commonality in the weight and exposure to a specific security within each of our Clients' portfolios that have similar investment objectives.

Some exceptions that may occur are:

- where the percentage weighting in a recently received portfolio is out-of-line with that of our other Clients with a similar investment mandate just due to timing;
- where a Client has constrained cash to a lower level than our own internal guidelines;
- where a Client has placed a weighting restriction on a specific holding (i.e., has prohibited Guardian from purchasing the securities of a company or has placed a percent limit on the weight of an issue within the portfolio); and/or,
- where there is a low fill which would make it difficult to allocate across all accounts; we do our best to ensure that all Clients are treated fairly over a long acquisition period.

In addition, cash flows in to or out of a Client's portfolio may necessitate the purchase or sale of certain securities relating specifically to those portfolios. Portfolio Managers will attempt to ensure that the specific securities and/or industry weights in those portfolios remain similar to other portfolios with similar investment objectives.

It is important to note that investment decisions are made by product line and are not necessarily universal for an asset class. The risk profile and universe of stocks can be different between product lines and, therefore, a transaction completed in one product line does not require that clients of a different product line be included. A simple example might be a stock that qualifies for both our Small/Mid Cap product line and our Canadian Growth product line. Since each product line is managed with a different set of constraints and objectives, the timing of transactions may differ.

Item 13 Review of Accounts

A. Indicate whether your firm periodically reviews client accounts or financial plans. If you do, describe the frequency and nature of the review and the titles of the supervised persons who conduct the review.

With respect to institutional accounts, each portfolio management team is responsible for managing a number of accounts (approximately 5-15 accounts per team). Accounts are continuously reviewed by the portfolio managers themselves based on information provided by the portfolio management information system. Portfolios are monitored by the support and service personnel who support the investment managers. The compliance of each portfolio with the requirements of its investment guidelines is reviewed by Guardian's Compliance Department not less frequently than quarterly, which compliance is reported to management, and to the client in writing. The Manager, Compliance, is responsible for coordinating the periodic review of accounts.

B. If the firm reviews client accounts on other than a periodic basis, describe the factors that trigger a review.

Factors that could trigger a review of a client's account on other than a periodic basis include a change in market conditions, change in investment objective, re-balancing of assets to maintain proper asset allocation and trading signals indicated by portfolio software tools used by Guardian.

C. Describe the content and indicate the frequency of regular reports the firm provides to clients regarding their accounts. State whether these reports are written.

On a quarterly basis, Guardian provides the following written reports to its clients: detailed holdings, compliance with the client's investment guidelines, performance data, commentary and an investment outlook . This information will be provided to clients on a monthly basis, if requested by the client. On an annual basis, Guardian sends its clients market themes covering domestic & international markets. On an adhoc/ongoing basis, Guardian's clients receive publications, articles covering different investment related issues, news flashes regarding topical events and commentaries on major events. Clients can always receive up-to-date portfolio information on request.

Item 14 *Client Referrals and Other Compensation*

A. If someone who is not a client provides an economic benefit to the firm for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how the firm addresses the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

Not applicable.

B. If you or a *related person* directly or indirectly compensates any *person* who is not your *supervised person* for *client* referrals, describe the arrangement and the compensation.

Not applicable.

Item 15 *Custody*

If the firm has custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements.

Guardian does not maintain custody of client assets. Custody is maintained by a custodian selected by the client. Clients receive account statements directly from their custodian. Guardian's client statements are reconciled to those of the custodian and discrepancies are highlighted and discussed with the custodian and/or the client.

Item 16 Investment Discretion

If the firm accepts discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

Guardian generally has discretion over the selection and amount of securities to be bought or sold in client accounts or the broker-dealer to be used for the purchase or sale of securities without obtaining prior consent or approval from the client. However, these purchases or sales or the selection of the broker-dealer may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by Guardian. Discretionary authority will only be authorized upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by Guardian will be in accordance with each client's investment objectives and goals.

A. If the firm has, or will accept, authority to vote *client* securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your *clients* can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your *clients* with respect to voting their securities. Describe how *clients* may obtain information from you about how you voted their securities. Explain to *clients* that they may obtain a copy of your proxy voting policies and procedures upon request.

Guardian will accept authority to vote client securities. Guardian has established proxy voting guidelines to ensure that, when Guardian is delegated voting rights by its clients, as fiduciaries, we exercise such ownership rights in order to optimize the long-term value of those investments. Guardian has adopted the standards of the Pension Investment Association of Canada's (PIAC) publication entitled "PIAC Corporate Governance Standards". With regard to issues related to Social Responsibility, and other Stakeholder Proposals, Guardian will consider each proposal on its merits, based on both client direction and our aim of maximizing shareholder value. Guardian also subscribes to a proxy consulting service and a voting service. The consulting service provides professional analyses and recommendations for all proxies issued by the companies held within our equity portfolios. The voting service votes proxies as specifically directed by Guardian.

Clients may contact their dedicated client service executive to direct a vote in a particular solicitation. Proxy voting summaries are available to each client upon request. Clients may also obtain a copy of Guardian's proxy voting policies and procedures upon request.

B. If the firm does not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.

Clients that choose to vote their own securities will receive proxy solicitations from their custodian and/or transfer agent. Clients may contact their dedicated client service executive with any questions about a particular solicitation.

Item 18 Financial Information

A. If the firm requires or solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.

Not applicable.

B. If firm has discretionary authority or custody of client funds or securities, or firm requires or solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.

Not applicable.

C. If firm has been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought and the current status.

Not applicable.

Item 19 Requirements for State-Registered Advisers

A. Identify each of your principal executive officers and management persons, and describe their formal education and business background.

Not applicable. Guardian is SEC-registered and therefore not state-registered.