

**Part 2A of Form ADV: Firm Brochure**

Item 1 Cover Page

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**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](http://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, 2020, 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 29, 2019.

There have been no material changes in Guardian's business since Guardian published its last Brochure Form ADV Part 2A dated March 29, 2019.

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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 primarily to institutions including defined benefit and defined contribution pension funds, insurance companies, foundations, endowments, charitable organizations and third-party mutual funds. Guardian is registered as a Portfolio Manager in all provinces of Canada and is an SEC-registered investment adviser.

**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.**

Advisory Services – General

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 – Systematic Strategies

In selecting securities, Guardian's Systematic Strategies team utilizes a process that primarily relies on bottom-up analysis and seeks to identify companies that have the potential for dividend growth, sustainable income, and capital appreciation over time. The process uses a combination of relative, intrinsic and artificial intelligence models to rank companies within each economic sector. The relative analysis uses multiple factors including earnings growth, dividend growth, value, yield, momentum and quality. This intrinsic analysis projects future cash flow growth and uses customized discount rates to arrive at an intrinsic valuation target. The artificial intelligence component forecasts expected dividend growth rates and also the probability of a dividend cut. A team of portfolio managers then constructs the portfolio based upon the above stock selection process and concurrent assessment of the macro environment and portfolio risk constraints. The combination of a systematic stock selection process and a team refined portfolio construction process results in a diversified portfolio of dividend-paying equity securities that seek to provide above average yield and dividend growth.

Participating Affiliate

In providing services to clients, Guardian may rely on the resources of a non-U.S. affiliate that supplies services pursuant to a participating affiliate arrangement ("Participating Affiliate"). This arrangement is further discussed under "Other Financial Industry Activities and Affiliations."

**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 normally 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.**

Guardian serves as an investment manager of wrap fee programs sponsored by third party wrap program sponsors (e.g. broker-dealers). A wrap fee program is a program where a client is charged a specified "bundled" fee (generally, a percentage of assets under management) for discretionary investment management services and trade execution costs and sometimes other services such as custody, recordkeeping and reporting. Sponsors pay us an investment management fee from a portion of the total wrap fee charged to the wrap program sponsor's clients. We manage these accounts using strategy model portfolios (similarly to how we manage other separate accounts), but we generally accept fewer client-imposed investment restrictions for these accounts, and the accounts may be constrained to not include certain types of investments, such as IPOs, that would normally be available to institutional clients. Because we typically execute wrap account trades through each respective wrap program sponsor, these accounts usually are included in the second tier of our trade rotation process, as described more fully in Item 12.

Guardian also provides model portfolios to certain wrap fee program sponsors (or their overlay managers) for unified managed accounts ("UMAs"). Each program sponsor (or overlay manager) retains investment discretion over the UMAs and may accept or reject our recommendations. The program sponsor also is responsible for effecting trades resulting from our recommendations. Guardian has no investment discretion over the program sponsor's UMAs and has no specific knowledge of the program sponsor's clients or their circumstances. As a model provider, we receive a negotiated fee from each program sponsor to which we provide model portfolios. As further described in Item 12, we provide our model portfolios during the third tier of our trade rotation process.

Our compensation under a wrap program may be lower than our standard fee schedule; however, the overall cost of a wrap arrangement may be higher than a client otherwise would pay if the client paid our standard fee schedule and negotiated transaction costs through a broker-dealer.

**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, 2019, Guardian's Regulatory Assets Under Management totaled US\$15,138,167,824. Of this, US\$15,138,167,824 was discretionary and US\$0 was non-discretionary. In addition, Guardian has assets under administration or Unified Managed Account ("UMA") program assets of US\$3,782,740,440.

## 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 two accounts. 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 the client's custodian. Clients choose their own custodian and negotiate those fees separately. Clients may pay brokerage commissions, transaction costs, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes which are unrelated to the fees paid to Guardian. Mutual fund fees and expenses are described in each fund's prospectus or other offering document and generally include a management fee and other fund expenses. Additional details relating to other fees and expenses are found in Item 12, Brokerage Practices.

**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 unless requested by the client. Where fees are paid in advance, the client may obtain a refund of the unused portion of the prepaid fee, on request, if the advisory contract is terminated before the end of the billing period. Upon termination, the investment advisory fee will be pro-rated, and Guardian will reimburse the client's pre-paid investment advisory fees for the period in which Guardian's services were not being utilized by the client.

**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.

**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 accounts, one of which is Guardian Strategic Income Fund, a pooled fund operated by Guardian and available for purchase by Canadian residents. These performance-based fees are in addition to an asset-based fee.

For Guardian Strategic Income Fund, the performance fee will be payable provided that the investment performance of the units exceeds the aggregate of the high water mark and the cumulative hurdle amount during the year, and the performance fee will amount to 15% of such excess performance.

These performance-based fee accounts are managed side-by-side with other asset-based accounts in the mandate. 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) and trades are monitored daily for commonality across the mandate.



**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, insurance companies, charitable organizations, corporations or other business entities, government entities, and wrap fee programs sponsored by third-party providers of separately managed accounts and unified managed accounts.

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

**A. 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.

Systematic Strategies

Guardian’s Systematic Strategies team utilizes a process that primarily relies on bottom-up analysis and seeks to identify companies that have the potential for dividend growth, sustainable income, and capital appreciation over time. See information re. Quantitative Analysis under brochure Item 4B.

Fundamental Global and Emerging Market Equities

Guardian’s subsidiary, GuardCap Asset Management Limited, manages these asset classes using a disciplined fundamental bottom-up approach to security selection.

Fixed Income

Guardian’s fixed income managers use a proactive, disciplined management approach while employing various analytical tools to identify investments that offer value on a relative basis. Rigorous credit analysis is employed, particularly with respect to high yield mandates.

We believe the professional and disciplined execution of our investment philosophy will generate attractive investment returns for our client accounts over time. We mitigate portfolio risk by utilizing a number of controls over country and sector diversification and by investing in companies chosen for the sustainability of their business models. However, no investment is guaranteed. Guardian clients placing funds in our strategies should do so with the full knowledge that loss of principal is a real risk.

**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.**

Investing in securities involves risk of loss that clients should be prepared to bear. We work under various risk control guidelines to maintain efficient portfolios for clients. The primary risks associated with Guardian’s investment strategies and client security types are outlined below. There may be other risks of investment that are not discussed below. Past performance is no indication of future returns.

**ADR Risk.** American Depositary Receipts (“ADRs”) are typically issued by a US bank or trust company and represent ownership of underlying foreign securities. Positions in those securities are not necessarily denominated in the same currency as the common stocks into which they may be converted. Generally, ADRs, in registered form, are designed for the U.S. securities markets. In addition to the risks presented in any investment – changes in value, changes in demand – there are several risks unique to ADRs that must be considered. For instance, while they will react to normal market fluctuations like regular stocks, ADRs are still vulnerable to currency risks. If the value of the company's home currency falls too much relative to the US Dollar, the effect will eventually trickle down to the ADR. The same can be said for changes in the home country's government.

**Breaches in Information Technology Security.** Guardian maintains information technology systems, consisting of infrastructure, applications, and communications networks to support its business activities. These systems could be subject to security breaches such as ‘cyber-crime’ resulting in theft, a disruption in the ability to close out positions and the disclosure or corruption of sensitive and confidential information. Security breaches may also result in misappropriation of assets. Guardian seeks to mitigate attacks on its own systems but will not be able to control directly the risks to third-party systems to which it may connect. Any security breach in Guardian's systems could have a material adverse effect on Guardian and may result in financial loss, the disruption of its business, liability to third parties, regulatory intervention, or reputational damage.

**Concentration Risk.** A portfolio will generally seek to diversify portfolio investments on behalf of the portfolio; however, a significant percentage of the portfolio's assets may be invested from time to time in groups of issuers deriving significant revenues from the same market, region, or industry. To the extent a portfolio makes such investments, the exposure to credit and market risks associated with such market, region or industry will be increased because changes in the value of a single issuer may have a greater impact on the total value of the portfolio than if the portfolio is invested in a larger number of issuers. To the extent that some of the issuers in the portfolio are in the same or related industries or sectors, any economic, political, regulatory, or other event affecting one of those industries or sectors may have a greater impact on the total value of the portfolio.

**Correlation of Performance Across Investments and Strategies.** Guardian may invest in securities in a manner which is intended to provide some degree of portfolio diversification. However, there can be no assurance that the performance of its investments will not be correlated. For example, in periods of illiquidity such as those experienced in 2008, assets in certain market sectors which historically did not show a high degree of correlation became correlated due to the sharp decrease in liquidity available to investors and the loss of systemically important institutions that affected all such investments. Similarly, there can be no assurance that the strategy employed by Guardian will be uncorrelated with other investment strategies in the future.

**Counterparty Trading Relationships.** Participants in the over-the-counter markets typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy, unless the counterparty provides margin, collateral, letters of credit or other credit enhancements. While it is anticipated that Guardian will be able to establish the necessary counterparty business relationships to permit client portfolios to effect transactions in the over-the-counter markets, including the swaps market, there can be no assurance that it will be able to do so or, if it does, that it will be able to maintain such relationships. An inability to continue existing or establish new relationships could limit client portfolio activities.

**Currency Risk.** When investments involve the currencies of various countries, the value of the assets of a portfolio as measured in the portfolio's base currency will be affected by changes in currency exchange rates, which may affect a portfolio's performance independent of the performance of its securities

investments. A portfolio may or may not seek to hedge all or any portion of its foreign currency exposure. However, even if a portfolio attempts such hedging techniques, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-base currencies because the value of those securities is likely to fluctuate due to independent factors not related to currency fluctuations. Currency exchange rates may fluctuate significantly over short periods of time causing, along with other factors, a portfolio's net asset value to fluctuate as well. To the extent that a substantial portion of a portfolio's total assets, adjusted to reflect a portfolio's net position after giving effect to currency transactions, is denominated in the currencies of specific countries, the portfolio will be more susceptible to the risk of adverse economic and political developments within those countries.

**Emerging Market Securities Risk.** Client portfolios may hold investments in various markets, some of which may be considered "emerging markets", or in companies with material exposure to emerging markets. Many emerging markets are developing both economically and politically and may have relatively unstable governments and economies based on only a few commodities or industries. Many emerging market countries do not have firmly established product markets and companies may lack depth of management or may be vulnerable to political or economic developments such as nationalization of key industries.

Emerging market securities risks include: (i) greater risk of expropriation, confiscatory taxation, nationalization, social and political instability (including the risk of changes of government following elections or otherwise) and economic instability; (ii) the relatively small current size of some of the markets for securities and other investments in emerging markets issuers and the current relatively low volume of trading, resulting in lack of liquidity and in price volatility; (iii) certain national policies which may restrict a portfolio's investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; (iv) the absence of developed legal structures governing private or foreign investment and private property; (v) the potential for higher rates of inflation or hyper-inflation; (vi) currency risk and the imposition, extension or continuation of foreign exchange controls; (vii) interest rate risk; (viii) credit risk; (ix) lower levels of democratic accountability; (x) differences in accounting standards and auditing practices which may result in unreliable financial information; and (xi) different corporate governance frameworks. Furthermore, emerging markets are characterized by numerous market imperfections, analysis of which requires long experience in the market and a range of complementary specialist skills. In the recent past, the tax systems of some emerging markets countries have been marked by rapid change, which has sometimes occurred without warning and has been applied with retroactive effect.

**Equity Securities Risk.** The value of equity securities varies in response to many factors. Factors specific to an issuer, such as certain decisions by management, lower demand for its products or services, or even loss of a key executive, could result in a decrease in the value of the issuer's securities. Factors specific to the industry in which the issuer participates, such as increased competition or costs of production or consumer or investor perception, can have a similar effect. The value of an issuer's stock can also be adversely affected by changes in financial markets generally, such as an increase in interest rates or a decrease in consumer confidence, that are unrelated to the issuer itself or its industry. In addition, certain equity-related instruments may be subject to additional risks, including liquidity risk, counterparty credit risk, legal risk, and operations risk, and may involve significant economic leverage and, in some cases, be subject to significant risks of loss. These factors and others can cause significant fluctuations in the prices of the securities in which a portfolio invests and can result in significant losses.

**Execution of Orders.** A portfolio's investment strategies and trading strategies depend on its ability to establish and maintain an overall market position in a combination of financial instruments selected by Guardian. A portfolio's trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, trading volume surges or systems failures

attributable to a portfolio, Guardian, counterparties, brokers, dealers, agents, or other service providers. In such event, a portfolio might only be able to acquire or dispose of some, but not all, of the components of such position, or if the overall position were to need adjustment, the portfolio might not be able to make such adjustment. As a result, a portfolio would not be able to achieve the market position selected by Guardian, which may result in a loss. In addition, Guardian may rely on electronic execution systems (and may rely on new systems and technology in the future), and such systems may be subject to certain systemic limitations or mistakes, causing the interruption of trading orders made by a portfolio.

**Foreign Investment Risk.** Investments in securities of foreign issuers may involve risks including adverse fluctuations in currency exchange rates, political instability, confiscations, taxes or restrictions on currency exchange, difficulty in selling foreign investments, and reduced legal protection. These risks may be more pronounced for investments in developing countries.

**Frequent Trading Risk.** Certain portfolios may be actively managed through continual monitoring of the market with trading out of relatively "overvalued" securities into relatively "undervalued" ones – according to the guidelines of the portfolio. 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.

**General Economic and Market Risk.** Client portfolios are affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls and national and international political circumstances. These factors may affect the level and volatility of securities' prices and the liquidity of a portfolio's investments. Volatility or illiquidity could impair a portfolio's profitability or result in losses.

**Issuer Risk.** The value of an equity security may decline in response to developments affecting the specific issuer of the security or obligation, even if the overall industry or economy is unaffected. These developments may include a variety of factors, including but not limited to management issues or other corporate disruption, political factors adversely affecting governmental issuers, a decline in revenues or profitability, an increase in costs, or an adverse effect on the issuer's competitive position.

**Short Selling Risk.** Short selling involves certain risks. There is no assurance that securities will decline in value during the period of the short sale sufficient to offset the interest paid and make a profit, and securities sold short may instead appreciate in value. The portfolio may also experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender from whom the portfolio has borrowed securities may go bankrupt and the portfolio may lose collateral it has deposited with the lender. When the portfolio engages in short selling it will adhere to controls and limits that are intended to offset these risks by short selling only securities of larger issuers for which a liquid market is expected to be maintained and by limiting the amount of exposure for short sales. The portfolio will also deposit collateral only with lenders that meet certain criteria for creditworthiness and only up to certain limits. To deliver securities to a purchaser when it sells short, the portfolio must arrange to borrow the securities, and, as a result, the portfolio becomes obligated to replace the securities borrowed at the market price at the time of replacement, whatever that price may be. A short sale, therefore, involves the theoretically unlimited risk of loss occasioned by an increase in the market price of the security between the date of the short sale and the date on which the portfolio covers its short position. In addition, borrowing of securities entails the payment of a borrowing fee (which may increase during the borrowing period) and the payment of any dividends or interest payable on the securities until they are replaced. The portfolio, when engaged in short selling, will be required to maintain cash cover for its short positions, and other investments may need to be sold quickly (and at potentially unattractive prices) to maintain sufficient cash cover.

**Smaller Company Risk.** Investments in small-capitalization companies and mid-capitalization companies, including smaller, earlier stage companies, may involve additional risks. These risks may be relatively higher with smaller companies. These additional risks may result from limited product lines, more limited access to markets and financial resources, greater vulnerability to competition and changes in markets, lack of management depth, increased volatility in share price, and possible difficulties in valuing or selling these investments.

**Liquidity Risk.** Due to a lack of demand in the marketplace or other factors, a portfolio may not be able to sell some or all investments promptly or may only be able to sell investments at less than desired prices.

**Position Limit Risk.** “Position limits” imposed by various regulators and/or counterparties may also limit a portfolio's ability to effect desired trades. Position limits are the maximum amounts of net long positions that any one person or entity may own or control in a specific financial instrument. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if a portfolio does not intend to exceed applicable position limits, it is possible that different accounts managed by Guardian and its affiliates may be aggregated. If at any time positions managed by Guardian were to exceed applicable position limits, we would be required to liquidate positions, which might include positions of a portfolio, to the extent necessary to come within those limits. Further, to avoid exceeding the position limits, a portfolio might have to forego or modify certain of its contemplated trades.

**Systemic Risk.** Credit risk may also arise through a default by one or several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms, and exchanges, with which a portfolio interacts daily.

**Trading on Exchanges.** A portfolio may trade, directly or indirectly, securities on exchanges located anywhere. Some exchanges, in contrast to those based in the United States, for example, are “principals’ markets” in which performance is solely the individual member’s responsibility with whom the trader has entered into a contract and not that of an exchange or its clearinghouse, if any. In the case of trading on such exchanges, a portfolio will be subject to the risk of the inability of, or refusal by, a counterparty to perform with respect to contracts. Moreover, in certain jurisdictions there is generally less government supervision and regulation of worldwide stock exchanges, clearinghouses and clearing firms than, for example, in the United States. A portfolio is also subject to the risk of the failure of the exchanges on which its positions trade or of their clearinghouses or clearing firms and there may be a higher risk of financial irregularities and/or lack of appropriate risk monitoring and controls.

**Failure of Brokers, Counterparties, Exchanges.** Client portfolios will be exposed to the credit risk of the counterparties with which, or the brokers, dealers, and exchanges through which, client portfolios deal, whether engaging in exchange-traded or off-exchange transactions. Client portfolios may be subject to risk of loss of assets on deposit with a broker in the event of the broker’s bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of client portfolios, or the bankruptcy of an exchange clearing house. Client portfolios may also be subject to risk of loss of their funds on deposit with brokers who are not required by their own regulatory bodies to segregate customer funds. Client portfolios may be required to post margin for foreign exchange transactions either with Guardian or other foreign exchange dealers who are not required to segregate funds (although such funds are generally maintained in separate accounts on the foreign exchange dealer’s books and records in the name of the client).

In the case of a bankruptcy of the counterparties with which, or the brokers, dealers and exchanges through which, client portfolios deal, or a customer loss as described in the foregoing paragraph, client portfolios might not be able to recover any of their assets held, or amounts owed, by such person, even property specifically traceable to client portfolios, and, to the extent such assets or amounts are recoverable, client portfolios might only be able to recover a portion of such amounts. Further, even if client portfolios can recover a portion of such assets or amounts, such recovery could take a significant period of time. Prior to receiving the recoverable amount of the client account property, client accounts may be unable to trade any positions held by such person, or to transfer any positions and cash held by such person on behalf of client portfolios. This could result in significant losses to client portfolios. Client portfolios may initiate transactions on “over-the-counter” or “interdealer” markets. Participants in these markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. To the extent that client portfolios invest in swaps, derivatives or synthetic instruments, or other over-the-counter transactions in these markets, client portfolios may take a credit risk relative to parties with which it trades and may bear the risk of settlement default. These risks may differ materially from those involved in exchange-traded transactions, which generally are characterized by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries.

**No Investment Guarantee Equivalent to Deposit Protection.** Investment in a securities portfolio is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. Furthermore, unlike a deposit in a bank account, the principal invested in an investment portfolio is capable of fluctuation.

**Reliance on Guardian.** The success of a client’s portfolio depends in substantial part upon the skill and expertise of the personnel of Guardian and the ability of the Firm to successfully implement the investment policy of the client’s portfolio. No assurance can be given that Guardian will be able to do so. Moreover, decisions made by Guardian may cause a client portfolio to incur losses or to miss profit opportunities on which it may otherwise have capitalized. Clients will not be able to evaluate for themselves the merits of investments to be acquired. Instead, clients must rely on the judgment of Guardian to conduct appropriate evaluations and to make investment decisions. There can be no assurance that any of the key investment professionals will continue to be associated with Guardian throughout the life of the client relationship.

**Regulatory Risk.** Changes in government regulations may adversely affect the operations and value of a portfolio or the companies in which it invests. Industries and markets that are not adequately regulated may be susceptible to the initiation of inappropriate practices that adversely affect a portfolio or the companies in which it invests.

**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. Investing in securities involves risk of loss that clients should be prepared to bear. See Item 8, Section B for a discussion of the risks related to securities. The risks described herein should not be considered an exhaustive list of all the risks which clients should consider.

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 persons:

1. Guardian Capital Advisors LP ("GCALP"), another subsidiary of Guardian Capital Group Limited ("Guardian Group"), is a registered investment adviser (in the U.S. and Canada) and exempt market dealer (in Canada) 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, and advises a private investment fund complex known as the Aurora Funds. The Aurora Funds complex consists of a Cayman Islands domiciled master fund and two feeder funds. Guardian also serves as investment adviser to Guardian Dividend Growth Fund, an investment company established in the United States under the Investment Company Act of 1940.
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.
5. Guardian Capital Holdings Ltd., a wholly owned subsidiary of Guardian Group, holds a 100% interest in Guardian Capital Real Estate Inc., which is the manager of Guardian Capital Real Estate Fund LP, a limited partnership that invests in direct real estate. Guardian Capital Holdings Ltd. also holds a 100% interest in Guardian Capital Real Estate GP Inc., which acts as general partner to Guardian Capital Real Estate Fund LP.
6. GuardCap Asset Management Limited ("GuardCap"), a wholly-owned subsidiary of Guardian indirectly controlled by Guardian Group, is registered in the United Kingdom and is the investment manager of one of Guardian's private funds and advises certain of the Guardian Capital Funds as well

as a UCITS fund complex. GuardCap acts as a “Participating Affiliate” in accordance with a series of SEC staff no-action letters, granting relief from the Advisers Act registration requirements for certain affiliates of registered investment advisers. To better serve our clients’ needs, Guardian may engage this Participating Affiliate and their personnel to assist in managing client mandates, including the provision of research and portfolio management. Personnel of the Participating Affiliate that assist in providing investment advice to Guardian are subject to the oversight of both Guardian and the SEC. The Participating Affiliate has agreed to submit to the jurisdiction of the SEC and to the jurisdiction of the U.S. courts for actions arising under the U.S. securities laws in connection with the investment advisory services they provide for any Guardian clients. Guardian and its Participating Affiliate may have conflicts in allocating their personnel’s time and services among client accounts. Guardian and its Participating Affiliate will devote as much time to each client account as it deems appropriate to perform its duties in accordance with each client agreement. However, Guardian and its Participating Affiliate have a fiduciary duty to provide unbiased advice and to disclose any material conflicts of interest to its clients, as mandated under the Advisers Act. It is Guardian and its Participating Affiliate’s goal to act in good faith and to treat all client accounts in a fair and equitable manner over time, regardless of the client’s strategy, fee arrangements, or affiliate arrangements.

7. Alta Capital Management, LLC (“Alta”) is an SEC-registered investment management firm based in Salt Lake City, Utah and principally owned by Guardian Capital, LLC an indirect subsidiary of Guardian Group. Alta Capital invests primarily in U.S.-based equity securities using a quality growth investment discipline on behalf of institutional, wrap and model based program, high net worth, and individual clients. Alta serves as investment adviser to Alta Quality Growth Fund and Guardian Fundamental Global Equity Fund - both are investment companies established in the United States under the Investment Company Act of 1940.

8. Modern Advisor Canada Inc., another subsidiary of Guardian Group, is a registered investment adviser in Canada, and is an affiliate of Guardian.

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 issuer or, during the security's distribution, by a connected issuer. In these situations, Guardian must disclose the nature and extent of the relationship or connection between Guardian and the issuer of the securities.

**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:

- Oil and gas commodity forecasts and research
- Equity investment research focusing on accounting disclosure and cash flows
- Automated newswire reading and rating
- Data services
- 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 requested by the client in writing.

If requested by the client in writing, Guardian will attempt to direct up to a maximum of 20% of the total commission dollars generated by the specific client account. We believe a greater percentage may affect our ability to obtain "best execution".

It is Guardian's policy to treat all clients fairly and equitably. Clients who direct commissions might experience disadvantageous pricing compared to other Clients when trades are unbundled and transactions forced to be executed at different times or with different dealers.

**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.**

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.

Guardian has adopted a Trade Rotation Policy and a Security Allocation Policy. For all clients, we utilize a multi-tiered trade aggregation or trade rotation process that seeks to execute the securities transactions of our clients and disseminate model portfolios to our model portfolio clients in a fair and equitable manner. The various tiers in our process are as follows:

### **1. First Tier**

We include clients that do not direct us to use specified broker-dealers in the first tier ("Free to Trade Accounts"). Free to Trade Accounts are traded in accordance with our Security Allocation Policy, as further described below.

### **2. Second Tier**

We generally include clients that direct us to utilize specified broker-dealers and traded wrap fee program clients in the second tier. A client's decision to utilize a broker as the custodian of its account (e.g. participation in a wrap fee program) may, even in the absence of an express direction to use that broker for executing securities transactions, have the same practical effect as a direction depending on the broker's capabilities and charges. Second tier accounts will be traded on a rotation basis after the Free to Trade Accounts have completed their transactions.



### 3. Third Tier

We include model portfolio clients in the third tier. Model portfolios are disseminated to these clients simultaneously after the first and second tier accounts have completed their transactions.

Guardian has established a policy for security allocation among our Free to Trade Accounts 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.

In general, Guardian buys and sells securities as a block for all Free to Trade Accounts. 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 Free to Trade Accounts 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 have 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.

**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. 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 daily by Guardian's Compliance Department. Compliance is reported to management, and to the client, in writing on a quarterly basis. The Director, 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, transactions, 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.

**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.**

Guardian may pay an ongoing referral fee for client referrals. Such arrangements are documented in writing and typically involve the payment of a fee based on a percentage of the management fee charged by Guardian to the referred client. If a client is introduced to Guardian by either an unaffiliated or an affiliated solicitor, Guardian may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee will be paid from Guardian's investment management fee, and will not result in any additional charge to the client. If the client is introduced to Guardian by a solicitor, the solicitor, at the time of the solicitation, will disclose the nature of their solicitor relationship. An unaffiliated solicitor will provide each prospective client with a copy of Guardian's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Guardian and the solicitor, including the compensation to be received by the solicitor from Guardian. Clients will sign and date an acknowledgement confirming their receipt of this written disclosure statement.

**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.**

Subject to the exception noted below, 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.

Guardian is deemed to have custody over the funds and securities held by the Aurora Funds due to its, or an affiliated person's, role as General Partner (or similar control capacity) of the Aurora Funds. To the extent possible and practicable, the Aurora Funds' assets are held in custody by unaffiliated broker/dealers or banks. Generally, investors will not receive Aurora Fund account statements from the custodians. Instead, the Aurora Funds are subject to an annual audit and the audited financial statements, prepared in accordance with generally accepted accounting principles, are distributed to each investor within 120 days of the Aurora Funds' fiscal year end.

**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. 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. Fiduciary obligations do not require Guardian to become a shareholder activist.

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.

Where a conflict, or potential conflict, of interests exists between the interest of a Client and the interest of Guardian or a Guardian affiliate or Associate, proxies are voted in accordance with investment considerations and investment merits, without regard to any other business relationship that may exist between Guardian and the portfolio company.

Examples of possible conflicts include:

- voting proxies for all accounts in a certain way to retain or obtain business
- situations where Guardian manages money for a portfolio company
- situations where a significant personal relationship exists between a Guardian Associate and a proponent or beneficiary of a proxy proposal

There will be occasions where the applicable portfolio manager determines that the best interest of the Client may require a vote different from the recommendation of the proxy consulting service. On such occasions, the applicable portfolio manager shall document the reasons for the voting decision when instructing the Compliance staff on how to vote the proxy.

Guardian will maintain the following records relating to proxy voting analysis and decisions:

- proxy statements received for Client securities
- records of votes cast on behalf of Clients
- records of Client requests for proxy voting information and the response provided by Guardian
- documents that record the basis for decisions on voting matters, and any supporting materials

Clients may contact their dedicated portfolio manager 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.

**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.