

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC,
NOVA SCOTIA, AND NEWFOUNDLAND

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR
EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
GUARDIAN GROUP OF FUNDS LTD.
GUARDIAN RSP AMERICAN EQUITY FUND
GUARDIAN RSP GLOBAL EQUITY FUND
GUARDIAN AMERICAN EQUITY FUND LTD.
GUARDIAN GLOBAL EQUITY FUND

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from Guardian Group of Funds Ltd. ("Guardian") in its own capacity and on behalf of Guardian RSP American Equity Fund ("RSP American Fund") and Guardian RSP Global Equity Fund ("RSP Global Fund") (collectively the "RSP Funds") and Guardian American Equity Fund Ltd. ("American Fund Ltd." and Guardian Global Equity Fund Global Fund") (collectively the "Underlying Funds") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that, if applicable in a particular Jurisdiction, the following requirements or prohibitions under the Legislation may not apply to investments by the RSP Funds in the Underlying Funds:

- (a) That a mutual fund securityholder must issue a news release and file a report or reports where its aggregate holdings of securities of a reporting issuer exceed 10% of the outstanding securities of the reporting issuer and refrain from purchasing additional securities of the Underlying Funds for a specified period of time once its holdings exceed this 10% level.
- (b) The prohibition against a mutual fund knowingly making an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder.
- (c) The requirement that a management company file a report relating to a purchase or sale of securities between the mutual fund and any related person or

company, or any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, the mutual fund is a joint participant with one or more of its related persons or companies.

(d) The prohibition against a portfolio manager knowingly causing an investment portfolio managed by it to invest in the securities of an issuer in which a responsible person is an officer or director unless the specific fact is disclosed to the client and the written consent of the client to the investment is obtained before the purchase.

AND WHEREAS the requirements and prohibitions outlined in paragraph (a) through (d) are referred to in this Decision Document as the "Applicable Legislation";

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS it has been represented by Guardian to the Decision Makers that:

1. Each of the RSP Funds will be, and Global Fund is, an open-ended mutual fund trust established under the laws of the Province of Ontario and American Fund Ltd. is an open-ended mutual fund corporation incorporated under the laws of the Province of Ontario.
2. Guardian is a corporation established under the laws of Canada. Guardian is the manager and promoter of each of the RSP Funds and the Underlying Funds and also the trustee of the RSP Funds and Global Fund. Directors and officers of Guardian are directors and officers of the American Fund Ltd. and may in the future hold similar offices with Global Fund.
3. Guardian's head office is located in Toronto. The System requires that a filer choose the Canadian securities regulatory authority where the filers' head office is located as the Principal Jurisdiction.
4. The RSP Funds will be, and the Underlying Funds are, reporting issuers and none of them is in default of any requirements of the securities act or rules applicable in any of the provinces and territories of Canada
5. The securities of the Underlying Funds are currently qualified for distribution pursuant to a simplified prospectus and annual information form dated August 27, 1999. The units of the RSP Funds are to be qualified under a simplified prospectus and annual information form (collectively, the "Prospectus").
6. To achieve its investment objective, each of the RSP Funds invests its assets in securities such that its units will, in the opinion of tax counsel to the RSP Funds, be "qualified investments" for Registered Plans and will not constitute foreign property in registered retirement savings plans, registered retirement income funds, and deferred profit sharing plans (collectively, "Registered Plans"). This will primarily be achieved through the implementation of a derivative strategy.

However the RSP Funds also intend to invest a portion of their assets in securities of the Underlying Funds. This investment by the RSP Funds will at all times be below the maximum foreign property limit prescribed under the *Income Tax Act* (Canada) (the "ITA") for Registered Plans (the "Permitted Limit").

7. The investment objectives of the Underlying Funds are achieved through investment primarily in foreign securities.

8. The direct investments by the RSP Funds in the Underlying Funds will be within the Permitted Limit (the "Permitted RSP Fund Investment"). Guardian and the RSP Funds will comply with the conditions of this Decision in respect of such investments. The amount of direct investment by each RSP Fund in its corresponding Underlying Fund will be adjusted from time to time so that, except for the transitional cash, the aggregate of the derivative exposure to, and direct investment in, the Underlying Fund will equal 100% of the assets of the RSP Fund.

9. Except to the extent evidenced by this Decision and specific approvals granted by the Canadian securities administrators pursuant to National Policy Statement No. 39, the investments by the RSP Funds in the Underlying Funds have been structured to comply with the investment restrictions of the Legislation and National Policy Statement No. 39.

10. In the absence of this Decision, as soon as the aggregate holdings by an RSP Fund of securities of the linked Underlying Fund exceed 10% of the outstanding securities of the Underlying Fund, Guardian, and possibly the RSP Fund, would be required to comply with the reporting and other requirements of the Legislation.

11. In the absence of this Decision, pursuant to the Legislation, each of the RSP Funds is prohibited from (a) knowingly making an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder; and (b) knowingly holding an investment referred to in subsection (a) hereof. As a result, in the absence of this Decision, an RSP Fund would be required to divest itself of any investments referred to in subsection (a) herein.

12. In the absence of this Decision, the Legislation requires Guardian to file a report on every purchase or sale of securities of the Underlying Funds by the RSP Funds.

13. By virtue of directors and officers of Guardian being responsible persons in respect of the RSP Funds and the Underlying Funds and Guardian's affiliate, Guardian Capital Inc., acting as the portfolio manager of these mutual funds, in the absence of this Decision, Guardian Capital Inc. would be prohibited from causing the RSP Funds to invest in the Underlying Funds unless the specific fact is disclosed to investors and in certain Jurisdictions the written consent of investors is obtained before the purchase.

14. Guardian is of the view that the requested relief is in the best interests of the RSP Funds and the Underlying Funds and represents the business judgment of responsible persons uninfluenced by considerations other than the best interests of the RSP Funds and the Underlying Funds.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision").

AND WHEREAS each of the Decision Makers are satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met.

THE DECISION of the Decision Makers pursuant to the Legislation is that the Applicable Legislation does not apply so as to prevent the RSP Funds from investing in, or redeeming the securities of the Underlying Funds and such investment does not require further consent from or notice to securityholders of the RSP Funds or the Decision Makers.

PROVIDED IN EACH CASE THAT the Funds comply with the following conditions:

1. This Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with matters in clause 2.04(4)(b) of National Policy No. 39.
2. The foregoing Decision shall only apply in respect of investments in, or transactions with, the Underlying Funds that are made by the RSP Funds in compliance with the following conditions:
 - a) the RSP Funds and the Underlying Funds are under common management and the Underlying Funds' securities are offered for sale in the jurisdiction of the Decision Maker pursuant to a prospectus which has been filed with and accepted by the Decision Maker;
 - b) each RSP Fund restricts its aggregate direct investment in the corresponding Underlying Fund to a percentage of its assets that is within the Permitted Limit; if at any time, the assets of the RSP Funds that are invested in the Underlying Funds exceed the Permitted Limit, the necessary changes are made to the RSP Funds' investment portfolios as at the next valuation date of the RSP Funds in order to bring the RSP Funds' investment portfolios into conformity with the Permitted Limit;
 - c) the investment by the RSP Funds in the Underlying Funds is compatible with the fundamental investment objective of the RSP Funds;
 - d) the Prospectus will describe the intent of the RSP Funds to invest in the specified Underlying Funds;
 - e) the RSP Funds may change the Permitted Fund Investments if they change their fundamental investment objectives in accordance with the Legislation;
 - f) no sales charges are payable by a RSP Fund in relation to its purchases of securities of an Underlying Fund;

- g) there are compatible dates for the calculation of the net asset value of the RSP Funds and the Underlying Funds for the purpose of the issue and redemption of the securities of such mutual funds;
- h) no redemption fees or other charges are charged by the Underlying Funds in respect of the redemption by the RSP Funds of securities of the Underlying Funds owned by the RSP Funds;
- i) the arrangements between or in respect of the RSP Funds and the Underlying Funds are such as to avoid the duplication of management fees;
- j) no fees and charges of any sort are paid by an RSP Fund or by an Underlying Fund or by the manager or principal distributor of an RSP Fund or an Underlying Fund or by any affiliate or associate of any of the foregoing entities to anyone in respect of an RSP Fund's purchase, holding or redemption of the securities of the Underlying Fund;
- k) in the event of the provision of any notice to securityholders of the Underlying Funds as required by the constating documents of the Underlying Funds or by the laws applicable to the Underlying Funds, such notice will also be delivered to the securityholders of the RSP Funds; all voting rights attached to the securities of the Underlying Funds which are owned by the RSP Funds will be passed through to the securityholders of the RSP Funds; in the event that a securityholders' meeting is called for an Underlying Fund, all of the disclosure and notice material prepared in connection with such meeting will be provided to the securityholders of the linked RSP Fund and such securityholders will be entitled to direct a representative of the RSP Fund to vote that RSP Fund's holding in the Underlying Fund in accordance with their direction; the representative of the RSP Fund will not be permitted to vote the RSP Fund's holdings in the Underlying Fund except to the extent the securityholders of the RSP Fund so direct;
- l) in addition to receiving the annual and, upon request, the semi-annual financial statements, of the RSP Funds, securityholders of the RSP Funds will receive the annual and, upon request, the semi-annual financial statements, of the Underlying Funds in either a combined report, containing both the RSP Funds' and Underlying Funds' financial statements, or in a separate report containing the Underlying Funds' financial statements; and
- m) to the extent that the RSP Funds and the Underlying Funds do not use a combined simplified prospectus and annual information form and financial statements containing disclosure about the RSP Funds and the Underlying Funds, copies of the simplified prospectus and annual and semi-annual financial statements relating to the Underlying Funds may be obtained upon request by a securityholder of the RSP Funds.

DATED at Toronto, Ontario this "3rd" day of "December", 1999.

