

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUÉBEC, 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 GLOBAL TECHNOLOGY FUND
GUARDIAN GLOBAL TECHNOLOGY FUND

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker" in each 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. (the "Manager") in its own capacity and on behalf of Guardian RSP Technology Fund (the "RSP Fund") and Guardian Global Technology Fund (the "Underlying Fund") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that, if applicable, the following requirements and restrictions contained in the Legislation (the "Requirement(s)") shall not apply in respect of certain investments to be made by the RSP Fund in the Underlying Fund:

- A. the Requirements that the RSP Fund and Manager issue a news release and file a report where the aggregate holdings by the RSP Fund of the Underlying Fund's units exceed 10% of the Underlying Fund's outstanding units and the Requirement to refrain from acquiring or offering to acquire the Underlying Fund's units pending the expiration of one business day from the date the report is filed;
- B. the Requirements that the Manager file a report relating to the purchase or sale of securities between the RSP Fund and any related person or company, or any transaction in which, by arrangement other than an arrangement relating to insider trading and portfolio securities, the RSP Fund is a joint participant with one or more of its related persons or companies;
- C. the Requirement prohibiting the RSP Fund from knowingly making or holding 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 security holder;

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 the Manager has represented to the Decision Makers that:

1. The Manager is a corporation amalgamated under the laws of Canada and will be the manager, trustee and promoter of the RSP Fund and is the manager, trustee and promoter of the Underlying Fund (collectively, the "Funds"). The Manager's head office is located in Toronto, Ontario.

2. The Underlying Fund is an open-end mutual fund trust established under the laws of Ontario and is qualified for distribution in all Jurisdictions under a simplified prospectus and annual information form. The RSP Fund will be an open-end mutual fund trust and will be qualified for distribution in all Jurisdictions under a simplified prospectus and annual information form.

3. The Underlying Fund is, and the RSP Fund will be, a reporting issuer under the securities laws of each of the provinces and territories of Canada. The Underlying Fund is not in default of the Legislation.

4. The RSP Fund's prospectus and annual information form and any renewal prospectus will contain disclosure with respect to its investment objective and investment practices and restrictions. The RSP Fund's investment objective is to achieve long term growth that is linked to the Underlying Fund's return by investing in cash and bank deposits, money market instruments and other securities, and by using forward contracts or other permitted derivatives based on a specific group of securities based on the Underlying Fund's portfolio or units. As part of its investment practice, the RSP Fund intends to invest in the Underlying Fund's units.

5. The RSP Fund's purchase and sale of the Underlying Fund's units will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the RSP Fund.

6. The RSP Fund will make investments such that its units will be "qualified investments" for registered retirement savings plans, registered retirement income funds and deferred profit sharing plans (collectively, the "Registered Plans") under the *Income Tax Act* (Canada) (the "Tax Act") and, based on an opinion of tax counsel to the Manager, will not constitute foreign property to a Registered Plan.

7. The RSP Fund's direct investment in the Underlying Fund's units (the "Permitted RSP Fund Investment") will be in an amount not to exceed the amount prescribed from time to time as the maximum permitted amount which may be invested in foreign property under the Tax Act without the imposition of tax under Part XI of the Tax Act (the "Foreign Property Maximum").

8. 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 Fund in the Underlying Fund will comply with the investment restrictions of the Legislation and National Policy Statement No. 39.

9. The Underlying Fund's investment objective is primarily achieved through investment in foreign securities.

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

AND WHEREAS each Decision Maker is 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 Requirements shall not apply to the RSP Fund's purchase and sale of the Underlying Fund's units provided that:

1. the 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 the matters in clause 2.04(4)(b) of National Policy No. 39;

2. the Decision shall apply only to the RSP Fund's purchases and sales of the Underlying Fund's units made in compliance with the following conditions:

a) the RSP Fund and the Underlying Fund are under common management and the Underlying Fund's units are offered for sale in the jurisdiction of the Decision Maker under a prospectus which has been filed with and accepted by the Decision Maker;

b) the RSP Fund restricts the aggregate amount of its direct investment in the Underlying Fund's units to a percentage of its assets that is within the Foreign Property Maximum; if at any time, the assets of the RSP Fund that are invested in the Underlying Fund exceed the Foreign Property Limited, the necessary changes are made to the RSP Fund's investment portfolio in order to bring the RSP Fund's investment portfolio into conformity with the Foreign Property Maximum;

c) the investment by the RSP Fund in the Underlying Fund's units is compatible with the RSP Fund's fundamental investment objectives;

d) the RSP Fund's prospectus and annual information form will disclose its intention to invest in the Underlying Fund's units;

e) the RSP Fund may change the Permitted RSP Fund Investments if it changes its fundamental investment objective in accordance with the Legislation;

f) the arrangements between the RSP Fund and the Underlying Fund avoid the duplication of management fees;

- g) the RSP Fund will not pay sales charges for its purchases of the Underlying Fund's units;
- h) the Underlying Fund will not charge the RSP Fund any redemption fees or other charges for redemptions by the RSP Fund of the Underlying Fund's units;
- i) no fees and charges of any sort are paid by the RSP Fund, the Underlying Fund, by the RSP Fund's and Underlying Fund's Manager or principal distributor or by the foregoing entities' affiliates or associates to anyone for the RSP Funds' investment in, or redemption of the Underlying Fund's units;
- j) if the Underlying Fund's constating documents or the laws applicable to the Underlying Fund require it to give notice to its unitholders, it will also deliver such notice to the RSP Fund's unitholders; all voting rights attached to the Underlying Fund's units owned by an RSP Fund will be passed through to the RSP Fund's unitholders; in the event that a unitholders' meeting is called for the Underlying Fund, all of the disclosure and notice material prepared for the meeting will be provided to the RSP Fund's unitholders and each unitholder will be entitled to direct a representative of the RSP Fund to vote that unitholder's proportion of the RSP Fund's holding in the Underlying Fund in accordance with their direction; and the RSP Fund's representative will not be permitted to vote its holdings other than as the RSP Fund's unitholders direct;
- k) there are compatible dates for the calculation of the net asset value for the RSP Fund and the Underlying Fund for the purpose of issuing and redeeming units of each fund;
- l) if the RSP Fund and the Underlying Fund do not use a combined report containing both the RSP Fund's and the Underlying Fund's financial statements, in addition to receiving the annual and, upon request, the semi-annual financial statements of the RSP Fund, the RSP Fund's unitholders will receive the Underlying Fund's annual and, upon request, semi-annual financial statements; and
- m) if the RSP Fund and the Underlying Fund do not use a combined simplified prospectus and annual information form containing disclosure about the RSP Fund and the Underlying Fund, copies of the Underlying Fund's simplified prospectus and annual information form and financial statements may be obtained upon request by a unitholder of the RSP Fund.

DATED at Toronto, on "February 2", 2000.