GUARDIAN CANADIAN GROWTH EQUITY FUND

FINANCIAL STATEMENTS

DECEMBER 31, 2011

pwc

March 27, 2012

Independent Auditor's Report

To the Unitholders of
Guardian Canadian Growth Equity Fund (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statement of investment portfolio as at December 31, 2011, the statements of net assets as at December 31, 2011 and 2010 and the statements of operations and changes in net assets for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP, Chartered Accountants
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Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2011 and 2010 and the results of its operations and the changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Guardian Canadian Growth Equity Fund

Statements of Net Assets

As at December 31		2011		2010
Assets				
Investments, at fair value*	$	92,103,330	$	23,156,327
Cash and short-term securities		6,807,547		1,125,976
Interest and dividends receivable		120,735		26,677
		99,031,612		24,308,980
Liabilities				
Redemptions payable		4,000		121,433
Accrued expenses		16,804		5,481
		20,804		126,914
Net assets representing unitholders' equity (Note 4)	$	99,010,808	$	24,182,066
Net assets per unit (Note 3)	$	22.94	$	25.82
*Investments, at average cost	$	93,877,723	$	17,829,656

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Manager,
Guardian Capital LP:

Per: **"George Mavroudis"**

Per: **"C. Verner Christensen"**

Guardian Canadian Growth Equity Fund

Statements of Operations

For the years ended December 31		2011		2010
Income:				
Dividends	$	1,518,521	$	350,645
Interest		31,429		30,858
Securities lending income (Note 11)		4,894		3,368
Total income		1,554,844		384,871
Operating Expenses (Note 5):				
Administration fee		114,345		-
Independent review committee costs		2,619		-
Custody fees		-		8,842
Trustee fees		-		3,270
Other administration costs		-		59,780
Fees and expenses absorbed by Manager		-		(12,729)
Net administration costs		116,964		59,163
Interest charges		13		28
Net expenses		116,977		59,191
Net investment income		1,437,867		325,680
Realized (loss) gain on sale of investments		(501,362)		1,342,970
Realized loss on foreign currency transactions		(34)		(1,007)
Transaction costs (Note 7)		(100,840)		(25,968)
Change in unrealized (depreciation) appreciation in value of investments		(7,100,849)		2,806,220
(Decrease) increase in net assets from operations	$	(6,265,218)	$	4,447,895
(Decrease) increase in net assets from operations per unit	$	(2.69)	$	4.59

The accompanying notes are an integral part of these financial statements.

Guardian Canadian Growth Equity Fund

Statements of Changes in Net Assets

For the years ended December 31	2011	2010
Net assets, beginning of year	$ 24,182,066	$ 22,142,019
(Decrease) increase in net assets from operations	(6,265,218)	4,447,895
Distributions to unitholders from:		
Net investment income	(1,358,046)	(316,553)
Realized gain on sale of investments	(103,979)	(554,655)
	(1,462,025)	(871,208)
Capital transactions:		
Proceeds from sale of units	93,554,441	501,369
Reinvested distributions	1,462,025	871,208
Redemption of units	(12,460,481)	(2,909,217)
	82,555,985	(1,536,640)
Net assets, end of year	$ 99,010,808	$ 24,182,066

Change in Units		
Units issued and outstanding, beginning of year	936,488	999,971
Number of units issued	3,836,449	21,231
Number of units reinvested	63,622	33,702
	4,836,559	1,054,904
Number of units redeemed	(521,416)	(118,416)
Units issued and outstanding, end of year	4,315,143	936,488

The accompanying notes are an integral part of these financial statements.

Guardian Canadian Growth Equity Fund

Statement of Investment Portfolio
As at December 31, 2011

Number of Shares/Units	Security	Average Cost	Fair Value
	Consumer Discretionary - 15.5%		
42,100	Cogeco Cable Inc., Sub-Voting Shares	$ 1,840,937	$ 2,161,835
67,000	Dollarama Inc.	2,209,217	2,977,480
149,204	Gildan Activewear Inc.	3,685,939	2,855,765
81,900	Quebecor Inc., Class B	2,739,948	2,828,007
57,543	Thomson Reuters Corp.	1,943,979	1,564,594
59,410	Tim Hortons Inc.	2,549,974	2,930,695
		14,969,994	15,318,376
	Consumer Staples - 4.8%		
91,581	Alimentation Couche-Tard Inc., Class B	2,523,893	2,898,539
177,000	Viterra Inc.	1,834,964	1,899,210
		4,358,857	4,797,749
	Energy - 23.0%		
84,250	Cameco Corp.	2,052,495	1,549,358
84,455	Canadian Natural Resources Ltd.	3,368,277	3,214,356
97,400	Celtic Exploration Ltd.	2,277,769	2,217,798
76,068	Cenovus Energy Inc.	2,518,758	2,573,380
160,500	Crew Energy Inc.	2,164,842	1,804,020
58,190	MEG Energy Corp.	2,596,866	2,399,174
26,500	Niko Resources Ltd.	1,639,360	1,272,795
56,100	Paramount Resources Ltd., Class A	2,161,793	2,381,445
67,800	ShawCor Ltd., Class A, Sub-Voting Shares	1,877,836	1,947,894
90,500	Trilogy Energy Corp.	2,278,030	3,399,180
		22,936,026	22,759,400
	Financials - 20.3%		
108,405	Bank of Nova Scotia	5,574,704	5,503,722
59,385	Intact Financial Corp.	2,993,967	3,475,804
100,800	Royal Bank of Canada	5,038,761	5,234,544
77,535	The Toronto-Dominion Bank	5,919,775	5,912,044
		19,527,207	20,126,114
	Industrials - 6.4%		
25,400	Canadian National Railway Co.	1,975,505	2,033,778
97,675	Finning International Inc.	2,302,141	2,162,525
41,150	SNC-Lavalin Group Inc.	2,008,819	2,096,593
		6,286,465	6,292,896
	Information Technology - 3.0%		
106,775	Celestica Inc.	909,705	799,745
38,325	MacDonald Dettwiler & Associates Ltd.	1,764,615	1,804,724
52,500	Sierra Wireless Inc.	686,769	375,375
		3,361,089	2,979,844

The accompanying notes are an integral part of these financial statements.

Guardian Canadian Growth Equity Fund

Statement of Investment Portfolio
As at December 31, 2011

Number of Shares/Units	Security		Average Cost		Fair Value
	Materials - 20.0%				
54,900	Franco-Nevada Corp.	$	2,286,000	$	2,129,022
95,787	Goldcorp Inc.		4,396,899		4,320,951
141,765	Ivanhoe Mines Ltd.		2,778,951		2,557,441
188,721	Kinross Gold Corp.		2,972,406		2,191,051
76,725	Methanex Corp.		1,945,575		1,783,089
132,900	Osisko Mining Corp.		1,586,315		1,302,420
84,435	Potash Corp. of Saskatchewan		4,174,322		3,553,869
55,540	Teck Resources Ltd., Class B		2,358,806		1,991,108
			22,499,274		19,828,951
			93,938,912		92,103,330
	Transaction costs		**(61,189)**		
	Total Investments - 93.0%		**93,877,723**		**92,103,330**
	Short-term securities - Guardian Canadian Short-Term Investment Fund - 6.0%		**5,869,128**		**5,869,128**
	Short-term notes - 0.9%*		**924,723**		**924,887**
	Other net assets - 0.1%				**113,463**
	Total net assets - 100.0%			**$**	**99,010,808**

*Short-term notes earn interest at a rate of 0.843% and mature on January 5, 2012.

The accompanying notes are an integral part of these financial statements.

GUARDIAN CANADIAN GROWTH EQUITY FUND

NOTES TO FINANCIAL STATEMENTS

1. Formation of Fund:

Guardian Canadian Growth Equity Fund (the "Fund") was formed on July 31, 1986 and Guardian Capital LP (the "Manager") is the manager and trustee of the Fund. The primary objective of the Fund is the achievement of long-term growth of capital, primarily through the investment in the Canadian issuers with a growth orientation that are reasonably priced within the market. A receipt was issued for the Fund's first prospectus on March 29, 2011.

2. Significant accounting policies:

a) Basis of presentation:

These financial statements, prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), include estimates and assumptions made by the Manager that may affect the reported amounts of assets, liabilities, income and expenses during the reporting year. Actual results could differ from these estimates. The following is a summary of significant accounting policies followed by the Fund.

b) Valuation of investments:

In accordance with Accounting Guideline 18 – Investment Companies, investments are deemed to be categorized as held for trading, and are required to be recorded at fair value as defined in Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, "Financial Instruments – Recognition and Measurement" ("Section 3855"). The fair values of investments as at the financial reporting date are determined as follows:

i) Securities listed upon a recognized public stock exchange are valued at their bid prices on the valuation date. Securities with no available bid prices are valued at the closing sale prices.
ii) Securities not listed upon a recognized public stock exchange are valued using valuation techniques, on such basis and in such manner as may be established by the Manager.
iii) Short-term notes, treasury bills and bonds are valued at the average bid quotations from recognized investment dealers.
iv) Investment funds are valued at the closing net asset value per unit reported by the administrator of such funds.

c) Cash and short-term securities:

Cash includes cash on deposit with the custodian. The short-term securities include highly liquid short-term investments with terms to maturity of less than 90 days, and mutual funds which primarily hold such investments.

d) Investment transactions and income recognition:

Investment transactions are accounted for on the trade date. Interest income is accrued daily and dividend income is recognized on the ex-dividend date. Securities lending income is accrued daily over the period the securities are loaned. Distributions received from investment trust units are recorded as income, capital gains or a return of capital, based on the best information available to the Manager. Due to the nature of these investments, actual allocations could vary from this information. Amounts recorded as a return of capital reduce the cost of the investment in the trust unit. Discounts arising on the purchase of short-term notes are recognized as income over the term to maturity. Realized gains (losses) from investment transactions and unrealized appreciation (depreciation) in value of investments are determined on an average cost basis. Brokerage commissions and other transaction costs are expensed in the year incurred, and are reported as "Transaction costs" in the Statements of Operations.

2. Significant accounting policies (continued):

e) Translation of foreign currency transactions and balances:

The market values of investments and other assets and liabilities in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on each valuation date. Purchases and sales of investments and income are translated at the rates of exchange prevailing on the respective dates of such transactions. Foreign exchange gains (losses) on completed transactions are included in realized gain (loss) on sales of investments and unrealized gains (losses) are included in unrealized appreciation (depreciation) in value of investments.

f) Other assets and liabilities:

For the purposes of categorization in accordance with CICA Handbook Section 3862, "Financial Instruments – Disclosures", accrued interest and dividends receivable on investments, amounts due from brokers and other net assets are designated as loans and receivables, and recorded at cost or amortized cost. Similarly, amounts due to brokers, accounts payable for securities redeemed, accrued expenses and other liabilities are designated as other financial liabilities and reported at cost or amortized cost. Cost or amortized cost approximates fair value for these assets and liabilities.

g) Increase (decrease) in net assets from operations per unit:

Increase (decrease) in net assets from operations per unit is calculated as the increase (decrease) in net assets from operations divided by the average number of units outstanding during the year.

3. Comparison of net asset value:

The value of the Fund's net assets per unit for financial statement presentation purposes ("Net Assets per Unit") is calculated by dividing the net assets of the Fund, calculated in accordance with GAAP by using the bid prices for investments, by the total number of units of the Fund outstanding. For the net asset value per unit for the purpose of the issuance and redemption of Fund units ("Net Asset Value per Unit"), the Fund's net assets are valued using the closing traded prices for investments. This difference in the valuation of the Fund's investments account for the potential difference between Net Assets per Unit and Net Asset Value per Unit.

A comparison of the Net Asset Value per Unit and the Net Assets per Unit is as follows:

	Net Aseet Value per Unit	Net Assets per Unit
As at December 31, 2011	$22.98	$22.94
As at December 31, 2010	$25.85	$25.82

4. Unitholders' equity:

Unitholders' equity includes the amounts representing the Fund's units, any undistributed net income and realized gain (loss) on sale of investments, and unrealized appreciation (depreciation) in value of investments. An unlimited number of the Fund's units may be issued, which are redeemable at Net Asset Value per Unit at the unitholder's option in accordance with the provisions of the Declaration of Trust. There are no restrictions or specific capital requirements on subscriptions and redemptions of units. The changes in the number of issued units are disclosed in the Statements of Changes in Net Assets. In accordance with the Fund's investment objectives and the risk management policies stated in Note 9, the Fund invests the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet redemptions.

5. Operating expenses:

Effective January 1, 2011, with the approval of the unitholders, the method of charging operating expenses to the Fund was changed. The Manager charges to the Fund a fixed administration fee of 0.18% of the average daily net assets of the Fund (the "Administration Fee"), in return for the payment by the Manager of all of the variable operating expenses of the Fund, including audit, custody, transfer agency, fund accounting, filing, securityholder reporting, legal, other related expenses and HST on these expenses. The Fund's expenses consist of the Administration Fee, interest costs, fees and expenses of the Independent Review Committee, any new costs related to regulatory or legal requirements imposed upon the Fund, the HST on all of these expenses and any income taxes to which the Fund may be subject.

Until December 31, 2010, operating expenses included custody fees, trustee fees, other administration costs and interest charges. Other administration costs included audit fees, transfer agency, fund accounting, filing fees, securityholder reporting, legal fees, GST and other related expenses. The Manager incurred such expenses on behalf of the Fund and was reimbursed by the Fund for such expenses. Such administration costs of the Fund were allocated on a reasonable basis as determined by the Manager. In determining the allocation to the Fund of such administration costs, the Manager absorbed certain of the costs, in order to ensure that the ratio of net expenses paid by the Fund was comparable to similar funds. During the year ended December 31, 2010, the Manager allocated $59,163 in operating expenses to the Fund.

6. Income taxes:

The Fund qualifies as a unit trust under the provisions of the Income Tax Act (Canada) and, as such, is not subject to income taxes on its net taxable capital gains and its net income for the year if it allocates such gains and income (less any applicable losses carried forward) to unitholders. The taxable income of the Fund is allocated annually to unitholders so as to eliminate any income taxes otherwise payable by the Fund. The distributions are automatically reinvested in additional units of the Fund. As at December 31, 2011, no capital losses were available to be carried forward and applied against future capital gains. There were no non-capital losses for the years ended December 31, 2011 and 2010.

7. Transaction costs:

Total transaction costs (brokerage commissions) paid to dealers in connection with the portfolio transactions of the Fund for the year ended December 31, 2011 amounted to $100,840 (2010 – $25,968). There were no soft dollar transactions for the years ended December 31, 2011 and 2010.

8. Concentration of unitholders:

Certain unitholders of the Fund at December 31, 2011 hold a total of 50% (December 31, 2010 – 72%) of the outstanding Fund units. The investment activities of these unitholders could have a material impact on the Fund.

9. Financial risk management:

The Fund's financial instruments consist of short-term securities and investments. As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and the markets in which it invests. The most significant risks include market risk, liquidity risk and currency risk. These risks and related risk management practices employed by the Fund are discussed below:

9. Financial risk management (continued):

a) Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. The investments of the Fund are subject to market fluctuations and the risks inherent in financial markets. The Manager moderates this risk through a careful selection of securities within specified limits, and through diversification of the investment portfolio. The Manager monitors the Fund's overall market positions on a daily basis, and positions are maintained within established ranges. At December 31, 2011 and 2010, the overall equity market exposure was as follows:

As at December 31, 2011		Fair value	% of net assets
Equities	$	92,103,330	93.0%

As at December 31, 2010		Fair value	% of net assets
Equities	$	23,156,327	95.8%

At December 31, 2011, if the prices on the stock exchanges for the equities held by the Fund increased or decreased by 5%, with all other variables held constant, this would have increased or decreased the net assets of the Fund by approximately $4,605,000 (December 31, 2010 - $1,158,000). In practice, the actual trading results could differ, and the difference could be material.

b) Liquidity risk

The Fund is exposed to daily cash needs related to the redemption of units, and to the discharge of financial obligations related to the daily operations of the Fund. The ability to meet these needs is managed by retaining sufficient cash and short-term securities within the Fund, and by investing in securities which are considered readily realizable and highly liquid. All liabilities of the Fund are short-term in nature and are due within 60 days.

c) Currency risk

The Fund may from time to time hold assets valued in currencies other than the Canadian dollar, which is the Fund's functional currency. When it does so, it is exposed to currency risk, as the value of the assets valued in other currencies will fluctuate due to changes in exchange rates. As the Fund generally does not have significant investments in assets valued in foreign currencies, foreign currency risk is not considered to be material to the Fund. As at December 31, 2011 and 2010, the Fund's exposure to foreign currencies was minimal.

d) Credit risk

The Fund is exposed to credit risk through its investments in short-term securities and preferred shares. The most significant of these investments is the investment in Guardian Canadian Short-Term Investment Fund, which held short-term securities which had credit ratings of R-1 High and R-1 Mid as of December 31, 2011 and 2010.

e) Interest rate risk

The Fund is exposed to interest rate risk through its investments in short-term securities. The most significant of these investments is the investment in Guardian Canadian Short-Term Investment Fund. Because of the short-term nature of its investments, this risk is not considered to be significant to the Fund.

10. Fair value disclosure:

Classification for fair value measurements

The Fund's financial instruments recorded at fair value have been categorized based upon a fair value hierarchy. Fair values based on quoted market prices (Level 1), internal models using observable market information as inputs (Level 2) and internal models without observable market information as inputs (Level 3), are provided in the following table, as at December 31, 2011 and 2010.

	Financial Assets at fair value as at December 31, 2011			
	Level 1	Level 2	Level 3	Total
Equities	$ 92,103,330	$ -	$ -	$ 92,103,330
Short-term securities	5,869,128	924,887	-	6,794,015
Total investments and short-term securities	**$ 97,972,458**	**$ 924,887**	**$ -**	**$ 98,897,345**

	Financial Assets at fair value as at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Equities	$ 23,133,025	$ -	$ -	$ 23,133,025
Rights	23,302	-	-	23,302
Short-term securities	1,029,442	-	-	1,029,442
Total investments and short-term securities	**$ 24,185,769**	**$ -**	**$ -**	**$ 24,185,769**

Significant transfers between Levels 1 and 2

There is no transfer between Levels 1 and 2 for the years ended December 31, 2011 and 2010.

11. Securities lending:

The Fund has entered into a securities lending agreement with its custodian, RBC Dexia. The Fund will receive collateral of at least 105% of the value of the securities on loan. Collateral will generally comprise obligations guaranteed by the Government of Canada or a province thereof, or other governments with appropriate credit ratings. In the event that any of the loaned securities are not returned to RBC Dexia, RBC Dexia may, at its option, either restore to the Fund securities identical to the loaned securities or pay to the Fund the value of the collateral up to but not exceeding the market value of the loaned securities on the date on which the loaned securities were to have been returned ("Valuation Date"). If the collateral is not sufficient to allow RBC Dexia to pay such market value to the Fund, RBC Dexia shall indemnify the Fund for the difference between the fair value of the securities and the value of such collateral on the Valuation Date.

At December 31, 2011, the Fund has loaned approximately $18,841,434 (December 31, 2010 – $8,280,193) in securities and received approximately $19,783,506 (December 31, 2010 – $8,694,230) in collateral. The Fund recognized $4,894 in securities lending income for the year ended December 31, 2011 (2010 – $3,368). Securities loaned in the program earn securities lending income at market rates. The securities lending arrangements are revolving, and can be terminated at any time by the borrowers, RBC Dexia or the Fund.

12. Related party unitholders:

As at December 31, 2011, the Manger and its affiliates held 294,112 Fund units (December 31, 2010 – 291,788 units).

13. Future changes in accounting standards:

On December 12, 2011, the Canadian Accounting Standards Board decided to extend the deferral of mandatory adoption of International Financial Reporting Standards ("IFRS") for investment companies to January 1, 2014. The Manager has elected to defer such adoption for the Fund.

The Manager commenced the assessment of the impact of conversion to IFRS in 2009. Based on the Manager's current evaluation of the differences between Canadian GAAP and IFRS, and the standards that are in effect at December 31, 2011, it is not expected that the net assets or the net assets per unit will be impacted by the changeover to IFRS. It is expected, however, that the impact of IFRS on the Fund's financial statements will result in additional disclosures and potentially changes in presentation.