GUARDIAN CANADIAN SHORT-TERM INVESTMENT FUND

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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March 11, 2011

Independent Auditor's Report

To the Unitholders of
Guardian Canadian Short-Term Investment Fund (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statement of investment portfolio as at December 31, 2010, the statements of net assets as at December 31, 2010 and 2009 and the statements of operations and changes in net assets for the year ended December 31, 2010 and the period from February 3, 2009 to December 31, 2009, and the related notes including a summary of significant accounting policies.

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 these 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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2010 and 2009 and the results of its operations and the changes in its net assets for the year ended December 31, 2010 and the period from February 3, 2009 to December 31, 2009 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Guardian Canadian Short-Term Investment Fund

Statements of Net Assets

As at December 31		**2010**		**2009**
Assets				
Investments at fair value*	$	212,004,422	$	168,307,824
Cash		1,069,343		-
Interest receivable		216,090		254,485
		213,289,855		168,562,309
Liabilities				
Bank overdraft		-		736,163
Redemptions payable		1,010,822		-
Accrued expenses		3,487		8,751
		1,014,309		744,914
Net assets representing participants' equity (Note 4)	$	212,275,546	$	167,817,395
Net assets per unit (Note 3)	$	10.00	$	10.00
*Investments, at average cost	$	211,867,783	$	168,277,631

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

Approved on behalf of the Investment Manager,
Guardian Capital LP:

Per: "George Mavroudis"

Per: "C. Verner Christensen"

Guardian Canadian Short-Term Investment Fund

Statements of Operations

For the year / period ended December 31		**2010**		**2009**
Income:				
Interest	$	1,328,808	$	213,208
Security lending income (Note 10)		11,488		-
Total income		1,340,296		213,208
Expenses (Note 5):				
Custody fees		21,376		6,164
Trustee fees		2,813		2,888
Other administration costs		121,035		95,872
Fees and expenses absorbed by the Investment Manager		(91,540)		(93,160)
Net administration costs		53,684		11,764
Interest charges		12,969		1,802
Net expenses		66,653		13,566
Net investment income		1,273,643		199,642
Increase in net assets from operations	$	1,273,643	$	199,642
Increase in net assets from operations per unit	$	0.06	$	0.08

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

Guardian Canadian Short-Term Investment Fund

Statements of Changes in Net Assets

For the year / period ended December 31	**2010**	**2009**
Net assets, beginning of year	$ 167,817,395	$ -
Increase in net assets from operations	1,273,643	199,642
Distributions to participants from:		
Net investment income	(1,273,643)	(199,642)
Capital transactions:		
Proceeds from sale of units	705,499,026	411,231,609
Reinvested distributions	1,273,579	199,636
Redemption of units	(662,314,454)	(243,613,850)
	44,458,151	167,817,395
Net assets, end of year	$ 212,275,546	$ 167,817,395

Change in Units		
Units issued and outstanding, beginning of year	16,781,739	-
Number of units issued	70,549,903	41,123,160
Number of units reinvested	127,358	19,964
	87,459,000	41,143,124
Number of units redeemed	(66,231,446)	(24,361,385)
Units issued and outstanding, end of year	21,227,554	16,781,739

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

Guardian Canadian Short Term Investment Fund

Statement of Investment Portfolio
As at December 31, 2010

Par Value	Security	Average Cost	Fair Value
	Canadian Short-Term Investments - 99.9%		
	Treasury Bills - 41.0%		
3,000,000	Government of Canada		
	0.974% due January 07, 2011	$ 2,998,800	$ 2,999,520
11,000,000	Government of Canada		
	0.917% due February 03, 2011	10,973,422	10,990,918
10,200,000	Government of Canada		
	0.958% due February 17, 2011	10,177,234	10,187,571
15,475,000	Government of Canada		
	0.958% due March 03, 2011	15,439,549	15,449,693
4,850,000	Government of Canada		
	0.972% due March 31, 2011	4,838,409	4,838,538
5,000,000	Government of Canada		
	1.060% due April 28, 2011	4,975,580	4,983,094
5,000,000	Government of Canada		
	1.140% due June 23, 2011	4,971,750	4,973,147
10,000,000	Province of Manitoba		
	1.027% due February 09, 2011	9,988,200	9,989,043
2,740,000	Province of Ontario		
	1.089% due March 16, 2011	2,733,150	2,733,965
6,500,000	Province of Ontario		
	1.082% due March 23, 2011	6,482,515	6,484,436
5,000,000	Province of Ontario		
	1.150% due May 11, 2011	4,971,500	4,979,643
4,650,000	Province of Quebec		
	1.002% due January 14, 2011	4,645,536	4,648,342
3,700,000	Province of Quebec		
	1.053% due February 18, 2011	3,694,672	3,694,885
		86,890,317	86,952,795
	Bankers Acceptance - 18.5%		
4,140,000	Bank of Nova Scotia		
	1.041% due January 04, 2011	4,134,058	4,139,639
1,850,000	Canadian Imerpial Bank of Commerce		
	1.091% due February 14, 2011	1,846,744	1,847,572
6,950,000	Canadian Imerpial Bank of Commerce		
	1.251% due April 18, 2011	6,907,397	6,924,675
3,500,000	FirstBank		
	1.060% due January 24, 2011	3,494,103	3,497,612
6,600,000	FirstBank		
	1.073% due January 25, 2011	6,588,384	6,595,354
7,150,000	Royal Bank of Canada		
	1.139% due March 29, 2011	7,129,980	7,130,647
4,000,000	Toronto-Dominon Bank		
	1.033% due January 04, 2011	3,996,040	3,999,661
5,000,000	Toronto-Dominon Bank		
	1.110% due January 18, 2011	4,986,500	4,997,421
		39,083,206	39,132,581
	Bearer Deposit Notes - 2.4%		
5,000,000	Bank of Nova Scotia		
	1.109% due February 14, 2011	4,990,750	4,993,328
	Promissory Note - 13.6%		
5,000,000	Alberta Capital Finance Authority		
	1.089% due April 14, 2011	4,983,350	4,984,688
6,550,000	Province of British Columbia		
	1.011% due March 04, 2011	6,531,005	6,538,784
6,675,000	Province of Quebec		
	0.952% due January 06, 2011	6,669,472	6,674,095
10,675,000	Province of Saskatchewan		
	0.999% due January 06, 2011	10,665,072	10,673,540
		28,848,899	28,871,107

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

Guardian Canadian Short Term Investment Fund

Statement of Investment Portfolio
As at December 31, 2010

Par Value	Security		Average Cost	Fair Value
	Corporate Bonds - 16.0%			
5,000,000	Bank of Montreal			
		2.349% due July 14, 2011	5,023,548	5,023,548
5,000,000	Bank of Nova Scotia			
		1.689% due February 07, 2011	5,002,190	5,002,190
5,000,000	Bank of Nova Scotia			
		2.106% due June 15, 2011	5,016,500	5,016,500
6,000,000	Canadian Imperial Bank of Commerce			
		1.400% due May 27, 2011	6,000,000	6,000,000
8,000,000	Royal Bank of Canada			
		1.678% due January 21, 2011	8,001,498	8,001,498
5,000,000	The Toronto-Dominion Bank			
		1.450% due July 12, 2011	5,000,000	5,000,000
			34,043,736	34,043,736
	Federal Bonds - 4.7%			
10,000,000	Canada Housing Trust No. 1			
		4.050% due March 15, 2011	10,060,833	10,060,833
	Provincial Bonds - 3.7%			
7,949,000	Province of Quebec			
		1.279% due May 16, 2011	7,950,042	7,950,042
	Total Investments - 99.9%		**211,867,783**	**212,004,422**
	Other net assets - 0.1%			**271,124**
	Total net assets - 100.0%			**$ 212,275,546**

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

GUARDIAN CANADIAN SHORT-TERM INVESTMENT FUND

NOTES TO FINANCIAL STATEMENTS

1. Formation of the Fund:

Guardian Canadian Short-Term Investment Fund (the "Fund") was formed on January 28, 2009 and commenced operations on February 3, 2009. Guardian Capital LP (the "Investment Manager") is the investment manager of the Fund. The objective of the Fund is the preservation of capital together with earning income, through investments in high quality, short-term fixed-income securities.

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 Investment 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 are valued at the average bid quotations from recognized investment dealers.

c) Cash:

Cash includes cash on deposit with the custodian.

d) Investment transactions and income recognition:

Investment transactions are accounted for on the trade date. Interest income is accrued daily. Discounts arising on the purchase of short-term notes are recognized as income over the term to maturity. Security lending income is accrued daily over the year the securities are loaned.

e) Other assets and liabilities:

For the purposes of categorization in accordance with CICA Handbook Section 3862, "Financial Instruments – Disclosures", accrued interest 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.

f) 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 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 ask prices for investments, rather than bid prices, which are used for Net Assets per Unit. This difference in the valuation of the Fund's investments accounts for the 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 Asset Value per Unit	Net Assets per Unit
As at December 31, 2010	$10.00	$10.00
As at December 31, 2009	$10.00	$10.00

4. Participants' equity:

Participants' 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 participants' option in accordance with the provisions of the Trust Agreement. 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 8, the Fund invests the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet redemptions.

5. Operating expenses:

Operating expenses include custody fees, trustee fees, other administration costs and interest charges. Other administration costs include audit fees, transfer agency, fund accounting, filing fees, securityholder reporting, legal fees, GST and other related expenses. Except for interest charges, which are paid or payable directly by the Fund, the Investment Manager incurs such expenses on behalf of the Fund and is then reimbursed by the Fund for such expenses. Other administration costs include both direct and indirect expenses of the Fund which are allocated on a reasonable basis as determined by the Investment Manager. During the year ended December 31, 2010, the Investment Manager has borne all of the day-to-day operating costs of the Fund, and has allocated $53,684 (2009 - $11,764) in operating expenses to the Fund.

Effective January 1, 2011, with the approval of the unitholders, the method of charging operating expenses to the Fund was changed. The Investment Manager will charge to the Fund a fixed administration fee of 0.02% of the average daily net assets of the Fund (the "Administration Fee"), in return for the payment by the Investment Manager of all of the variable operating expenses of the Fund, including audit, custody, transfer agency, fund accounting, filing, securityholder reporting, legal, HST on these expenses and other related expenses. The Fund's expenses will 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.

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 participants. The taxable income of the Fund is allocated and distributed annually to participants so as to eliminate any income taxes otherwise payable by the Fund. The distributions are automatically reinvested in additional units of the fund. There were no capital or non-capital losses for the year ended December 31, 2010 and 2009.

7. Concentration of participants:

Certain participants of the Fund hold a total of 24% (2009 - 24%) of the outstanding units. The investment activities of these participants could have a material impact on the Fund.

8. Financial risk management:

The Fund's financial instruments consist of cash 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, interest rate risk and credit risk. These risks and related risk management practices employed by the Fund are discussed below:

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment 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 Investment Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges.

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) Interest rate risk

The Fund, which holds mainly interest-bearing financial assets, is subject to interest rate risk. This is due to the fact that fluctuations in the prevailing level of market interest rates could impact the value of the Fund's net assets.

The table below summarizes the Fund's exposure to interest rate risk associated with its investments in short-term securities, by remaining term to maturity.

	Less than 1 month	1 - 3 months	3 months - 1 year	More than 1 year	Total
As at December 31, 2010					
Short-term securities	56,225,525	99,941,803	55,837,094	-	212,004,422
Total Investments	**$ 56,225,525**	**$ 99,941,803**	**$ 55,837,094**	**$ -**	**212,004,422**

8. Financial risk management (continued):

	Less than 1 month	1 - 3 months	3 months - 1 year	More than 1 year	Total
As at December 31, 2009					
Short-term securities	57,978,385	8,091,318	102,238,121	-	168,307,824
Total Investments	**$ 57,978,385**	**$ 8,091,318**	**$ 102,238,121**	**$ -**	**168,307,824**

At December 31, 2010, if interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and with all other variables held constant, the decrease or increase in the Fund's net assets would amount to approximately $74,000 (2009 - $105,000).The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the short-term notes. The actual trading results may differ, and the difference could be material.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligations and cause the other party to incur a financial loss. The Fund is exposed to credit risk associated with the ability of debt issuers to discharge their obligations. The Investment Manger limits the Fund's exposure to credit loss through ongoing credit evaluations of the issuers of the securities in which it invests.

The Fund invests in financial assets, which have an investment grade as rated primarily by *Standard & Poor's* and *DBRS*. Ratings for the securities that subject the Fund to credit risk at December 31, 2010 and 2009 are as follows:

As at December 31, 2010 Rating category (or equivalent)	% of fixed income securities by rating category
R-1 (High)	64.1%
R-1 (Mid)	35.9%
Total	**100.0%**

As at December 31, 2009 Rating category (or equivalent)	% of fixed income securities by rating category
R-1 (High)	66.6%
R-1 (Mid)	33.4%
Total	**100.0%**

All investment transactions are settled upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is made by the Fund's custodian coincident with the receipt of payment. On a purchase, payment is made by the Fund's custodian coincident with the receipt of the securities.

9. 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, 2010 and 2009. During the years 2010 and 2009, there were no securities classified as Level 1 or 3.

9. Fair Value Disclosure (continued):

	Financial Assets at fair value as at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Short-term securities	-	212,004,422	-	212,004,422
Total Investments	**$ -**	**$ 212,004,422**	**$ -**	**$ 212,004,422**

	Financial Assets at fair value as at December 31, 2009			
	Level 1	Level 2	Level 3	Total
Short-term securities	-	168,307,824	-	168,307,824
Total Investments	**$ -**	**$ 168,307,824**	**$ -**	**$ 168,307,824**

Significant transfers between Levels 1 and 2

There were no transfers between Levels 1 and 2 for the years 2010 and 2009.

10. 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 at its option, may either restore to the Fund securities identical to the loaned securities or it will 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") to RBC Dexia. 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, 2010, the Fund has loaned approximately $5,190,455 (2009 - nil) in securities, received approximately $5,449,979 (2009 - nil) in collateral, and recognized $11,488 (2009 - nil) in securities lending income. Securities loaned in the program earn income at market securities lending rates. The securities lending agreements are revolving and can be terminated at any time by the borrower, the agent or the Fund.

11. Related party participants:

As at December 31, 2010, other funds managed by the Investment Manager held 2,598,921 units (2009 – 2,566,451 units) of the Fund.

12. Future changes in accounting standards:

The CICA recently announced that investment companies, which include the Fund, have an option to defer the adoption of International Financial Reporting Standards ("IFRS") until January 1, 2013. The Investment Manager elected to defer such adoption for the Fund.

The Investment Manager commenced the assessment of the impact of conversion to IFRS in 2009. Based on the Investment Manager's current evaluation of the differences between Canadian GAAP and IFRS, 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.

13. Subsequent event:

The Fund filed its initial simplified prospectus on November 29, 2010, and is expected to file its final simplified prospectus on or about March 4, 2011. Upon issuance of a receipt for such simplified prospectus by the Canadian regulatory authorities, the Fund will become a reporting issuer and will be subject to National Instrument 81-106.