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# Guardian Short Term Money Fund

HOWARD ROOS LIBRARY  
OF MANAGEMENT  
FEB 3 1982  
MCGILL UNIVERSITY



**Guardian  
Short Term Money  
Fund**

48 Yonge Street  
Toronto, Ontario, Canada  
M5E 1H3

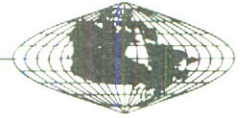
Telephone: (416) 364-8341  
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Facsimile: (416) 947-0601  
Cable: Guard Cap, Toronto

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**FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 1983**







## AUDITORS' REPORT

To the Directors of  
Guardian Capital Investment Counsel Limited

We have examined the balance sheet and the statement of investments of Guardian Short Term Money Fund as at December 31, 1983 and the statements of net income and changes in net assets for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position and the investment portfolio of the fund as at December 31, 1983 and the results of its operations and the changes in its net assets for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada  
March 2, 1984

*Thomas Riddell*

Chartered Accountants



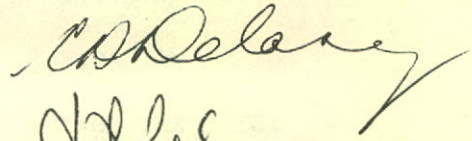
GUARDIAN SHORT TERM MONEY FUND

BALANCE SHEET AS AT DECEMBER 31, 1983

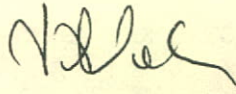
ASSETS	<u>1983</u>	<u>1982</u>
Cash	\$ 84,497	\$ 69,227
Short-term notes	13,188,376	18,002,000
Receivable from brokers for mutual fund units sold	170,008	2,141,156
Income receivable	61,237	116,334
	<u>13,504,118</u>	<u>20,328,717</u>
 LIABILITIES		
Payable to brokers for mutual fund units redeemed	159,347	2,233,473
Distribution payable	13,786	4,971
Accrued management fee	8,112	9,900
	<u>181,245</u>	<u>2,248,344</u>
NET ASSETS REPRESENTING UNITHOLDERS' EQUITY (note 2)	<u>\$13,322,873</u>	<u>\$18,080,373</u>
NET ASSET VALUE PER UNIT (note 6)	<u>\$ 10.00</u>	<u>\$ 10.00</u>

Approved on Behalf of  
Guardian Capital Investment Counsel Limited,  
The Investment Manager

Director



Director



GUARDIAN SHORT TERM MONEY FUND

STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 1983

<u>Par Value</u>	<u>Short-Term Notes</u>	<u>Average Cost and Market Value</u>	
	<b>CANADAS</b>		
\$1,000,000	Canada Treasury Bill 9.220% due January 6, 1984	\$ 988,510	
75,000	Canada Treasury Bill 9.270% due January 6, 1984	74,209	
150,000	Canada Treasury Bill 9.250% due January 13, 1984	147,864	
750,000	Canada Treasury Bill 9.330% due January 13, 1984	741,473	
1,900,000	Canada Treasury Bill 9.500% due January 13, 1984	1,882,843	
2,150,000	Canada Treasury Bill 9.400% due February 17, 1984	<u>2,123,211</u>	
		<u>5,958,110</u>	44.7%
	<b>PROVINCIALS</b>		
4,200,000	British Columbia Rail 9.680% due January 19, 1984	4,162,452	
1,100,000	British Columbia Rail 9.700% due February 14, 1984	<u>1,083,874</u>	
		<u>5,246,326</u>	39.4%
	<b>CORPORATE</b>		
2,000,000	Ultramar Corp. 9.850% due January 12, 1984	<u>1,983,940</u>	<u>14.9%</u>
	<b>TOTAL INVESTMENTS</b>	13,188,376	99.0%
	<b>OTHER NET ASSETS</b>	<u>134,497</u>	<u>1.0%</u>
	<b>TOTAL NET ASSETS</b>	<u>\$13,322,873</u>	<u>100.0%</u>

GUARDIAN SHORT TERM MONEY FUND

STATEMENT OF NET INCOME

YEAR ENDED DECEMBER 31, 1983

	<u>1983</u>	<u>1982</u>
Income from investments		
Interest	\$ 1,553,712	\$ 1,934,640
Management fee (note 3)	<u>122,368</u>	<u>100,513</u>
NET INCOME (note 4)	<u>\$ 1,431,344</u>	<u>\$ 1,834,127</u>

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 1983

	<u>1983</u>	<u>1982</u>
ADDITIONS TO NET ASSETS		
Net income	\$ 1,431,344	\$ 1,834,127
Sale of mutual fund units (1983 - 1,342,790 units; 1982 - 2,676,903 units)	<u>13,492,349</u> <u>14,923,693</u>	<u>27,013,691</u> <u>28,847,818</u>
DEDUCTIONS FROM NET ASSETS		
Distribution to unitholders	1,257,653	1,918,671
Redemption of mutual fund units (1983 - 1,818,524 units; 1982 - 1,364,905 units)	<u>18,423,540</u> <u>19,681,193</u>	<u>13,954,925</u> <u>15,873,596</u>
INCREASE (DECREASE) IN NET ASSETS	(4,757,500)	12,974,222
NET ASSETS AT BEGINNING OF YEAR	<u>18,080,373</u>	<u>5,106,151</u>
NET ASSETS AT END OF YEAR	<u>\$13,322,873</u>	<u>\$18,080,373</u>



GUARDIAN SHORT TERM MONEY FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1983

1. ACCOUNTING POLICY

The principal accounting policy of the fund, which conforms with generally accepted accounting principles for the mutual fund industry, is as follows:

Investments

Short-term investments are stated at cost, with the accrual of income including amortization of discounts, being included in Income Receivable. Interest is accrued on a daily basis.

2. UNITHOLDERS' EQUITY

Unitholders' equity includes the amounts representing unit capital, undistributed net income and realized gain (loss) on sale of investments. Authorized unit capital consists of an unlimited number of units redeemable at the unitholder's option at net asset value. At December 31, 1983, 1,332,288 units were outstanding (1982 - 1,808,022 units).

3. MANAGEMENT FEE

A management fee based on the net assets of the fund is payable monthly to the manager for investment portfolio management, accounting and administration.

4. INCOME TAXES

The fund is not subject to income taxes on its net taxable capital gains and its net income for the year if it allocates such gains (less capital losses carried forward) and income to unitholders. It is the intention of the manager to allocate the taxable income of the fund annually to unitholders so as to eliminate any income taxes otherwise payable by the fund.

5. STATEMENT OF PORTFOLIO TRANSACTIONS

A Statement of Portfolio Transactions (unaudited) for the year ended December 31, 1983 may be obtained without charge by writing to:

Guardian Capital Investment Counsel Limited  
Suite 500, 48 Yonge Street  
Toronto, Ontario  
M5E 1H3

GUARDIAN SHORT TERM MONEY FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 1983

6. ADDITIONAL FINANCIAL INFORMATION

	Year ended December 31,				
	1983	1982	1981	1980	1979
<b>NET ASSET VALUE PER UNIT</b>					
Beginning of year	\$ 10.00	\$ 10.29	\$ 9.88	\$ 9.54	\$ 9.63
End of year	\$ 10.00	\$ 10.00	\$ 10.29	\$ 9.88	\$ 9.54
<b>EARNINGS OF THE FUND</b>					
Net income from investments	\$1,431,344	\$1,834,127	\$715,177	\$403,359	\$233,267
Realized loss on sale of investments				13,050	87,294
	<u>\$1,431,344</u>	<u>\$1,834,127</u>	<u>\$715,177</u>	<u>\$390,309</u>	<u>\$145,973</u>
<b>EARNINGS PER UNIT</b>					
(Based on the weighted average number of units outstanding during the year)					
Net income from investments	\$ .812	\$ 1.874	\$ 1.191	\$ 1.595	\$ 1.026
Realized loss on sale of investments				.052	.384
	<u>\$ .812</u>	<u>\$ 1.874</u>	<u>\$ 1.191</u>	<u>\$ 1.543</u>	<u>\$ .642</u>
<b>DISTRIBUTION TO UNITHOLDERS</b>					
Out of net income from investments	<u>\$1,257,653</u>	<u>\$1,918,671</u>	<u>\$511,444</u>	<u>\$249,170</u>	<u>\$174,958</u>
<b>DISTRIBUTION PER UNIT</b>					
(Based on the number of units outstanding on the dates of the distributions)					
Out of net income from investments	\$ .870	\$ 1.707	\$ 1.324	\$ .772	\$ .770
<b>MANAGEMENT FEE</b>					
Management fee	<u>\$ 122,368</u>	<u>\$ 100,513</u>	<u>\$ 29,735</u>	<u>\$ 27,374</u>	<u>\$ 16,940</u>
Percentage of average net assets of the fund *	<u>0.75%</u>	<u>0.75%</u>	<u>0.75%</u>	<u>0.75%</u>	<u>0.75%</u>

\* Based on the average net assets of the fund on the last business day of each month during the year.





# Guardian Short Term Money Fund

OFFERS THE PRIVATE INVESTOR AN OPPORTUNITY TO EARN HIGHER YIELDS. THROUGH THE POOLING OF ASSETS AN INDIVIDUAL CAN BENEFIT FROM MONEY MARKET RATES USUALLY AVAILABLE ONLY TO LARGER INVESTORS.

## GUARDIAN SHORT TERM MONEY FUND:

- \* Offers complete flexibility; you can purchase or redeem on a daily basis. There is no fixed time frame for investment; no penalty on withdrawal.
- \* Calculates interest daily.
- \* Distributes interest quarterly.
- \* Is quoted daily in the Investment Funds section of most newspapers, with current net asset value as well as current annualized yield.
- \* Has the benefit of professional management; invests only in the highest quality instruments.
- \* Is RRSP eligible.
- \* Is inter-convertible with other funds within the Guardian Group.
- \* Requires an initial minimum investment of \$2,000.

## SOME QUESTIONS AND ANSWERS

- 1) Am I "locked in" in any way?

Definitely not. One of the main advantages of Guardian Short Term Money Fund is that you may submit your redemption request on any working day. You have complete flexibility.
- 2) What kind of yields can I earn?

Your yield is an average of the rates earned on the portfolio's holdings. These holdings are in blocks of a size which produce a higher yield than can be earned on the smaller investment of an individual. Your money is invested in the highest quality instruments. We are willing to forfeit basis points in the yield in order to preserve safety.
- 3) Can I withdraw part of my investment or must I redeem the entire holding?

You may withdraw any part of your investment at any time. RSP accounts are, of course, subject to the usual regulations.
- 4) How much money do I need to open an account?

The minimum investment is \$2,000. Additional contributions may be as little as \$500.
- 5) How do I know how much my investment is worth?

The current net asset value, which includes accumulated income, is quoted daily in most newspapers. You will find it under the "Investment Funds" heading.

Also, when we distribute your income each quarter you will receive a confirmation showing the number of shares your accumulated income has purchased, and your new balance.
- 6) Do I receive any information on the Fund's holdings?

Yes, each quarter-end you will receive a copy of the portfolio together with a comment from your manager. Audited statements are provided annually, as well as half-yearly financial statements.
- 7) Can I convert all or part of my holding to other Guardian Funds?

Yes - your representative will be happy to give you information on the complete range of funds available.



# Dealer Bulletin from the Guardian Group

January 27, 1982  
No. 2/82

## GUARDIAN SHORT TERM MONEY FUND

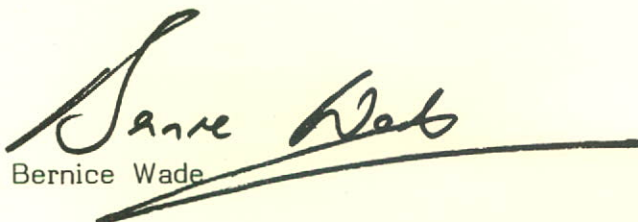
### An Excellent RRSP Choice

In today's high interest rate environment, Guardian Short Term Money Fund offers the ideal vehicle for RRSP's. The net asset value and current annualized yield are quoted daily in the newspapers; investments are confined to the highest quality instruments; and the Fund is interconvertible with Guardian's full range of investment vehicles.

Enclosed is a kit of useful information on Guardian Short Term Money Fund; additional copies of the flyer are available upon request.

Orders may be phoned through to our wire order desk - either Yvonne or Lindsay would be happy to help you.

Sincerely,



Bernice Wade





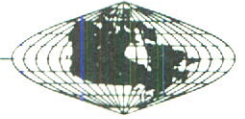
**Guardian  
Short Term Money  
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Toronto, Ontario, Canada  
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Telephone: (416) 364-8341  
Telex: 06-217604  
Cable: Guard Cap, Toronto

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**FINANCIAL STATEMENTS  
DECEMBER 31, 1980  
JUNE 30, 1981**



## AUDITORS' REPORT

To the Directors of  
Guardian Capital Investment Counsel Limited

We have examined the balance sheet of Guardian Short Term Money Fund (formerly Guardian Security Income Fund) as at December 31, 1980 and the statements of net income and realized loss on sale of investments and changes in net assets for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the fund as at December 31, 1980 and the results of its operations and the changes in its net assets for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada  
March 6, 1981  
(July 3, 1981 as to note 9)

*Thorne Riddell*  
Chartered Accountants

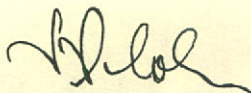



GUARDIAN SHORT TERM MONEY FUND  
(formerly Guardian Security Income Fund)

BALANCE SHEET AS AT DECEMBER 31, 1980

ASSETS	<u>1980</u>	<u>1979</u>
Cash	\$ 56,558	\$ 6,373
Short-term notes	6,869,222	2,132,357
Receivable from brokers for mutual fund units sold	94,132	
Income receivable	<u>233,461</u>	<u>31,164</u>
	<u>7,253,373</u>	<u>2,169,894</u>
LIABILITIES		
Payable to brokers for Mutual fund units redeemed	6,267	93,011
Accrued management fee	<u>6,267</u>	<u>1,213</u>
	<u>6,267</u>	<u>94,224</u>
NET ASSETS REPRESENTING UNITHOLDERS' EQUITY (note 2)	<u>\$7,247,106</u>	<u>\$2,075,670</u>
NET ASSET VALUE PER UNIT	<u>\$ 9.88</u>	<u>\$ 9.54</u>

Approved on Behalf of Guardian Capital Investment  
Counsel Limited, The Investment Manager

  
 Director

  
 Director

GUARDIAN SHORT TERM MONEY FUND

STATEMENT OF NET INCOME AND REALIZED

LOSS ON SALE OF INVESTMENTS

YEAR ENDED DECEMBER 31, 1980

	<u>1980</u>	<u>1979</u>
Income from investments		
Interest	\$430,733	\$ 250,207
Management fee (note 3)	<u>27,374</u>	<u>16,940</u>
NET INCOME FROM INVESTMENTS	<u>403,359</u>	<u>233,267</u>
REALIZED LOSS ON SALE OF INVESTMENTS		
Proceeds from sales	86,350	5,853,481
Cost of sales	<u>99,400</u>	<u>5,940,775</u>
Realized loss	<u>13,050</u>	<u>87,294</u>
NET INCOME AND REALIZED LOSS ON SALE OF INVESTMENTS (note 4)	<u>\$390,309</u>	<u>\$ 145,973</u>

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 1980

	<u>1980</u>	<u>1979</u>
ADDITIONS TO NET ASSETS		
Net income from investments	\$ 403,359	\$ 233,267
Sale of mutual fund units (1980 - 581,033 units; 1979 - 212,005 units)	<u>5,661,452</u>	<u>1,570,553</u>
	<u>6,064,811</u>	<u>1,803,820</u>
DEDUCTIONS FROM NET ASSETS		
Realized loss on sale of investments		
Proceeds from sales	86,350	5,853,481
Cost of purchases during year	<u>99,400</u>	<u>5,940,775</u>
Realized loss	13,050	87,294
Distribution to unit holders	249,170	174,958
Redemption of mutual fund units (1980 - 65,208 units; 1979 - 194,944 units)	<u>631,155</u>	<u>1,857,257</u>
	<u>893,375</u>	<u>2,119,509</u>
INCREASE (DECREASE) IN NET ASSETS	5,171,436	(315,689)
NET ASSETS AT BEGINNING OF YEAR	<u>2,075,670</u>	<u>2,391,359</u>
NET ASSETS AT END OF YEAR	<u>\$7,247,106</u>	<u>\$2,075,670</u>

GUARDIAN SHORT TERM MONEY FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1980

1. ACCOUNTING POLICY

The principal accounting policy of the fund, which conforms with generally accepted accounting principles for the mutual fund industry, is as follows:

Investments

Investments are valued at market values which are determined by the closing sale price.

2. UNITHOLDERS' EQUITY

Unitholders' equity includes the amounts representing unit capital, undistributed net income and realized loss on sale of investments. Authorized unit capital consists of an unlimited number of units redeemable at the unitholder's option at net asset value. At December 31, 1980, 733,473 units were outstanding (1979 - 217,648 units).

3. MANAGEMENT FEE

A management fee based on the net assets of the fund is calculated monthly and payable quarterly by the fund to the manager for investment portfolio management, accounting and administration.

4. INCOME TAXES

The fund is not subject to income taxes on its net taxable capital gains and its net income for the year if it allocates such gains (less capital losses carried forward) and income to unitholders. It is the intention of the manager to allocate the taxable income of the fund annually to unitholders so as to eliminate any income taxes otherwise payable by the fund.

5. COMMISSIONS

Total commissions paid to dealers in connection with portfolio transactions for the year ended December 31, 1980 amounted to an estimated \$500, calculated at 1/4 of 1% of all bond transactions.

6. DISTRIBUTION TO UNITHOLDERS

A distribution of \$141,230 was made to unitholders of record February 2, 1981 at the rate of \$.21 per unit.

7. STATEMENT OF PORTFOLIO TRANSACTIONS

A Statement of Portfolio Transactions (unaudited) for the year ended December 31, 1980 may be obtained without charge by writing to:

Guardian Capital Investment Counsel Limited  
Suite 500, 48 Yonge Street  
Toronto, Ontario  
M5E 1H3



GUARDIAN SHORT TERM MONEY FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 1980

8. ADDITIONAL FINANCIAL INFORMATION

	Year ended December 31,				
	1980	1979	1978	1977	1976
<b>NET ASSET VALUE PER SHARE</b>					
Beginning of year	\$ 9.54	\$ 9.63	\$ 9.62	\$ 9.82	\$ 9.54
End of year	\$ 9.88	\$ 9.54	\$ 9.63	\$ 9.62	\$ 9.82
<b>EARNINGS OF THE FUND</b>					
Net income from investments	\$403,359	\$233,267	\$178,173	\$120,054	\$146,606
Realized gain (loss) on sale of investments	(13,050)	(87,294)	39,968	19,527	53
	<u>\$390,309</u>	<u>\$145,973</u>	<u>\$218,141</u>	<u>\$139,581</u>	<u>\$146,659</u>
<b>EARNINGS PER SHARE</b>					
(Based on the weighted average number of units outstanding during the year)					
Net income from investments	\$ 1.595	\$ 1.026	\$ .753	\$ .692	\$ .785
Realized gain (loss) on sale of investments	(.052)	(.384)	.169	.113	
	<u>\$ 1.543</u>	<u>\$ .642</u>	<u>\$ .922</u>	<u>\$ .805</u>	<u>\$ .785</u>
<b>DISTRIBUTIONS TO UNITHOLDERS</b>					
Out of net income from investments	\$249,170	\$174,958	\$176,173	\$118,054	\$146,606
Return of capital			4,984	14,950	1,812
	<u>\$249,170</u>	<u>\$174,958</u>	<u>\$181,157</u>	<u>\$133,004</u>	<u>\$148,418</u>
<b>DISTRIBUTION PER UNIT</b>					
(Based on the number of units outstanding on the dates of the distributions)					
Out of net income from investments	\$ .772	\$ .770	\$ .742	\$ .693	\$ .796
Return of capital			.021	.088	.010
	<u>\$ .772</u>	<u>\$ .770</u>	<u>\$ .763</u>	<u>\$ .781</u>	<u>\$ .806</u>
<b>MANAGEMENT FEE</b>					
Management fee paid	\$ 27,374	\$ 16,940	\$ 20,492	\$ 16,768	\$ 17,775
Percentage of average net assets of the fund (*)	<u>0.75%</u>	<u>0.75%</u>	<u>0.85%</u>	<u>1.00%</u>	<u>1.00%</u>

(\*) Based on the average net assets of the fund on the last business day of each month during the year.

9. CHANGE OF NAME

On July 3, 1981 the name of the fund was changed from Guardian Security Income Fund to Guardian Short Term Money Fund.

GUARDIAN SECURITY INCOME FUND  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE SIX MONTHS ENDED JUNE 30, 1981  
(Unaudited)

	<u>1981</u>	<u>1980</u>
<u>ADDITIONS TO NET ASSETS</u>		
Net income from investments	\$ 333,233	\$ 134,853
Sale of mutual fund units (1981 - 131,611 units; 1980 - 36,047 units)	1,311,644	344,327
Unrealized appreciation of investments and short term notes	<u>-</u>	<u>10,734</u>
	<u>1,644,877</u>	<u>489,914</u>
<u>DEDUCTIONS FROM NET ASSETS</u>		
Exchange loss on short term notes	-	10,550
Distributions to unitholders	196,102	80,953
Redemption of mutual fund units (1981 - 624,420 units; 1980 - 37,149 units)	<u>6,233,072</u>	<u>355,785</u>
	<u>6,429,174</u>	<u>447,288</u>
(DECREASE) INCREASE IN NET ASSETS	(4,784,297)	42,626
NET ASSETS AT BEGINNING OF PERIOD	<u>7,247,106</u>	<u>2,075,670</u>
<u>NET ASSETS AT END OF PERIOD</u>	<u>\$2,462,809</u>	<u>\$2,118,296</u>
NET ASSET VALUE PER UNIT - January 1	<u>\$ 9.88</u>	<u>\$ 9.54</u>
NET ASSET VALUE PER UNIT - June 30	<u>\$10.23</u>	<u>\$ 9.78</u>
<u>DISTRIBUTIONS TO UNITHOLDERS</u>		
Out of net income	<u>\$ 0.46</u>	<u>\$ 0.38</u>



**GUARDIAN SECURITY INCOME FUND**  
**STATEMENT OF NET INCOME**  
**FOR THE SIX MONTHS ENDED JUNE 30, 1981**  
(Unaudited)

	<u>1981</u>	<u>1980</u>
INCOME FROM INVESTMENTS		
Interest	\$347,391	\$142,589
Management fee (Note 1)	<u>14,158</u>	<u>7,736</u>
<u>NET INCOME FOR THE PERIOD</u>	<u>\$333,233</u>	<u>\$134,853</u>
NET INCOME PER UNIT (Based on the average number of units outstanding during the period)	<u>\$0.89</u>	<u>\$0.63</u>

- Notes: 1) A management fee, based on the net assets of the fund, is payable monthly to the management, Guardian Capital Investment Counsel Limited, for investment portfolio management, accounting and administration.
- 2) An unaudited statement of portfolio transactions, for the six months ended June 30, 1981, may be obtained without charge by writing to the Manager, at Suite 500, 48 Yonge Street, Toronto, Ontario, M5E 1H3.



# Summary Statement

offering  
mutual fund shares  
of

# Guardian Short Term Money Fund

(formerly  
Guardian Security Income Fund)

The information contained herein must be accompanied by the annual financial statements of Guardian Short Term Money Fund (formerly Guardian Security Income Fund) (the "Fund") for the last financial year completed before the date of the current prospectus of the Fund, and the auditors' report thereon, which statements and report are considered to form part of this document. As well, if subsequent financial statements, whether semi-annual or annual, have been filed with the Securities Commission, a copy of the most recent of such subsequent statements must also accompany this document.

No Securities Commission or similar authority in Canada has in any way passed upon the merits of the Securities offered hereunder and any representation to the contrary is an offence.



SUMMARY STATEMENT  
GUARDIAN SHORT TERM MONEY FUND

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## INTRODUCTION

This Summary Statement is a concise outline of the basic information about Guardian Short Term Money Fund which you should know before making a decision to buy its shares. The Fund is required by law to fully disclose additional facts, related to this information, in a Prospectus filed annually with securities authorities in each Province where the Fund's shares are offered.

Securities laws in Canada establish certain shareholder rights which are referred to on page 7 of this Summary Statement. These rights are based, in part, upon information contained in the Prospectus referred to above as well as upon the information in this Summary Statement and the annual financial statements considered to be part of this Statement. All of these rights are available to you even though you receive only this Summary Statement and accompanying financial statements.

Prospective purchasers wishing to receive the Prospectus may obtain a copy by writing to the Fund at:

Suite 500, 48 Yonge Street,  
Toronto, Ontario M5E 1H3

The value of the Fund's shares is directly related to the market value of its investments. Therefore, the value of the Fund's shares may go up or down, depending upon various factors including general economic conditions.

## FORMATION AND PURPOSE OF THE FUND

Guardian Short Term Money Fund is a mutual fund trust, formed under a trust agreement on September 30, 1957 and is administered under the laws of the Province of Ontario. The Manager of the Fund is Guardian Capital Investment Counsel Limited, whose address, and the Fund's address, is Suite 500, 48 Yonge Street, Toronto, Ontario M5E 1H3.

The Fund is an investment enterprise which provides people with a means of combining their money with that of others, in an investment portfolio. It works by issuing, to many people, shares which are each entitled to an equal interest in all the net assets of the Fund. In this way, all shareholders share the Fund's income, expenses, gains and losses in proportion to the shares owned by them.

## INVESTMENT OBJECTIVES

Funds have different objectives for the investment of the money entrusted to them. Guardian Short Term Money Fund's principal objectives are the maintenance of stable capital value and the earning of income at current interest rates, through the investment in high quality short-term fixed income securities.

The Fund invests its assets in such a way that its shares are eligible for investment by Registered Retirement Savings Plans. The selection of securities to be owned by the Fund is subject to certain limitations. A complete text of the limitations governing the Fund's investment program can be found in Paragraph 2.3 of the Fund's Prospectus.

## DESCRIPTION OF FUND SHARES

The Fund issues Mutual Fund Shares to represent each purchaser's interest in the Fund. Each share ranks equally with others and is entitled to one vote at all shareholders' meetings, to distributions of income and capital gains and to net asset value on redemption. Fractions of units are proportionately entitled to these rights.

These basic rights may only be changed with the approval of 60% of the shares voted at a shareholders' meeting.

An investment in Fund shares may be converted to an investment in shares of other mutual funds managed by the Manager, upon payment of a conversion fee. (See "Summary of Charges", below.)

Shareholders may receive a share certificate for an investment in Fund shares. However, because of the cost of replacing a certificate which may be lost, shareholders are encouraged to hold their shares in "unissued" form, in which case they will receive confirmations showing their ownership of Fund shares.



### HOW FUND SHARES ARE VALUED

The Fund is valued at the close of business on the Toronto Stock Exchange on each business day to produce a total market value of all its assets less liabilities. Generally, its investments are valued at prices quoted on the market on which they are traded. By dividing the total market value of the Fund by the number of shares owned by shareholders that day, the value of each share is established. That amount is known as "net asset value per share". More details about the valuation of the Fund's shares are included in Paragraph 3.3 of the Prospectus.

### BUYING OR REDEEMING FUND SHARES

Shares of the Fund are offered for sale continuously and may be redeemed by shareholders on any business day.

Each purchase of shares is made at net asset value per share, plus a sales charge of not more than 2% of the amount paid by the purchaser, equal to 2.04% of the net amount invested.

The Fund's Manager, Guardian Capital Investment Counsel Limited, is also the distributor of Fund shares. The Manager has made arrangements with brokers and investment dealers to place orders for the purchase or redemption of shares for you. You may also deal directly with the Manager at Suite 500, 48 Yonge Street, Toronto, Ontario M5E 1H3. The minimum initial investment in Shares is \$2,000.00.

Shares may be redeemed on any business day at their net asset value. Payment for redemption will be made within seven days of receipt of your request and certificate, if you hold one. In the case of Retirement Savings Plans, payment will be made to the Trustee of your plan, because the necessary tax forms must be prepared and, in some cases, income tax deducted before payment can be released to you. A \$10.00 redemption fee is also deducted by the Plan Trustee.

If you hold a certificate for your shares, to redeem them you must sign the certificate on the reverse, have your signature guaranteed by a Bank, Trust Company or Broker, and return the certificate with your redemption request. This procedure must be followed carefully or the redemption request will not be acted upon until these requirements are met.



To ensure that the purchase and redemption of shares is fair to all, each purchase or redemption request received by the Manager on any business day will be priced at the net asset value per share calculated at the close of business that day if the order was received before it was calculated. A purchase or redemption request received after that time will be priced at the net asset value per share calculated on the next business day. In this way, no one will know in advance what the net asset value per share will be.

It is important to know that purchase or redemption requests are not effective until received by the Manager. Arrangements may be made to telephone or telegraph your request at your expense if you wish to speed up the process, provided that a broker or investment dealer has received your written request.

#### **REGISTERED RETIREMENT SAVINGS PLANS**

If you wish, shares purchased may be held under a Registered Retirement Savings Plan, under which Montreal Trust Company acts as Trustee. Amounts invested in such a Plan, within certain legal limits, may be deducted from your income for tax purposes, thus saving you current taxes. Income and capital gains earned within the Plan are not subject to tax. When the Plan value is later paid to you, either as a redemption or through an annuity, the amounts received by you will then be taxable.

To pay the extra costs involved in such a Plan, an administration fee is charged. (See "Summary of Charges", below.)

#### **INCOME AND CAPITAL GAINS DISTRIBUTIONS (DIVIDENDS)**

The Fund makes distributions of its taxable income periodically to its shareholders. These distributions will be reinvested in extra Fund shares which will be added to your account, unless you have previously requested the Manager to pay them to you in cash. A reinvestment fee may be charged for this service. (See "Summary of Charges", below.)

Details of the distributions paid by the Fund during the past five years are included in the annual financial statements accompanying this Summary Statement.

## HOW YOUR INVESTMENT IS TAXED

Income taxes on your investment in the Fund may arise in any of three ways:

1. Tax on income distributions paid to you by the Fund, or reinvested for your account. The income distributed by the Fund is generally interest income from investments.
2. Tax on one-half of any capital gains distributed to you or re-invested in your account.
3. Tax on one-half the capital gain you receive on redemption or conversion of your shares, or an allowable capital loss on any such loss.

The fund will provide you with information slips each year reporting income and capital gains distributions, but you should keep records of the cost of your investment, so that any gain or loss on redemption or conversion can be accurately included in your income. As mentioned earlier, Registered Retirement Plans are not subject to tax on income or capital gains distributions.

## MANAGEMENT OF THE FUND

Under the trust agreement under which the Fund was formed, the Manager carries out the day-to-day business of the Fund. The Manager provides investment research and analysis, makes all investment decisions, carries out all purchases and sales of investments for the Fund and allocates all Fund brokerage. Some details about purchases and sales of Fund investments and brokerage fees paid in recent years are included in Paragraph 5.2 of the Prospectus.

The Manager also provides the Fund with accounting, daily valuation, the preparation of reports and prospectuses, marketing of Fund shares and transfer agency services. As well, the Manager pays all expenses of managing the fund, except brokerage fees and taxes.

In return, the Fund pays the Manager a monthly management fee, based on the Fund's net assets at market value, at the rate of .0625% per month, equal to an annual rate of  $\frac{3}{4}$  of 1%.

You will find details of the actual management fees paid by the Fund during each of the past five years, and their percentage of the average net assets of the Fund, in the notes to the Fund's annual financial statements. This management fee percentage may vary from mutual fund to mutual fund.



No increases in management fee rates, or costs to be charged to the Fund, will be brought about unless they are first approved by a majority of the shareholders who vote at a meeting, of which all shareholders will receive notice.

As the management services are provided by the Manager to the Fund under the trust agreement, the Manager will continue to provide these services as long as that agreement is in force. The Manager may resign on twelve months' notice to the shareholders.

### SUMMARY OF CHARGES

The management fees outlined in the preceding section are paid by the Fund to the Manager. In addition, there are certain fees payable by individual shareholders. They are:

<u>Reference to Section of Summary Statement</u>	<u>Type of Fee</u>	<u>Amount or Basis of Charge</u>
"Description of Fund Shares" - Page 2.	Fee on conversion of Fund shares to another fund	Maximum of 2% of the value of the shares converted.
"Buying or Redeeming Fund Shares" - Page 3.	a) Sales charge	Charge for purchase of Fund shares, maximum of 2% of the amount of the purchase.
	b) Termination fee charged by Trustee for Retirement Savings Plans	\$10.00.
"Registered Retirement Savings Plans" - Page 4.	Annual administration fee	2/5 of 1%, minimum \$5.00, maximum \$25.00.
"Income and Capital Gains Distributions (Dividends)" - Page 4.	Fee for reinvestment of distributions	10% of the distribution maximum \$1.00.

### AUDITORS OF THE FUND

The Auditors of the Fund are Thorne Riddell, Chartered Accountants, Commercial Union Tower, Toronto Dominion Centre, Toronto, Ontario.



## REGISTRAR AND TRANSFER AGENTS

The Manager, at its office in Toronto, Ontario, keeps the share register and acts as transfer agent for the Fund shares. You may also transfer your shares at sub-transfer offices of The Canada Trust Company, in Calgary, Alberta and Vancouver, British Columbia.

## PURCHASERS' WITHDRAWAL RIGHTS

It is the legal right of purchasers in many provinces to cancel an order to purchase by notifying, in writing, the dealer or representative through whom the shares were purchased. The rules vary among provinces but, generally, if you wish to cancel an order, you must take action within two days, excluding Saturdays, Sundays and Holidays, of the receipt by you of this Summary Statement. However, if your desired cancellation or withdrawal is based upon misrepresentations or untrue statements which you believe are in this Summary Statement or in the Fund's Prospectus, you have at least 90 days to start legal action asking for cancellation on these grounds. This is only a general outline of the rights which are common to most provinces. However, because details of these rights differ from province to province, and because you may have other rights available in your province, you are advised to consult with your dealer, representative, legal or other advisor, or refer to the Fund's Prospectus, for details of these rights in your province.

## CERTIFICATE

The Prospectus filed at the same time as this Summary Statement contains a certificate which reads as follows:

"The Summary Statement filed concurrently with this Prospectus contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made."

This Summary Statement is reviewed, and the certificate in the Prospectus is signed on an annual basis, by the Manager's chief executive officer, chief financial officer and, on behalf of its board of directors, by two other directors.



GUARDIAN  
SHORT TERM MONEY FUND  
(formerly Guardian Security Income Fund)

SUMMARY STATEMENT

**Manager & Transfer Agent**

Guardian Capital Investment  
Counsel Limited,  
Suite 500,  
48 Yonge Street,  
Toronto, Ontario.

**Auditors**

Thorne Riddell & Co.  
Commercial Union Tower,  
Toronto Dominion Centre,  
Toronto, Ontario.

**Legal Counsel**

Day, Wilson, Campbell,  
250 University Avenue,  
Toronto, Ontario.

Member of the  
Investment Funds  
Institute of Canada

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