

## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

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# GUARDIAN CANADIAN EQUITY FUND

DECEMBER 31, 2024

This annual management report of fund performance contains financial highlights, but does not contain either the annual financial report or annual financial statements of the investment fund. You can obtain a copy of the annual financial report or annual financial statements at your request, and at no cost, by calling 1-866-383-6546, by writing to us at Guardian Capital LP, Commerce Court West, 199 Bay Street, Suite 2700, P.O. Box 201, Toronto, Ontario, M5L 1E8, or by visiting our website at [www.guardiancapital.com/investmentsolutions](http://www.guardiancapital.com/investmentsolutions) or SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Investment Objective and Strategies

The primary objective of the Guardian Canadian Equity Fund (the "Fund") is the achievement of long-term growth of capital while maintaining steady current dividend income, primarily through the investment in common shares or other equity-related investments issued by Canadian companies.

The Manager primarily uses a fundamental, bottom-up approach to security analysis, to identify companies that it believes have the potential for significant long-term capital growth, and invest in the securities of those which can be obtained at a reasonable price. The Fund maintains a large capitalization bias and is diversified by sector, normally investing in at least 8 sector categories of the S&P/TSX Capped Composite Index. The Fund will maintain a Canadian equity focus, however, due to increased global integration and cross-border corporate transactions, may invest up to 10% of its market value in individual foreign equities that have either significant business operations in Canada or are listed on the TSX. The Fund does not invest in securities issued by a corporation in respect of which the majority of revenue is derived from the manufacture or distribution of tobacco-related products.

### Risk

The risks associated with investing in the Fund remain as discussed in the prospectus. The Fund may be suitable for investors with a medium tolerance for risk, particularly those who seek diversified exposure to Canadian equity securities with a medium to long-term investment horizon.

### Results of Operations

The Fund's net asset value decreased by 0% to \$236.7 million at December 31, 2024 from \$236.4 million at December 31, 2023. Of this change, an increase of \$52.3 million was provided by investment

performance, net of fees and expenses, and a decrease of \$52.0 million was attributable to net redemptions.

Series I units of the Fund posted a return of 25.1% for the year. The Fund's benchmark, the S&P/TSX Capped Composite Index, returned 21.7% for the same period. The Series I return is after the deduction of expenses, unlike the benchmark's return.

Canadian equities had strong annual returns in 2024, in excess of 21%, as part of a broader rally in large-cap equities globally. In general, Canadian equities as a universe of stocks lagged the U.S. equity market, which was driven by its heavier allocation to technology and growth stocks. Relative performance of the Canadian equity market and the Canadian dollar declined in Q4 of 2024, as concerns over tariffs and their potential negative impact on the Canadian economy started to weight heavily on investors. Concerns over Canadian economic growth have also manifested in a big variance in the overnight interest rates, with the Bank of Canada overnight rate at 3.25% versus the U.S. Fed Fund rate of 4.5%.

The Fund outperformed its benchmark by more than 3.6%. A sector underweight allocation to the poorly-performing Communication Services sector was the largest contributor from an allocation perspective. Positive stock selection within Industrials and Financials were two key contributors to outperformance in 2024. The top contributor was AtkinsRealis Group Inc., which had strong organic growth as expected demand for nuclear power generation to power AI computing fueled robust results. MDA Space Ltd. had strong returns based on surging demand for satellite technology and space-based solutions.

The largest detractor from performance was the underweight allocation to Information Technology. The Fund's overweight allocation to Industrials also detracted from performance. The biggest individual detractor to performance was Open Text Corp, as disappointing growth from its cloud business led to underperformance. CGI Inc. also trailed the benchmark as clients cut or delayed projects.

The Fund initiated positions in MDA Ltd. in the first quarter, Capital Power Corp. in the second quarter, and Alimentation Couche-Tard Inc. and Magna International Inc. in the fourth quarter. The Fund sold holdings of Celestica Inc. and Toronto-Dominion Bank in the second quarter.

The Fund, on a weighted average basis, was underweight the Financials, Energy, Communication Services, Information Technology and Real Estate sectors. The Fund had overweight exposures to the Consumer Discretionary, Consumer Staples, Industrials, and Materials sectors.

The Manager integrates ESG considerations into its investment analysis and stewardship activities with the objective of enhancing long-term investment performance. ESG considerations are evaluated for material financial impact on a company's sustainability and business operations, but which may have a limited role in investment decisions for the Fund. The consideration of ESG issues is only one of a number of elements in the portfolio construction process and may or may not have a material influence on portfolio composition at any given time. Active engagement and proxy voting are a core part of the Manager's stewardship approach, and the Manager participates in these activities in a manner suitable to the asset class and Fund. Certain securities, such as derivatives, cash, money market instruments, bonds, asset-backed securities, commercial paper or other similar instruments, may not be subject to ESG considerations due to the nature of such instruments.

The Fund's ESG characteristics and performance may change from time to time. Please review the Fund's prospectus for more details on how the Fund's investment strategy incorporates responsible investing considerations and the associated risks. For more information, the Manager posts its annual proxy voting reports, along with an annual Responsible Investing Report and its Responsible Investing Policies on its website:  
<https://www.guardiancapital.com/investmentsolutions/>

## Recent Developments

Equity markets posted another strong year of gains in 2024. The S&P 500 Index's total return was 25.0% (on top of the 26.3% rise in 2023) and the S&P/TSX Composite Index returned 21.6% (on top of the 11.8% gain in 2023). Both indices set new all-time highs during the fourth quarter of 2024. The S&P 500 Equal Weight Index, which is less influenced by the Magnificent 7 stocks, had a more modest, but still strong total return of 13.0%. The markets benefitted from macro tailwinds, optimism regarding potential productivity and earnings gains from artificial intelligence (AI), central bank rate reductions, and in the US, encouragement stemming from the pro-business policies of President-elect Donald Trump.

Looking ahead for 2025, many of the trends that drove 2024's strong returns remain intact, however, the level of uncertainty is growing. The US economy remains resilient, as does India's, and some other major countries (Canada, Japan) that had been struggling are at least showing signs of stabilization, the first step to improvement. However, this favourable view is tempered by the threat of Trump's potential tariffs to the Canadian economy, inflation remaining a challenge, and rate cuts by most major central banks perhaps already being in late innings, and equity valuations that do not leave much room for multiple appreciation. All things considered, we expect 2025 to be a year characterized by volatility in the markets.

The Manager continues to believe the Canadian market's focus will remain on quality growth stocks that can deliver consistent earnings growth. In this context, the Manager believes the Fund's holdings are well-positioned, as they have demonstrated their ability to effectively manage through challenging periods (such as inflationary pressures, supply chain disruptions, and labor constraints in recent years). The Fund holdings are leaders in their industries, which should allow them to gain market share while competitors struggle. The Fund holdings have good drivers of growth that we believe are here to stay, including strong balance sheets, generating strong free

cash flows to be able to execute on their growth objectives.

The regime change in the US and the accompanying uncertainty about the returning Administration's approach to economic policy, especially with respect to international relations and trade, has clouded the outlook for not just the US but the entire world. The potential introduction of new tariffs and the prospect of retaliation would have a significant impact on global growth, given that the export of goods and services across borders accounts for roughly one-third of global output. As well, the cost increases associated with tariffs and the potential implications for global interest rates add to the uncertainty, which has the impact of restraining investment and spending decisions, and the potential for repercussions that would be felt throughout the global economy and financial markets.

## Related Party Transactions

Guardian Capital LP, the Manager of the Fund, is considered to be a "related party" of the Fund. The Manager is responsible for the day-to-day operations of the Fund and also acts as the portfolio manager, managing the investment portfolio of the Fund. These services are in the normal course of operations and the Fund pays a management fee to the Manager for these services, based on the average Net Asset Value of the Fund, as detailed in the Management Fees section below. The Manager is a wholly-owned subsidiary of Guardian Capital Group Limited, a publicly traded firm listed on the Toronto Stock Exchange.

The Manager also receives an Administration Fee from the Fund, amounting to 0.15% of the average daily net asset value of the Fund, in return for the payment by the Manager of all the variable operating expenses of the Fund. The Independent Review Committee ("IRC") has approved the Manager's Policy for this item and the Manager relies on this approval as a standing instruction from the IRC. The Manager received the Administration Fee and paid Fund expenses in accordance with this Policy during the period.

The Fund may invest some of its available short term cash in money market funds managed by Guardian Capital LP, deemed a related issuer. With respect to investments in related issuers, the Manager has relied on the approval that it has received from the IRC. The approval requires the Manager to comply with its current policy and procedures regarding investments in related issuers and to report periodically to the IRC. The Manager will not duplicate management fees paid to an underlying fund that is a related issuer.

## Management Fees

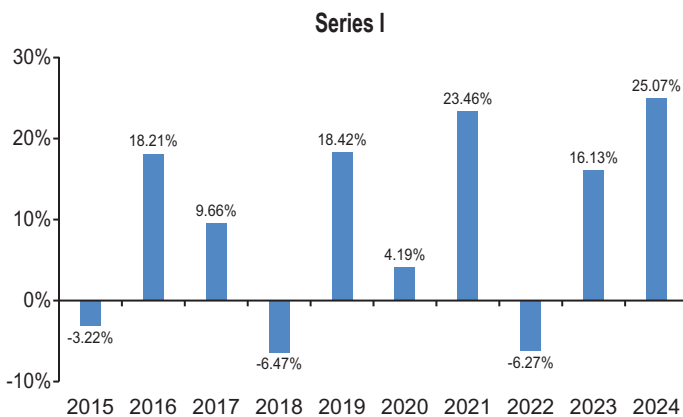
No management fees are payable or collected for Series I units of the Fund.

## Past Performance

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. This performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Past performance of the Fund does not necessarily indicate how the Fund will perform in the future.

## Year-by-Year Returns

The bar charts show the Fund's performance for the annual period from January 1 to December 31 for each calendar year shown, and illustrates how the Fund's performance has changed from year to year. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of that financial year.



## Annual Compound Returns

The tables below shows the historical compound returns of the Fund's Units for the periods indicated, as at December 31, 2024. The returns of a broad based market index are also shown.

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Series I (%)	25.07	10.83	11.86	9.30
S&P/TSX Capped Composite Index (%)	21.65	8.58	11.08	8.65

\* Inception date - December 1, 1985.

The S&P/TSX Capped Composite Index is a broad measure of the largest companies listed on the Toronto Stock Exchange, with the relative weighting of each stock capped at 10%.

## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the periods indicated. The information is derived from the Fund's audited annual financial statements.

### The Fund's Net Assets per Unit (Series I)

	For the year ended December 31, 2024	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2020
Net Assets per Unit, Beginning of Year <sup>[1]</sup>	\$184.48	\$163.39	\$191.08	\$163.41	\$160.55
<b>Increase (decrease) from operations per Unit:<sup>[1]</sup></b>					
Total revenue	5.48	5.06	5.05	4.54	4.15
Total expenses	(0.42)	(0.38)	(0.41)	(0.38)	(0.37)
Realized gains (losses)	23.50	12.53	31.47	19.49	(1.38)
Unrealized gains (losses)	17.29	8.24	(52.66)	15.39	4.09
Total increase (decrease) from operations per Unit	45.85	25.45	(16.55)	39.04	6.49
Distributions per Unit from: <sup>[1][2]</sup>					
Canadian dividends	(5.15)	(5.11)	(4.73)	(4.37)	(3.87)
Capital gains	(1.58)	–	(10.47)	(6.29)	–
Return of capital	–	–	–	–	–
Total Distributions per Unit	(6.73)	(5.11)	(15.20)	(10.66)	(3.87)
Net Assets per Unit, End of Year <sup>[1]</sup>	\$224.00	\$184.48	\$163.39	\$191.08	\$163.41

[1] Net assets per Unit and distributions per Unit are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations per Unit is based on the weighted average number of units outstanding over the financial year.

[2] Substantially all distributions were reinvested in additional units of the Fund.

### Ratios and Supplemental Data (Series I)

	For the year ended December 31, 2024	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2020
Total net asset value (000's) <sup>[1]</sup>	\$236,717	\$236,388	\$267,200	\$463,893	\$501,757
Number of units outstanding <sup>[1]</sup>	1,056,747	1,281,366	1,635,393	2,427,789	3,070,540
Management expense ratio <sup>[2]</sup>	0.17%	0.17%	0.17%	0.17%	0.17%
Management expense ratio before waivers and absorptions	0.17%	0.17%	0.17%	0.17%	0.17%
Trading expense ratio <sup>[3]</sup>	0.03%	0.05%	0.06%	0.04%	0.08%
Portfolio turnover rate <sup>[4]</sup>	18.85%	27.87%	34.50%	34.64%	62.74%
Net asset value per Unit <sup>[1]</sup>	\$224.00	\$184.48	\$163.39	\$191.08	\$163.41

[1] This information is provided as at the end of each year indicated.

[2] The management expense ratio is based on total expenses (excluding commissions, other portfolio transaction costs and withholding taxes) of the Fund and its proportionate share of the total expenses of the Underlying Funds, where applicable, for the stated year and is expressed as an annualized percentage of daily average net asset value during the year.

[3] The trading expense ratio represents total commissions and other portfolio transaction costs of the Fund and its proportionate share of the Underlying Funds' portfolio transaction costs, where applicable, expressed as an annualized percentage of daily average net asset value for the year.

[4] The Fund's portfolio turnover rate indicates how actively its portfolio advisor trades portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in the portfolio once in the course of a year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

## SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2024

Portfolio Allocation	% of Net Asset Value
Communication Services	0.9%
Consumer Discretionary	3.4%
Consumer Staples	9.1%
Energy	11.1%
Financials	31.5%
Industrials	17.2%
Information Technology	6.0%
Materials	13.1%
Real Estate	0.7%
Utilities	5.1%
Short-Term Securities	1.7%
Other Net Assets (Liabilities)	0.2%
<b>Total</b>	<b>100.0%</b>

Top 25 Holdings	% of Net Asset Value
Royal Bank of Canada	7.1%
Canadian Imperial Bank of Commerce	6.2%
Brookfield Corporation, Class 'A'	5.7%
Agnico Eagle Mines Limited	5.5%
Bank of Montreal	4.5%
Suncor Energy Inc.	4.3%
Loblaw Companies Limited	4.2%
Canadian Natural Resources Limited	3.8%
Fairfax Financial Holdings Limited	3.5%
CGI Inc., Class 'A'	3.4%
Canadian Pacific Kansas City Limited	3.3%
CCL Industries Inc., Class 'B'	3.0%
Open Text Corporation	2.6%
Wheaton Precious Metals Corporation	2.6%
Element Fleet Management Corporation	2.5%
Fortis Inc.	2.5%
Finning International Inc.	2.5%
MDA Space Limited	2.4%
Restaurant Brands International Inc.	2.4%
Alimentation Couche-Tard Inc.	2.2%
Boyd Group Services Inc.	2.1%
Cameco Corporation	2.1%
Intact Financial Corporation	2.0%
Teck Resources Limited, Class 'B'	2.0%
AtkinsRealis Group Inc.	2.0%

**Top 25 Holdings (as a percentage of NAV) 84.4%**
**Total Net Asset Value: \$236,716,512**



**GUARDIAN CAPITAL**

# GUARDIAN CAPITAL LP

199 Bay Street, Suite 2700  
Commerce Court West, P.O. Box 201  
Toronto, Ontario  
M5L 1E8

[www.guardiancapital.com/investmentsolutions](http://www.guardiancapital.com/investmentsolutions)



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