

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

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# GUARDIAN U.S. EQUITY FUND

JUNE 30, 2023

This interim management report of fund performance contains financial highlights, but does not contain either the interim financial report or interim financial statements of the investment fund. You can obtain a copy of the interim financial report or interim 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 U.S. Equity Fund (the "Fund") is the achievement of long-term growth of capital primarily through investment in equity and equity-related securities of issuers whose principal business operations are located in the United States.

The Fund invests primarily in U.S. exchange-listed securities and is broadly diversified by sector and individual security. The sub-adviser maintains a U.S. equity focus and invests primarily in securities of mid-to large-size U.S. companies that have a track record of sustained earnings growth. The Fund may hold all or a portion of its assets in cash, money market instruments, bonds or other debt securities in response to adverse market, economic and/or political conditions or for defensive or other purposes. As a result, the Fund may not be fully invested in accordance with its investment objectives.

### 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-to-high tolerance for risk, particularly those who seek exposure to equity securities of issuers with business primarily in the United States.

### Results of Operations

Please note that all figures provided in this report are in U.S. Dollars, unless otherwise noted for Series A and Series F, which are valued in Canadian Dollars. This commentary is based on the performance of Series I units of the Fund. Returns for other Series of units may vary, largely due to differences in fees and expenses. Please refer to the Past Performance section for specific Series level performance details.

The Fund's net asset value increased by 12% to \$3.3 million at June 30, 2023 from \$2.9 at December 31, 2022. Of this change, an increase of \$0.6 million was

provided by investment performance and a decrease of \$0.2 million was attributable to net redemptions.

Series I units of the Fund posted a return of 20.3% for the period. The Fund's benchmark, the S&P 500 Index (Net C\$), returned 16.9% for the same period. The Fund's return is after the deduction of fees and expenses, unlike the benchmark's return.

At the mid-point of 2023, economic data to date have shown that the current U.S. economy is more resilient than previously expected and at the same time significant progress has been made on the inflation front. Initial claims have jumped 30% over the last nine months, from 190,500 to 246,800. While this looks like a big jump, after adjusting for labor force growth, jobless claims compared to previous cycles have not reached the thresholds signaling an imminent recession. Other recent economic indicators pointing to underlying economic strength include manufactured goods orders, rising consumer confidence and spending, and positive real wage growth. Per leading economic indicators, a recession is not yet on the horizon. On the inflation front, the U.S. producer price index dropped from an 11.7% peak in March 2022 to 1.1% in May 2023 and the U.S. consumer price index dropped from 9% to 4% over that same period. The U.S. Federal Reserve ("Fed") has raised rates from 0% to 5% over the past 15 months and those hikes have already had an impact on the most interest rate sensitive parts of the U.S. economy, housing and regional banks. However, the lasting impact of such a rapid increase in the Fed funds rate is yet to be determined. The inflation conversation is not yet over and, after a pause in June, the risk remains that the Fed needs to hike rates further to get inflation to its 2% target. In such a scenario, the Fed could prove too successful in fighting inflation and as it falls, the economy could plunge into a deep recession. Contrarily, if inflation currently is overstated as some believe, then the market can start viewing good economic news as positive for earnings and stocks.

In addition to continued market strength, two remarkable trends gained momentum during the second quarter: narrow market leadership with performance concentrated among a handful of mega

cap technology companies, driven in large part by the second trend, newfound investor fascination with artificial intelligence. During the first half of the year, the top seven stocks in the S&P 500 Index have gained 67% vs only 6% for the remaining index stocks. It is not uncommon for a subset of stocks to lead markets, and when this happens the market generally clocks in further gains. Separately, worrying parallels have been drawn with the late 90s dot.com bubble and, while market and media fascination are comparable, there are notable differences. The top stocks driving the market year-to-date are highly profitable companies with strong free cash flow generation. Tech stocks as a whole have a weighted average Return on Equity above 30%, compared with a figure in the high teens back in 1999, and the Price to Earnings Ratio for the group is significantly lower, at about 25x vs twice that at 50x in 1999.

The Fund outperformed its benchmark during the period. A combination of an underweight allocation and strong stock selection within the Health Care sector contributed to performance. Underweight allocations to the poor-performing Consumer Staples and Energy sectors also aided relative returns. An overweight allocation to Information Technology stocks positively affected relative performance. Top contributors included positions in Adobe, Alphabet and Take Two Interactive. Adobe shares outperformed after the successful integration of the new Firefly AI platform into the company's suite of products. Likewise, Alphabet rose as investors warmed to the company's new conversational AI chat bot and ChatGPT competitor, "Bard". Take Two Interactive stock rose after the company issued full year guidance that was considerably higher than the market expected, implying its next instalment of the successful "GTA" video game series would be released this year.

Stock selection in the Information Technology and Consumer Discretionary sectors held back relative results. Securities detracting from performance included Thermo Fisher Scientific, Home Depot, and PayPal. Thermo Fisher shares fell as demand trends weakened in the life sciences industry, despite the company's financial results meeting investor's

expectations. Home Depot shares have suffered as rising interest rates divert consumer spending away from home improvement. PayPal shares underperformed after its lower-margin business contributed more of the company's profits than expected.

During the period, the Manager initiated positions in the Fund in Dollar General and UnitedHealth Group. Dollar General is the largest discount retailer in the U.S. by number of stores, and has a demonstrated track record of growth even during periods of recession. UnitedHealth Group is the leading provider of diversified healthcare services and products, software and data consultancy offerings. Its unmatched vertical integration of patient care allows it to drive down costs. The Manager exited positions in Fortune Brands Innovations and Match Group. Fortune Brands was exited after a period of strong performance in favour of a higher-quality and more defensive position. Match Group was exited after a series of execution miscues.

The Manager integrates ESG considerations into its investment analysis and stewardship activities with the objective of enhancing long-term investment performance. Active engagement and proxy voting are a core part of the Manager's stewardship approach, and the Fund's investment team participates in these activities in a manner suitable to the asset class and Fund. Our investment teams focus on ESG and other factors which they believe could be financially material and/or impact the long-term sustainability of the company. The consideration of ESG issues is 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. 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

On April 27, 2023, the risk rating of the Fund changed from Medium to Medium-to-High in accordance with

the risk classification methodology prescribed by the regulators, and is not the result of any change to the investment objectives, strategies or management of this Fund.

Whether or not this market continues its uptrend, the Manager will stay true to their process. Mega cap tech companies led out of the gate, while many stocks have been left behind year-to-date. In the Manager's view, the high concentration of market leadership defines a stock picker's market. The Manager's expectation is that some of the recent laggards will catch up as the effects of higher interest rates and prolonged inflation on American corporations will see higher-quality companies excel.

### 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 0.19% 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.

Alta Capital Management, LLC ("ACML") is an affiliate of the Manager and has entered into a sub-advisory agreement with the Manager, effective April 21, 2020 to provide investment advice concerning the Fund's investment portfolio. The Manager made payments to

ACML in accordance with the sub-advisory agreement, based on the Net Asset Value of the Fund, during the year. With respect to the appointment of and payment to its affiliate as sub-advisor for the Fund, the Manager has relied on the positive recommendation that it has received from the IRC. The recommendation requires the Manager to comply with its current policy and procedures regarding the selection of an affiliated subadvisor and to report periodically to the IRC.

### Management Fees

No management fees are payable or collected for Series I units of the Fund. Series A and Series F units are subject to a management fee which is based on a percentage of the average Series NAV during each month, calculated and accrued daily, and payable monthly. The Series A management fee is 1.55% per annum. The Series F management fee is 0.55% per annum. The table below provides a breakdown of services received in consideration of the management fees, as a percentage of the management fees, for the period.

	Series A	Series F	Series I
Investment management and other general administration	35.5%	100.0%	n/a
Trailer Commission	64.5%	n/a	n/a

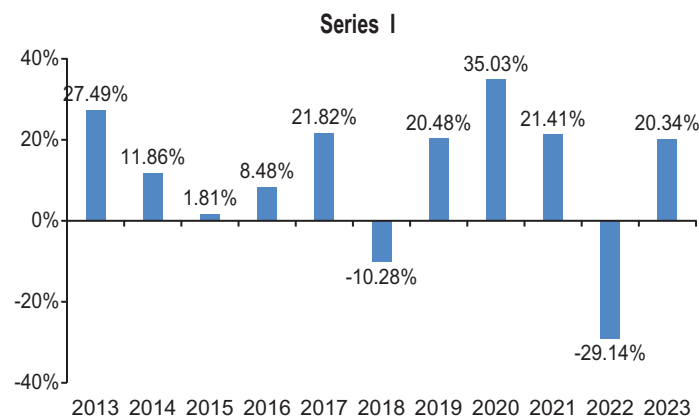
## Past Performance

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 period from January 1, 2023 to June 30, 2023, 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.

The performance shown for Series I below includes results prior to March 30, 2011 when the Fund was not a reporting issuer. Had the Fund been subject to the additional regulatory requirements applicable to a reporting issuer during such period, the expenses of the Series I units of the Fund would likely have been higher. The financial statements for the period when the Fund was not a reporting issuer, are available on the Manager's website at [www.guardiancapital.com](http://www.guardiancapital.com) or upon request.



## Annual Compound Returns

The tables below shows the historical compound returns of the Fund's Units for the periods indicated, as at June 30, 2023. The returns of a broad based market index are also shown.

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Series I (%)	18.54	9.67	8.43	10.17
S&P 500 Total Return (U\$) (%)	19.59	14.60	12.31	12.86

\* Inception date - January 1, 2003.

The S&P 500 Index (Net, C\$) is a broad measure of 500 widely held U.S. Companies, with a focus on large cap equities.

For Series A and Series F units, please note that it has not yet been 12 consecutive months since the performance inception date of this Series, thus, in accordance with regulatory requirements, investment performance cannot be shown.

## 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 and unaudited interim financial statements.

The Fund's Net Assets per Unit (Series I)(US\$)

	For the six months ended June 30, 2023	12 months ended Dec. 31, 2022	12 months ended Dec. 31, 2021	12 months ended Dec. 31, 2020	12 months ended Dec. 31, 2019
Net Assets per Unit, Beginning of Period <sup>[1]</sup>	\$6.90	\$10.35	\$10.82	\$9.59	\$8.04
<b>Increase (decrease) from operations per Unit:<sup>[1]</sup></b>					
Total revenue	0.02	0.06	0.06	0.08	0.10
Total expenses	(0.01)	(0.03)	(0.04)	(0.04)	(0.02)
Realized gains (losses)	0.01	0.39	2.94	2.51	(0.11)
Unrealized gains (losses)	1.38	(3.65)	(0.61)	0.45	1.81
Total increase (decrease) from operations per Unit	1.40	(3.23)	2.35	3.00	1.78
Distributions per Unit from: <sup>[1] [2]</sup>					
Income (excluding dividends)	–	–	–	–	–
Canadian dividends	–	–	–	–	–
Foreign dividends	–	–	(0.03)	(0.08)	(0.10)
Capital gains	–	(0.43)	(2.76)	(2.04)	–
Return of capital	–	–	–	–	–
Total Distributions per Unit	–	(0.43)	(2.79)	(2.12)	(0.10)
Net Assets per Unit, End of Period <sup>[1]</sup>	\$8.31	\$6.90	\$10.35	\$10.82	\$9.59

[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 period.

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

Ratios and Supplemental Data (Series I)(US\$)

	For the six months ended June 30, 2023	12 months ended Dec. 31, 2022	12 months ended Dec. 31, 2021	12 months ended Dec. 31, 2020	12 months ended Dec. 31, 2019
Total net asset value (000's) <sup>[1]</sup>	\$3,280	\$2,919	\$5,614	\$7,298	\$10,151
Number of units outstanding <sup>[1]</sup>	394,865	422,895	542,253	674,525	1,059,004
Management expense ratio <sup>[2]</sup>	0.22%	0.22%	0.22%	0.22%	0.21%
Management expense ratio before waivers and absorptions	0.22%	0.22%	0.22%	0.22%	0.21%
Trading expense ratio <sup>[3]</sup>	0.01%	0.01%	0.01%	0.05%	0.06%
Portfolio turnover rate <sup>[4]</sup>	7.87%	18.43%	33.73%	105.42%	112.98%
Net asset value per Unit <sup>[1]</sup>	\$8.31	\$6.90	\$10.35	\$10.82	\$9.59

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

[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.

[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 Fund's Net Assets per Unit (Series A)(C\$)**

	For the six months ended June 30, 2023	12 months ended Dec. 31, 2022	Period from Apr. 30 to Dec. 31, 2021
Net Assets per Unit, Beginning of Period <sup>[1]</sup>	\$6.30	\$8.91	\$10.00
<b>Increase (decrease) from operations per Unit:<sup>[1]</sup></b>			
Total revenue	0.02	0.02	0.03
Total expenses	(0.05)	(0.11)	(0.15)
Realized gains (losses)	–	(0.01)	0.53
Unrealized gains (losses)	0.93	(2.05)	0.58
Total increase (decrease) from operations per Unit	0.90	(2.15)	0.99
Distributions per Unit from: <sup>[1] [2]</sup>			
Income (excluding dividends)	–	–	–
Canadian dividends	–	–	–
Foreign dividends	–	–	–
Capital gains	–	(0.26)	(2.36)
Return of capital	–	–	–
Total Distributions per Unit	–	(0.26)	(2.36)
Net Assets per Unit, End of Period <sup>[1]</sup>	\$7.34	\$6.30	\$8.91

[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 period.

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

**Ratios and Supplemental Data (Series A)(C\$)**

	For the six months ended June 30, 2023	12 months ended Dec. 31, 2022	Period from Apr. 30 to Dec. 31, 2021
Total net asset value (000's) <sup>[1]</sup>	\$5	\$4	\$6
Number of units outstanding <sup>[1]</sup>	668	668	633
Management expense ratio <sup>[2]</sup>	1.95%	1.98%	1.90%
Management expense ratio before waivers and absorptions	1.95%	1.98%	1.90%
Trading expense ratio <sup>[3]</sup>	0.01%	0.01%	0.01%
Portfolio turnover rate <sup>[4]</sup>	7.87%	18.43%	33.73%
Net asset value per Unit <sup>[1]</sup>	\$7.34	\$6.30	\$8.91
Closing market price	–	\$6.30	–

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

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[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.

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**The Fund's Net Assets per Unit (Series F)(C\$)**

	For the six months ended June 30, 2023	12 months ended Dec. 31, 2022	Period from Apr. 30 to Dec. 31, 2021
Net Assets per Unit, Beginning of Period <sup>[1]</sup>	\$6.42	\$8.98	\$10.00
<b>Increase (decrease) from operations per Unit:<sup>[1]</sup></b>			
Total revenue	0.02	0.02	0.03
Total expenses	(0.02)	(0.05)	(0.07)
Realized gains (losses)	0.01	(0.01)	0.54
Unrealized gains (losses)	0.94	(2.07)	0.58
Total increase (decrease) from operations per Unit	0.95	(2.11)	1.08
Distributions per Unit from: <sup>[1] [2]</sup>			
Income (excluding dividends)	–	–	–
Canadian dividends	–	–	–
Foreign dividends	–	–	–
Capital gains	–	(0.27)	(2.39)
Return of capital	–	–	–
Total Distributions per Unit	–	(0.27)	(2.39)
Net Assets per Unit, End of Period <sup>[1]</sup>	\$7.52	\$6.42	\$8.97

[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 period.

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

**Ratios and Supplemental Data (Series F)(C\$)**

	For the six months ended June 30, 2023	12 months ended Dec. 31, 2022	Period from Apr. 30 to Dec. 31, 2021
Total net asset value (000's) <sup>[1]</sup>	\$5	\$4	\$6
Number of units outstanding <sup>[1]</sup>	668	668	633
Management expense ratio <sup>[2]</sup>	0.87%	0.85%	0.81%
Management expense ratio before waivers and absorptions	0.87%	0.85%	0.81%
Trading expense ratio <sup>[3]</sup>	0.01%	0.01%	0.01%
Portfolio turnover rate <sup>[4]</sup>	7.87%	18.43%	33.73%
Net asset value per Unit <sup>[1]</sup>	\$7.52	\$6.42	\$8.97

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[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.



## SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2023

Portfolio Allocation	% of Net Asset Value	Top 25 Holdings	% of Net Asset Value
Communication Services	13.8%	Alphabet Inc., Class 'A'	6.7%
Consumer Discretionary	13.6%	Microsoft Corporation	6.3%
Consumer Staples	2.1%	Apple Inc.	6.1%
Financials	18.7%	The Home Depot Inc.	4.6%
Health Care	12.2%	Accenture PLC, Class 'A'	4.0%
Industrials	4.6%	Adobe Inc.	3.9%
Information Technology	31.6%	Take-Two Interactive Software Inc.	3.8%
Materials	2.1%	Mastercard Inc., Class 'A'	3.6%
Other net assets (liabilities)	1.3%	Fiserv Inc.	3.6%
Total	100.0%	Markel Group Inc.	3.6%
		ICON PLC	3.5%
		The Walt Disney Company	3.3%
		Zoetis Inc.	3.2%
		Visa Inc., Class 'A'	3.1%
		Thermo Fisher Scientific Inc.	3.1%
		The TJX Companies Inc.	3.0%
		Amphenol Corporation, Class 'A'	3.0%
		Restaurant Brands International Inc.	3.0%
		Booking Holdings Inc.	3.0%
		Zebra Technologies Corporation, Class 'C'	2.9%
		Autodesk Inc.	2.8%
		Broadridge Financial Solutions Inc.	2.8%
		S&P Global Inc.	2.8%
		Intuit Inc.	2.6%
		UnitedHealth Group Inc.	2.4%
		<b>Top 25 Holdings as a percentage of net asset value</b>	<b>90.7%</b>
		<b>Total Net Asset Value:</b>	<b>\$3,287,548</b>



**GUARDIAN CAPITAL**

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