

## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

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# GUARDIAN U.S. EQUITY SELECT 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 U.S. Equity Select Fund (the “Fund”) is the achievement of a high level of stable income, with an attractive total return, by investing primarily in U.S. dividend-paying equity securities and income trust units.

The Manager maintains a U.S. equity focus and invest primarily in securities of mid- to large-size U.S. companies that have a track record of paying and growing dividends. The Fund is broadly diversified by sector and seeks a dividend yield that is competitive with the market, normally holding between 15 and 30 issuers.

### 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 a core U.S. equity holding with a medium to long-term investment horizon.

### Results of Operations

The Fund’s net asset value increased by 33% to \$95.1 million at December 31, 2024 from \$71.5 million at December 31, 2023. Of this change, an increase of \$16.7 million was provided by investment performance, net of fees and expenses, and an increase of \$6.9 million was attributable to net subscriptions.

Series I units of the Fund posted a return of 22.6% for the year. The Fund’s benchmark, the S&P 500 Index (Net C\$), returned 36.4% for the same period. The Series I return is after the deduction of expenses, unlike the benchmark’s return.

In the US equity markets, mega-cap technology stocks carried most of the S&P 500 Index gains again this year. The S&P 500 Index soared to new record highs during the year, driven by NVIDIA’s impressive performance, and produced a 36.4% return (in CAD terms), an incredible rate of return. Only four sectors

beat the overall benchmark return: Communication Services, Information Technology, Financials and Consumer Discretionary. No sector had a negative return during the year, with just one sector, Materials, earning only a single-digit return.

The Fund underperformed its benchmark, primarily as a result of stock selection. Specifically, weak selection within the Information Technology (Roper Technologies, Intuit, Texas Instruments, and not holding NVIDIA), Consumer Discretionary (Nike, Starbucks and McDonalds) and Communication Services (Comcast) sectors all detracted from relative performance results during the year as higher-valuation stocks, which the Fund tends to avoid, had higher returns. Stocks that negatively contributed to performance during the year were Nike, Comcast, Danaher and Baxter International.

Conversely, stock selection within the Financials (American Express) and Industrials (RTX) sectors contributed positively to relative returns. Avoiding the poorly performing Materials and Real Estate sectors also positively affected returns. Top stock contributors to performance during the year included Apple, American Express, and JPMorgan.

The Fund exited positions in Baxter International and Comcast, and initiated positions in Alphabet and Danaher Corporation.

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

The Manager expects inflation to continue moderating with high levels of investor optimism likely to continue recent strong performance in growth stocks. With that being said, inflation is still above desired levels and interest rates are likely to remain high, even though the US Federal Reserve has begun cutting interest rates. The incoming Trump administration seems likely to bring additional volatility to markets, just as was the case in Trump's first term in office. The Manager believes it is likely the heightened investor interest in the impact of the developments related to, and what is viewed as a secular theme of, artificial intelligence will increase— and the US is viewed as the leader in this area, suggesting it could reap more productivity and profitability benefits sooner than its peers. As ever, the Fund remains positioned in a diversified mix of high-quality companies with strong dividend attributes trading at an attractive overall valuation, all of which stands to buffer volatility in investment performance as events unfold.

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 0.18% 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.

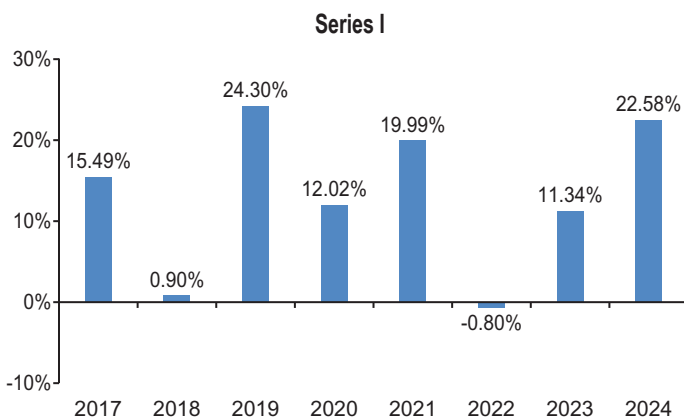
## Past Performance

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.

The performance shown for Series I below includes results prior to April 28, 2017 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 upon request.

## 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	Since Inception*
Series I (%)	22.58	10.63	12.72	n/a	13.36
S&P 500 Total Return (C\$) (%)	36.36	13.76	16.92	n/a	15.96

\* Inception date - September 1, 2016.

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.

## 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>	\$188.21	\$171.28	\$182.02	\$159.65	\$144.88
<b>Increase (decrease) from operations per Unit:<sup>[1]</sup></b>					
Total revenue	3.64	3.50	3.01	2.94	3.01
Total expenses	(0.97)	(0.89)	(0.83)	(0.80)	(0.77)
Realized gains (losses)	1.21	5.22	19.12	12.47	3.89
Unrealized gains (losses)	38.34	11.37	(26.98)	17.25	9.26
Total increase (decrease) from operations per Unit	42.22	19.20	(5.68)	31.86	15.39
Distributions per Unit from: <sup>[1][2]</sup>					
Foreign dividends	(2.61)	(2.39)	(2.15)	(2.14)	(2.32)
Capital gains	–	–	(7.01)	(7.21)	–
Return of capital	–	–	–	–	–
Total Distributions per Unit	(2.61)	(2.39)	(9.16)	(9.35)	(2.32)
Net Assets per Unit, End of Year <sup>[1]</sup>	\$227.89	\$188.21	\$171.28	\$182.02	\$159.65

[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>	\$92,770	\$70,170	\$56,163	\$66,169	\$54,724
Number of units outstanding <sup>[1]</sup>	407,088	372,824	327,902	363,524	342,777
Management expense ratio <sup>[2]</sup>	0.20%	0.20%	0.20%	0.20%	0.20%
Management expense ratio before waivers and absorptions	0.20%	0.20%	0.20%	0.20%	0.20%
Trading expense ratio <sup>[3]</sup>	–	0.01%	0.02%	0.01%	0.02%
Portfolio turnover rate <sup>[4]</sup>	11.10%	19.16%	38.71%	29.78%	34.09%
Net asset value per Unit <sup>[1]</sup>	\$227.89	\$188.21	\$171.28	\$182.02	\$159.65

[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	8.7%
Consumer Discretionary	9.9%
Consumer Staples	6.7%
Energy	3.3%
Financials	16.9%
Health Care	11.0%
Industrials	12.1%
Information Technology	26.8%
Utilities	4.4%
Short-Term Securities	0.1%
Other Net Assets (Liabilities)	0.1%
<b>Total</b>	<b>100.0%</b>

Top 25 Holdings	% of Net Asset Value
Apple Inc.	7.5%
Microsoft Corporation	6.3%
Emerson Electric Company	4.7%
Texas Instruments Inc.	4.7%
JPMorgan Chase & Company	4.6%
Duke Energy Corporation	4.4%
Alphabet Inc., Class 'A'	4.4%
Mastercard Inc., Class 'A'	4.4%
The Walt Disney Company	4.3%
Intuit Inc.	4.2%
American Express Company	4.1%
Roper Technologies Inc.	4.1%
McDonald's Corporation	4.1%
RTX Corporation	4.0%
UnitedHealth Group Inc.	3.9%
Johnson & Johnson	3.8%
Aflac Inc.	3.8%
Costco Wholesale Corporation	3.5%
Verisk Analytics Inc., Class 'A'	3.4%
Starbucks Corporation	3.3%
Danaher Corporation	3.3%
Chevron Corporation	3.3%
PepsiCo Inc.	3.2%
NIKE Inc., Class 'B'	2.5%
Guardian Canadian Short-Term Investment Fund, Series I	0.1%

**Top 25 Holdings (as a percentage of NAV)** **99.9%**  
**Total Net Asset Value:** **\$95,116,377**



**GUARDIAN CAPITAL**

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