

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

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# GUARDIAN U.S. EQUITY SELECT FUND

JUNE 30, 2025

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 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 9% to \$103.6 million at June 30, 2025 from \$95.1 million at December 31, 2024. Of this change, an increase of \$0.4 million was provided by investment performance, net of fees and expenses, and an increase of \$8.1 million was attributable to net subscriptions.

Series I units of the Fund posted a return of -0.5% for the period. The Fund’s benchmark, the S&P 500 Index (Net C\$), returned 0.8% for the same period. The Series I return is after the deduction of expenses, unlike the benchmark’s return.

As we entered 2025, US equities pulled back after exceptionally strong performance in 2024. Growth stocks faltered in January, amid valuation concerns followed by a sharp selloff triggered by the surprisingly competitive debut of DeepSeek’s artificial intelligence (AI) model in China. This raised fears of

commoditization of large language models (LLMs), the return assumptions on investments made to date, and its implications for future AI capital expenditures.

Markets remained volatile through the first quarter of 2025, as investors focused on the impending “Liberation Day” deadline, but sentiment turned positive in April as investors digested news the Trump administration had scaled back its most punitive “Liberation Day” tariffs, which had previously sparked a sharp selloff in US equities. Risk appetite returned, particularly in large-cap tech, with growth stocks posting double-digit gains across US and global indexes over the remainder of the quarter. This marked a clear shift from the defensive positioning seen earlier in the year.

Enthusiasm for AI also re-emerged later in the period driven by robust corporate earnings and a renewed focus on the potential of American AI infrastructure. Improving US Purchasing Manager’s Index data and a stronger job reports also helped ease concerns, even as the US Federal Reserve (Fed) held rates, taking a more cautionary approach while inflation remains stubbornly above its target range.

Since the Liberation Day lows on April, the S&P 500 Index climbed more than 20% (in Canadian Dollar terms), but on a year-to-date basis saw modest gains of about 0.8% (CAD). Nine out of eleven sectors closed the first half in positive territory, with Industrials and Communication Services leading the charge. Conversely, the Consumer Discretionary and Health Care sectors trailed the broader market, ending the period in the red.

The Fund underperformed its benchmark during the period. Stock selection within the Industrials (RTX) and Consumer Discretionary (Starbucks) sectors both added value. Top stock holdings contributing to performance included Intuit, RTX and Starbucks. Conversely, stock selection within the Health Care (UnitedHealth Group), Communication Services (Alphabet) and Consumer Staples (Pepsico) sectors held back relative performance during the period. The largest detracting positions included UnitedHealth Group, Alphabet and Pepsico.

During the period, the Fund sold its position in Pepsico to fund a new position in Applied Materials. The position in Pepsico was liquidated as the Manager assessed the decline in demand for beverages and snacks to be less temporary than initially expected. Applied Materials is a leading manufacturer of several varieties of semiconductor production equipment. Recent share price weakness presented an attractive opportunity to initiate an investment.

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 markets to remain volatile as they digest the timing and magnitude of interest rate changes from central banks, new economic data, and the impact of potential policy changes in the US. As a

result, the Manager believes stock selection and a focus on company fundamentals is likely to be a key factor in relative returns. As ever, the Fund remains positioned in a diversified mix of high-quality companies with excellent dividend attributes and above-average growth rates that trade at an attractive overall valuation.

The regime change in the US and the accompanying uncertainty about the 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 and resulted in significant financial market volatility. The introduction of sweeping new tariffs stands to have a significant negative impact on the trajectory of 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 carry material implications for global central bank policy and interest rates, adding to the uncertainty and greatly impacting investment and spending decisions, which in turn has had significant impacts on the outlook for 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.

### **Management Fees**

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

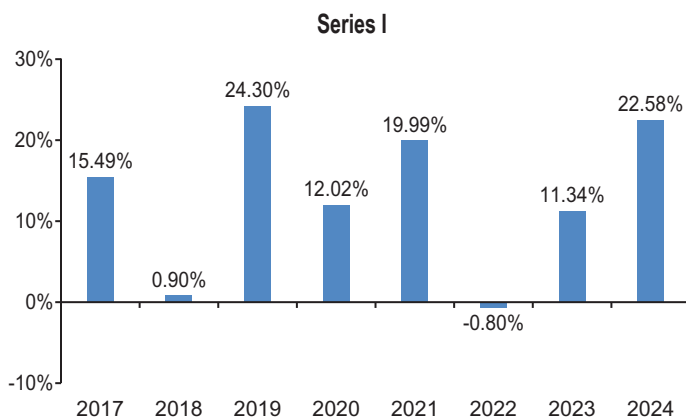
## Past Performance

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 June 30, 2025. The returns of a broad based market index are also shown.

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
Series I (%)	11.51	15.30	13.30	n/a	12.50
S&P 500 Index (Net C\$) (%)	14.84	21.97	16.68	n/a	15.09

\* 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 and unaudited interim financial statements.

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

	For the six months ended June 30, 2025	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
Net Assets per Unit, Beginning of Period <sup>[1]</sup>	\$227.89	\$188.21	\$171.28	\$182.02	\$159.65
<b>Increase (decrease) from operations per Unit:<sup>[1]</sup></b>					
Total revenue	1.92	3.64	3.50	3.01	2.94
Total expenses	(0.51)	(0.97)	(0.89)	(0.83)	(0.80)
Realized gains (losses)	2.53	1.21	5.22	19.12	12.47
Unrealized gains (losses)	(3.00)	38.34	11.37	(26.98)	17.25
Total increase (decrease) from operations per Unit	0.94	42.22	19.20	(5.68)	31.86
Distributions per Unit from: <sup>[1] [2]</sup>					
Income (excluding dividends)	(1.52)	-	-	-	-
Canadian dividends	-	-	-	-	-
Foreign dividends	-	(2.61)	(2.39)	(2.15)	(2.14)
Capital gains	-	-	-	(7.01)	(7.21)
Return of capital	-	-	-	-	-
Total Distributions per Unit	(1.52)	(2.61)	(2.39)	(9.16)	(9.35)
Net Assets per Unit, End of Period <sup>[1]</sup>	\$225.25	\$227.89	\$188.21	\$171.28	\$182.02

[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)

	For the six months ended June 30, 2025	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
Total net asset value (000's) <sup>[1]</sup>	\$101,062	\$92,770	\$70,170	\$56,163	\$66,169
Number of units outstanding <sup>[1]</sup>	448,666	407,088	372,824	327,902	363,524
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%	-	0.01%	0.02%	0.01%
Portfolio turnover rate <sup>[4]</sup>	6.37%	11.10%	19.16%	38.71%	29.78%
Net asset value per Unit <sup>[1]</sup>	\$225.25	\$227.89	\$188.21	\$171.28	\$182.02

[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, for the stated year and is expressed as an annualized percentage of daily average net asset value during the period.

[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 period.

[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 June 30, 2025

Portfolio Allocation	% of Net Asset Value
Communication Services	9.5%
Consumer Discretionary	10.0%
Consumer Staples	3.1%
Energy	3.5%
Financials	15.1%
Health Care	9.4%
Industrials	13.9%
Information Technology	30.9%
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
Microsoft Corporation	6.7%
Apple Inc.	5.6%
The Walt Disney Company	5.4%
Intuit Inc.	5.4%
RTX Corporation	5.3%
Texas Instruments Inc.	5.2%
Emerson Electric Company	5.0%
Duke Energy Corporation	4.4%
Roper Technologies Inc.	4.4%
Johnson & Johnson	4.3%
Alphabet Inc., Class 'A'	4.1%
Mastercard Inc., Class 'A'	4.1%
American Express Company	4.0%
McDonald's Corporation	4.0%
Aflac Inc.	3.8%
Verisk Analytics Inc., Class 'A'	3.6%
Applied Materials Inc.	3.6%
Chevron Corporation	3.5%
JPMorgan Chase & Company	3.2%
Costco Wholesale Corporation	3.1%
NIKE Inc., Class 'B'	3.1%
Danaher Corporation	2.9%
Starbucks Corporation	2.9%
UnitedHealth Group Inc.	2.2%
Government of Canada	0.1%

**Top 25 Holdings (as a percentage of NAV)** **99.9%**  
**Total Net Asset Value:** **\$103,597,421**



**GUARDIAN CAPITAL**

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