

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

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# GUARDIAN CANADIAN EQUITY INCOME 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 principal objective of the Guardian Canadian Equity Income Fund (the “Fund”) is the achievement of a high level of stable income, with an attractive total return, by investing primarily in Canadian dividend-paying equity securities and other flow-through securities.

The Manager primarily uses a fundamental, bottom-up approach to security analysis, and seeks out income trusts and higher yielding equities with stable and predictable revenue and cash flow, a diversified customer base, and focused management, and invest in the securities of those which can be obtained at a reasonable price. The Fund will be broadly diversified by issuer. The Fund will maintain a Canadian equity focus, however, due to increased global integration and cross-border corporate transactions, the Fund may invest up to 20% of its market value in individual foreign equities that have either significant business operations in Canada or are listed on the TSX. The Fund may invest in convertible debentures up to a maximum of 20% of the market value of the Fund.

### 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 stable income and capital gains through an investment in primarily income-oriented Canadian equity securities.

### Results of Operations

This commentary is based on the performance of Series W 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 6% to \$203.5 million at June 30, 2025 from \$191.7 million at December 31, 2024. Of this change, an increase of

\$22.7 million was provided by investment performance, net of fees and expenses, and a decrease of \$10.9 million was attributable to net redemptions.

Series W units of the Fund posted a return of 11.3% for the period. The Fund’s benchmark, the S&P/TSX Composite Index, returned 10.2% for the same period. The Series W return is after the deduction of fees and expenses, unlike the benchmark’s return.

The S&P/TSX Composite Index returned 10.17% in the first 6 months of 2025. This was primarily driven by the Materials, Financials and Consumer Discretionary sectors. Volatility in American trade policy caused large swings in both the domestic and foreign stock markets as stocks fell sharply after President Trump’s initial “Liberation Day” announcements, and then sharply rallied when the proposed tariffs were delayed.

The Bank of Canada cut its target policy rate 25 basis points in both January and March, then held it at 2.75% throughout the second quarter of the year. The Canadian economy experienced slowing growth and increasing unemployment throughout the period and the Real Estate market weakened as more supply entered the market and demand slowed.

Prime Minister Mark Carney was elected in April and has promised a shift towards a pro-business agenda, the implementation of which remains uncertain.

The Guardian Canadian Equity Income Fund outperformed its benchmark the S&P/TSX Composite Index by 2.17% in the first 6 months of 2025.

Security selection was strong across a number of sectors including Industrials, Health Care, Utilities, Financials, Consumer Staples and Materials, providing positive relative performance. The Fund’s underweight allocation to the underperforming Information Technology sector was a positive contributor to relative performance as well.

Higher yielding dividend stocks generally lagging the broader equity market and detracted from relative performance. Sector allocation was also a negative

contributor, led by an overweight allocation to Real Estate and underweight allocation to Materials.

Finning was the top performing security in the Fund's portfolio with a 54.7% return and 1.15% contribution to the Fund's performance. Finning was rewarded with a higher valuation multiple following continued evidence of a more resilient operating model and structurally higher earnings power. Maple Leaf Foods was another strong performing stock with a 42.1% return and contributed 0.58%, driven by the recovery in pork fundamentals and its earnings. Agnico Eagle Mines returned 45.4% and contributed 2.36% following solid operating execution and a strong rally in the price of gold, which closed at over US\$3300/oz.

Detracting from relative performance, was the fact that the Fund did not own Cameco within the Energy sector, which returned 36.8%, driven by the ongoing nuclear renaissance. The stock is not held by the Fund, given its lower dividend yield. Open Text was also a detractor from performance as muted organic growth continues to weigh on investor sentiment, it returned -0.28%. The position in CCL Industries' also detracted from performance, as slower demand in consumer packaging and currency headwinds affected revenue. Cost inflation in raw materials also weighed on its profitability, and it returned 8.31%, which was much lower than the sector average return of 30.05%.

A position was taken in Power Corp, a diversified financial holding company, with their 68% ownership in Great West Life Co being the primary driver of growth. Power Corp. is a high-quality dividend growth stock that offers a lower risk profile within the Financials sector and also trades at an attractive valuation that is expected to improve over time as the company executes its strategic priorities.

A position was also initiated in Capital Power, a large independent power producer with natural gas fired and renewables power generation. The company is expected to benefit from the continued strong demand for natural gas fired power generation in North America and increased power demand driven by data centers, reshoring of industrial production and EV's.

Brookfield Renewable was sold in the period to fund the purchase of Capital Power, which the Manager believes provides a more attractive alternative within the Utilities sector.

On a weighted-average basis, the Fund is currently overweight in the Utilities, Real Estate, Energy, Health Care and Communication Services sectors. On the same basis, the Fund is currently underweight the Information Technology, Financials, Industrials, Consumer Staples, Consumer Discretionary 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 shrugged off the uncertainty and risks from US trade policies, tariffs and geopolitics to post a strong first half of the year. While economic growth has softened, North American economies remain resilient and expected further rates cuts by central banks in Canada and the US should provide support for the economy and the equity markets, particularly higher dividend paying stocks. However, risks and uncertainty remain as US trade policies can shift quickly and geopolitical risks have not gone away.

The Energy sector was impacted by negative investor sentiment driven by concerns about a potential oversupplied oil market in 2025, due to potential demand risks and increasing supply from OPEC+. However, the Manager continues to have a constructive outlook on the Energy sector as fundamentals remain healthier than current market sentiment suggests. Oil demand remains solid and global inventories remain well below average. Canadian energy stocks continue to offer attractive free cash flow yields, shareholder friendly capital return policies and strong balance sheets.

The Utilities sector also looks relatively attractive given the interest rate environment should still provide a tailwind for the sector, valuations remain reasonable and power demand remains in an upward trajectory from reshoring, data centers and EV's. As well, the operating environment for the underperforming renewable power companies is expected to improve in 2025.

While price-to-earnings multiples are no longer below average for Canadian stocks, valuations generally remain reasonable. The Manager continues to see good opportunities in high quality dividend stocks that generate steady and growing income, which help ride-out volatile markets, as well as provide solid upside potential as central banks continue to lower rates. In addition, the Manager believes Canadian stocks remain well positioned relative to their US peers given Canadian stocks provide superior relative valuation, despite outperformance year to date.

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. Series W 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 W management fee is 1.50% 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.

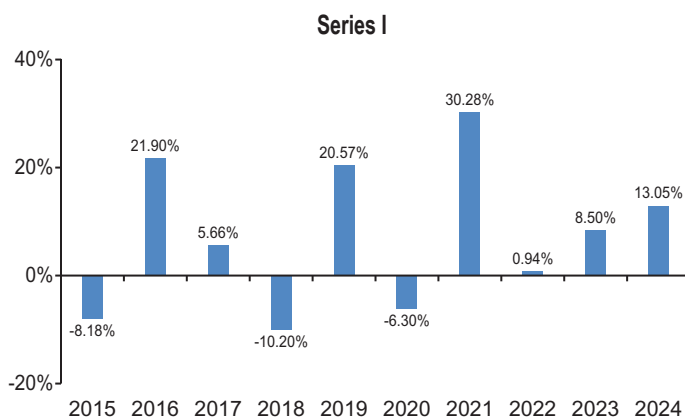
	Series I	Series W
Investment management and other general administration	n/a	33.3%
Trailer Commission	n/a	66.7%

## Past Performance

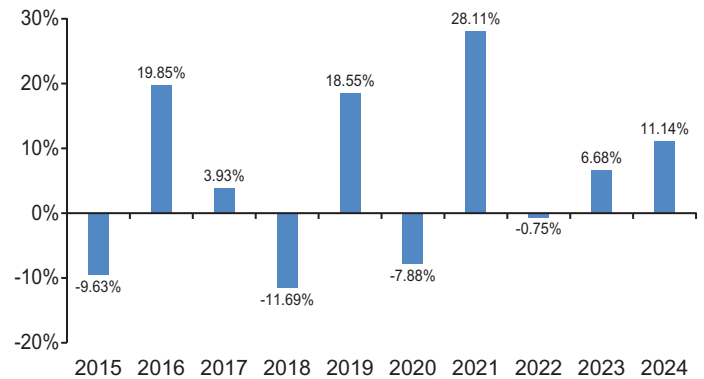
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. This performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or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



**Series W**



## Annual Compound Returns

The tables below show 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
Series I (%)	22.11	11.71	15.97	8.09
S&P/TSX Composite Index (%)	26.37	16.09	15.02	9.61

\* Inception date - September 1, 2003.

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Series W (%)	20.05	9.84	14.02	6.28
S&P/TSX Composite Index (%)	26.37	16.09	15.02	9.61

\* Inception date - May 29, 2012.

The S&P/TSX Composite Index is a broad measure of the Canadian equity markets.

Effective January 1, 2021, the Benchmark for this Fund has changed to the S&P/TSX Composite Index in order to better reflect the Fund's investment strategy. Old Benchmark: The S&P/TSX Composite High Dividend Index

## 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>	\$23.42	\$21.51	\$20.68	\$21.48	\$17.03
<b>Increase (decrease) from operations per Unit:<sup>[1]</sup></b>					
Total revenue	0.46	0.96	0.92	0.87	0.71
Total expenses	(0.03)	(0.05)	(0.05)	(0.05)	(0.05)
Realized gains (losses)	0.42	0.58	0.25	0.72	0.87
Unrealized gains (losses)	2.00	1.31	0.56	(1.66)	3.56
Total increase (decrease) from operations per Unit	2.85	2.80	1.68	(0.12)	5.09
Distributions per Unit from: <sup>[1] [2]</sup>					
Income (excluding dividends)	(0.47)	(0.02)	(0.03)	(0.01)	-
Canadian dividends	-	(0.81)	(0.82)	(0.75)	(0.64)
Foreign dividends	-	(0.03)	(0.04)	0.01	-
Capital gains	-	-	-	(0.23)	-
Return of capital	-	-	-	-	-
Total Distributions per Unit	(0.47)	(0.86)	(0.89)	(1.00)	(0.64)
Net Assets per Unit, End of Period <sup>[1]</sup>	\$25.81	\$23.42	\$21.51	\$20.68	\$21.48

[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>	\$202,385	\$190,562	\$186,022	\$197,991	\$156,220
Number of units outstanding <sup>[1]</sup>	7,841,008	8,135,491	8,648,608	9,573,012	7,272,373
Management expense ratio <sup>[2]</sup>	0.20%	0.20%	0.20%	0.20%	0.21%
Management expense ratio before waivers and absorptions	0.20%	0.20%	0.20%	0.20%	0.21%
Trading expense ratio <sup>[3]</sup>	0.03%	0.03%	0.03%	0.03%	0.04%
Portfolio turnover rate <sup>[4]</sup>	7.30%	17.22%	13.84%	17.99%	46.87%
Net asset value per Unit <sup>[1]</sup>	\$25.81	\$23.42	\$21.51	\$20.68	\$21.48

[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 period 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.

**The Fund's Net Assets per Unit (Series W)**

	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>	\$15.97	\$14.86	\$14.28	\$14.72	\$11.68
<b>Increase (decrease) from operations per Unit:<sup>[1]</sup></b>					
Total revenue	0.31	0.66	0.63	0.23	0.48
Total expenses	(0.16)	(0.30)	(0.28)	(0.29)	(0.31)
Realized gains (losses)	0.29	0.40	0.17	0.04	0.56
Unrealized gains (losses)	1.37	0.86	0.35	(0.33)	2.22
Total increase (decrease) from operations per Unit	1.81	1.62	0.87	(0.35)	2.95
Distributions per Unit from: <sup>[1][2]</sup>					
Income (excluding dividends)	(0.17)	(0.01)	(0.01)	–	–
Canadian dividends	–	(0.50)	(0.34)	(0.23)	(0.22)
Foreign dividends	–	(0.02)	(0.02)	–	–
From foreign dividends	–	–	–	–	–
Capital gains	–	–	–	(0.10)	–
Return of capital	–	–	–	–	–
Total Distributions per Unit	(0.17)	(0.53)	(0.37)	(0.33)	(0.22)
Net Assets per Unit, End of Period <sup>[1]</sup>	\$17.60	\$15.97	\$14.86	\$14.28	\$14.72

[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 W)**

	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>	\$1,072	\$1,094	\$1,059	\$1,096	\$1,001
Number of units outstanding <sup>[1]</sup>	60,882	68,519	71,308	76,699	68,010
Management expense ratio <sup>[2]</sup>	1.90%	1.90%	1.90%	1.90%	1.90%
Management expense ratio before waivers and absorptions	1.90%	1.90%	1.90%	1.90%	1.90%
Trading expense ratio <sup>[3]</sup>	0.03%	0.03%	0.03%	0.03%	0.04%
Portfolio turnover rate <sup>[4]</sup>	7.30%	17.22%	13.84%	17.99%	46.87%
Net asset value per Unit <sup>[1]</sup>	\$17.60	\$15.97	\$14.86	\$14.28	\$14.72

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

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## SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2025

Portfolio Allocation	% of Net Asset Value
Communication Services	3.9%
Consumer Discretionary	1.7%
Consumer Staples	1.7%
Energy	18.1%
Financials	28.9%
Health Care	2.5%
Industrials	10.4%
Information Technology	3.3%
Materials	11.1%
Real Estate	5.2%
Utilities	10.7%
Short-Term Securities	2.4%
Other Net Assets (Liabilities)	0.1%
<b>Total</b>	<b>100.0%</b>

Top 25 Holdings	% of Net Asset Value
Royal Bank of Canada	7.6%
Agnico Eagle Mines Limited	6.5%
The Toronto-Dominion Bank	6.1%
Enbridge Inc.	4.2%
Canadian National Railway Company	3.9%
Bank of Montreal	3.7%
Element Fleet Management Corporation	3.6%
Intact Financial Corporation	3.6%
Canadian Natural Resources Limited	3.4%
AltaGas Limited	3.4%
Open Text Corporation	3.3%
Manulife Financial Corporation	3.2%
Finning International Inc.	2.9%
The Bank of Nova Scotia	2.8%
Suncor Energy Inc.	2.7%
Chartwell Retirement Residences	2.5%
Government of Canada, Treasury Bills	2.4%
ARC Resources Limited	2.3%
Northland Power Inc.	2.2%
TELUS Corporation	2.0%
CCL Industries Inc., Class 'B'	2.0%
Pembina Pipeline Corporation	2.0%
Capital Power Corporation	1.9%
Power Corporation of Canada	1.9%
Canadian Apartment Properties Real Estate Investment Trust	1.9%

**Top 25 Holdings (as a percentage of NAV) 82.0%**  
**Total Net Asset Value: \$203,456,223**



**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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