

## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

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# GUARDIAN INVESTMENT GRADE CORPORATE BOND FUND

DECEMBER 31, 2023

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 Investment Grade Corporate Bond Fund (the “Fund”) is to provide investors with a higher level of income by investing primarily in mid-term investment grade corporate bonds.

The Manager uses a proactive, disciplined management approach while employing proprietary analytical tools to identify corporate bond investments that offer value on a relative basis, with a view to maximizing current income. The Manager adheres to a risk management process that is designed to limit total exposure to individual issuers, diversify exposure to various term maturities and credit risks, and maintain portfolio liquidity. The Fund’s investments will generally be comprised of bonds, notes, debentures, or other evidences of indebtedness of primarily Canadian corporations, and can also include similar types of securities of nonCanadian issuers. The Fund may also be invested in mortgage-backed securities. A maximum of 30% of the Fund may be held in foreign currency denominated securities. 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 low tolerance for risk, particularly those who are looking for the potential for higher income from Canadian investment grade corporate bonds.

### Results of Operations

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 8% to \$121.6 million at December 31, 2023 from \$112.7 at December 31, 2022. Of this change, an increase of \$10.1 million was provided by investment performance and a decrease of \$1.3 million was attributable to net redemptions.

Series I units of the Fund posted a return of 9.1% for the year. The Fund’s benchmark, the FTSE Canada Mid-Term Corporate Bond Index, returned 8.5% for the same period. The Fund’s return is after the deduction of fees and expenses, unlike the benchmark’s return.

In 2022, fixed income markets globally experienced one of the worst years in recent history, on a total return basis. 2023 looked to be headed that way, and investors had been bracing themselves for a third consecutive year of losses, until mid-way through the fourth quarter. Then, in November and December, with slowing inflation and the narrative that the federal banks were done with hiking rates, fueled a rally on the bond markets. The FTSE Canada Universe Bond Index ended the year up 6.7% while returning 8.3% in the fourth quarter.

Global bond markets underwent a substantial shift in the closing months of 2023. The concerns that dominated the summer and early fall — that persistent economic resiliency in the face of numerous headwinds posed upside risks to inflation and would lead central bank hiking cycles to higher than previously assumed terminal points that would be maintained for a long time — saw an abrupt reversal as gauges of underlying price pressures continued to moderate amid further indications of the desired rebalancing of supply and demand. The resultant moves lower from decade-plus highs in market interest rates that began early November were then accelerated by a notably softer tone from global central banks that was punctuated in December when the US Federal Reserve (Fed) indicated a lower projected path for policy rates and indicated that discussions had begun

on when it would be appropriate to start cutting policy interest rates.

The ensuing plunge in yields across the yield curve drove the best two-month performance in the domestic bond benchmark, the FTSE Canada Universe Bond Index, since 1982, closing out the best quarter for the aggregated bond gauge since 1985. More rate sensitive longer-duration and government securities outperformed their shorter-term and corporate counterparts in this fourth quarter, ensuring that 2023 did not see a record-setting third consecutive annual loss for fixed income investors and instead ended positive for the calendar year as a whole.

Credit spreads tightened from the October highs, driven by optimism for a soft landing and a lack of corporate bond issuances, then circled back to the levels seen at the beginning of 2022. Credit spreads for investment grade tightened by approximately 20 basis points in 2023, as the yield remains attractive. However, there is a striking disparity in the narrative of forward-looking market expectations.

The Fund has a slightly short duration position relative to its benchmark, with an overweight exposure to the 7- year key rate. This detracted from the Fund's relative performance during the year, as the long duration bonds outperformed the mid- and short-term bonds. Overweight allocation to bonds in the Financials sector added value, as well as underweight allocation in the Infrastructure sector. Credit selection in the Energy and Financials sectors also contributed to relative returns. Conversely, the Fund's allocation to Real Estate bonds detracted from performance.

The Manager is actively monitoring market developments for attractive entry points, focusing on higher-quality issues for the Fund's portfolio and will alter positioning as opportunities present themselves.

On a market value basis, the Fund is overweight Financials and Real Estate bonds at the expense of Infrastructure and Industrial sector bonds. During the year, the Manager reduced the Fund's allocation in Infrastructure and Financial bonds, reinvesting the proceeds in the Real Estate and Energy sectors.

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

Looking forward, the prospects for bond markets appear positive. While it seems that the peak in interest rates for this cycle has likely passed, yields remain at levels that provide among the best risk/reward trade-offs for bonds in more than a decade. Further, the expectations of a continued moderation of inflation would appear to suggest that lower will be the ultimate path of least resistance for interest rates, which, combined with modest but still positive economic growth, would support earnings and credit quality. All speak in favour of a potentially good year ahead for bondholders.

That said, the magnitude of the moves at the end of 2023, as markets aggressively repriced both the timing and magnitude of rate cuts (Fed funds futures, for example, have brought forward the expected first rate cut to March 2024 and are now pricing twice as many rate cuts by 2024's year-end than the Fed's December "dot plot" indicated) suggests that there may be some near-term vulnerability to a reversal of the fourth quarter's outsized gains, particularly if there are signs that central banks may not prove as proactive in moving policy back toward "neutral" settings.

If this were to occur, credit spreads could retrace part of the tightening that they experienced in the fourth quarter and would present an opportunity to selectively add to the Fund’s corporate positioning. The Manager believes that higher-quality financial credit is more attractive as it offers, in many cases, more credit spread premium for the same credit rating compared to non-financial bonds. As a result, the Fund remains overweight in shorter-term corporate bonds with a concentration in Financials, and underweight in provincial bonds. Spreads may remain volatile in the near term, but the Manager believes the Fund will be compensated with the additional spread carry, in addition to contributions from spread compression and relative capital gains over time.

### 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 0.10% 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. 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 0.90% per annum. The Series F management fee is 0.40% 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.

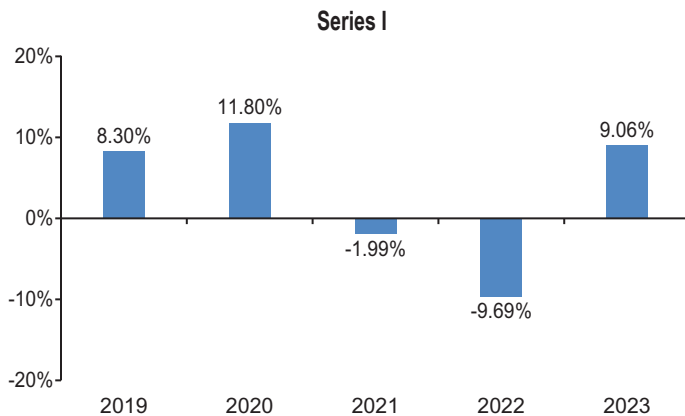
	Series A	Series F	Series I
Investment management and other general administration	44.4%	100.0%	n/a
Trailer Commission	55.6%	n/a	n/a

## 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 annual period from January 1, 2023 to December 31, 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.



## Annual Compound Returns

The tables below shows the historical compound returns of the Fund's Units for the periods indicated, as at December 31, 2023. The returns of a broad based market index are also shown.

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
Series I (%)	9.06	-1.17	3.17	n/a	3.17
FTSE Canada Mid Term Corporate Bond Index (%)	8.53	-1.31	2.98	n/a	2.98

\* Inception date - May 4, 2018.

The FTSE Canada Mid Term Corporate Bond Index consists of semi-annual pay fixed rate corporate bonds, with an effective term to maturity between five and ten years, a credit rating of BBB or higher and a minimum size of \$100 million per issue.

For Series A and Series F units, please note that it has not yet been 12 consecutive months since the performance inception date of these 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.

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

	For the year ended December 31, 2023	For the year ended December 31, 2022	For the period from commencement of operations, April 30, 2021, to December 31, 2021
Net Assets per Unit, Beginning of Year <sup>[1]</sup>	\$8.68	\$9.90	\$10.00
<b>Increase (decrease) from operations per Unit:<sup>[1]</sup></b>			
Total revenue	0.36	0.13	0.18
Total expenses	(0.09)	(0.10)	(0.08)
Realized gains (losses)	(0.39)	(0.15)	–
Unrealized gains (losses)	0.81	(0.92)	(0.05)
Total increase (decrease) from operations per Unit	0.69	(1.04)	0.05
Distributions per Unit from: <sup>[1] [2]</sup>			
Income (excluding dividends)	(0.26)	(0.18)	(0.14)
Foreign dividends	(0.01)	–	–
Capital gains	–	–	(0.01)
Return of capital	–	–	–
Total Distributions per Unit	(0.27)	(0.18)	(0.15)
Net Assets per Unit, End of Year <sup>[1]</sup>	\$9.10	\$8.68	\$9.90

[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)

	For the year ended December 31, 2023	For the year ended December 31, 2022	For the period from commencement of operations, April 30, 2021, to December 31, 2021
Total net asset value (000's) <sup>[1]</sup>	\$5	\$4	\$5
Number of units outstanding <sup>[1]</sup>	534	518	507
Management expense ratio <sup>[2]</sup>	1.07%	1.13%	1.11%
Management expense ratio before waivers and absorptions	1.07%	1.13%	1.11%
Trading expense ratio <sup>[3]</sup>	–	–	–
Portfolio turnover rate <sup>[4]</sup>	79.50%	48.13%	95.42%
Net asset value per Unit <sup>[1]</sup>	\$9.10	\$8.68	\$9.90

[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 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 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 F)**

	For the year ended December 31, 2023	For the year ended December 31, 2022	For the period from commencement of operations, April 30, 2021, to December 31, 2021
Net Assets per Unit, Beginning of Year <sup>[1]</sup>	\$8.68	\$9.91	\$10.00
<b>Increase (decrease) from operations per Unit:<sup>[1]</sup></b>			
Total revenue	0.36	0.13	0.18
Total expenses	(0.05)	(0.05)	(0.04)
Realized gains (losses)	(0.38)	(0.15)	-
Unrealized gains (losses)	0.81	(0.92)	(0.06)
Total increase (decrease) from operations per Unit	0.74	(0.99)	0.08
Distributions per Unit from: <sup>[1] [2]</sup>			
Income (excluding dividends)	(0.31)	(0.23)	(0.17)
Foreign dividends	(0.01)	-	-
Capital gains	-	-	(0.01)
Return of capital	-	-	-
Total Distributions per Unit	(0.32)	(0.23)	(0.18)
Net Assets per Unit, End of Year <sup>[1]</sup>	\$9.09	\$8.68	\$9.91

[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 F)**

	For the year ended December 31, 2023	For the year ended December 31, 2022	For the period from commencement of operations, April 30, 2021, to December 31, 2021
Total net asset value (000's) <sup>[1]</sup>	\$5	\$5	\$5
Number of units outstanding <sup>[1]</sup>	541	522	509
Management expense ratio <sup>[2]</sup>	0.56%	0.57%	0.56%
Management expense ratio before waivers and absorptions	0.56%	0.57%	0.56%
Trading expense ratio <sup>[3]</sup>	-	-	-
Portfolio turnover rate <sup>[4]</sup>	79.50%	48.13%	95.42%
Net asset value per Unit <sup>[1]</sup>	\$9.09	\$8.68	\$9.91

[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 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 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 I)**

	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	For the year ended December 31, 2019
Net Assets per Unit, Beginning of Year <sup>[1]</sup>	\$9.42	\$10.77	\$11.28	\$10.51	\$10.07
<b>Increase (decrease) from operations per Unit:<sup>[1]</sup></b>					
Total revenue	0.40	0.34	0.30	0.32	0.33
Total expenses	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Realized gains (losses)	(0.42)	(0.33)	0.01	0.33	0.18
Unrealized gains (losses)	0.89	(0.95)	(0.52)	0.62	0.13
Total increase (decrease) from operations per Unit	0.86	(0.95)	(0.22)	1.26	0.63
Distributions per Unit from: <sup>[1] [2]</sup>					
Income (excluding dividends)	(0.37)	(0.31)	(0.28)	(0.30)	(0.28)
Foreign dividends	(0.01)	–	–	–	–
Capital gains	–	–	(0.01)	(0.15)	(0.11)
Return of capital	–	–	–	–	–
Total Distributions per Unit	(0.38)	(0.31)	(0.29)	(0.45)	(0.39)
Net Assets per Unit, End of Year <sup>[1]</sup>	\$9.87	\$9.42	\$10.77	\$11.28	\$10.51

[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 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	For the year ended December 31, 2019
Total net asset value (000's) <sup>[1]</sup>	\$121,576	\$112,730	\$90,053	\$86,014	\$59,651
Number of units outstanding <sup>[1]</sup>	12,315,647	11,968,564	8,361,630	7,623,734	5,675,549
Management expense ratio <sup>[2]</sup>	0.11%	0.11%	0.11%	0.11%	0.11%
Management expense ratio before waivers and absorptions	0.11%	0.11%	0.11%	0.11%	0.11%
Trading expense ratio <sup>[3]</sup>	–	–	–	–	–
Portfolio turnover rate <sup>[4]</sup>	79.50%	48.13%	95.42%	140.99%	136.30%
Net asset value per Unit <sup>[1]</sup>	\$9.87	\$9.42	\$10.77	\$11.28	\$10.51

[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 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 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 December 31, 2023

Portfolio Allocation	% of Net Asset Value
Canadian bonds	
Federal and guaranteed	3.5%
Corporate	92.0%
United States corporate bonds	1.3%
United Kingdom corporate bonds	1.3%
Short-term securities	0.8%
Other net assets (liabilities)	1.1%
Total	100.0%

Top 25 Holdings	% of Net Asset Value
Rogers Communications Inc.	7.4%
TELUS Corporation	7.3%
Enbridge Inc.	6.8%
Fairfax Financial Holdings Limited	6.4%
TransCanada PipeLines Limited	6.2%
Sun Life Financial Inc.	5.8%
Manulife Financial Corporation	5.0%
Inter Pipeline Limited	4.9%
Crombie Real Estate Investment Trust	3.6%
Government of Canada	3.5%
Allied Properties Real Estate Investment Trust	3.0%
Sagen MI Canada Inc.	2.9%
Choice Properties Real Estate Investment Trust	2.9%
SmartCentres Real Estate Investment Trust	2.6%
Royal Bank of Canada	2.6%
Brookfield Infrastructure Finance ULC	2.2%
RioCan Real Estate Investment Trust	2.0%
Keyera Corporation	1.9%
Pembina Pipeline Corporation	1.8%
Bell Canada	1.4%
Prologis Limited Partnership	1.3%
TransCanada Trust	1.3%
National Grid Electricity Transmission PLC	1.3%
Gibson Energy Inc.	1.3%
Cogeco Communications Inc.	1.1%

**Top 25 Holdings (as a percentage of NAV) 86.5%**
**Total Net Asset Value: \$121,585,475**



**GUARDIAN CAPITAL**

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