Guardian

Guardian Capital Group Limited
Report to Shareholders

First Quarter
March 31, 2024

TO OUR SHAREHOLDERS:

We present below a summary of the Company's operating results for the periods ended March 31, 2024 and 2023. All per share figures disclosed below are stated on a diluted basis.

For the three months ended March 31, *($ in thousands, except per share amounts)*	**2024**	2023
Net revenue	**$ 62,497**	$ 54,493
Operating earnings	**12,318**	11,240
Net gains	**12,737**	18,134
Net earnings from continuing operations	**21,441**	25,252
Net earnings from discontinued operations	**--**	554,933
Net earnings	**21,441**	580,185
EBITDA [1]	**$ 18,906**	$ 17,371
Adjusted cash flow from operations [1]	**15,209**	18,097
Attributable to shareholders:		
Net earnings from continuing operations	**$ 21,167**	$ 24,924
Net earnings	**21,167**	487,603
EBITDA [1]	**18,333**	16,395
Adjusted cash flow from operations [1]	**14,695**	17,113
Per share (diluted)		
Net earnings from continuing operations	**$ 0.86**	$ 1.00
Net earnings	**0.86**	18.79
EBITDA [1]	**0.75**	0.65
Adjusted cash flow from operations [1]	**0.60**	0.67

As at *($ in millions, except per share amounts)*	**2024 March 31**	2023 December 31	2023 March 31
Assets under management	**$ 57,276**	$ 54,694	$ 52,261
Assets under advisement	**4,040**	4,080	4,065
Total Client Assets	**61,316**	58,774	56,326
Shareholders' equity	**$ 1,255**	$ 1,241	$ 1,242
Securities	**1,253**	1,318	1,301
Per share amounts (diluted):			
Shareholders' equity [1]	**$ 50.30**	$ 49.39	$ 48.73
Securities [1]	**50.22**	52.44	51.06

Summary

The Company is reporting Total Clients Assets of $61.3 billion as at March 31, 2024, which include assets under management ("AUM") and assets under advisement ("AUA"). This is a 4% increase from $58.8 billion as at December 31, 2023, and a 9% increase from $56.3 billion reported as at March 31, 2023.

As previously announced, the Company entered into an agreement to acquire all outstanding equity interest in Sterling Capital Management LLC ("Sterling"), a Charlotte, North Carolina-based investment management company with approximately US $78 billion (CA $106 billion) in AUM and AUA. This transaction is expected to close in Q3 of 2024.

The Company's Operating earnings were $12.3 million for the quarter ended March 31, 2024, a 10% increase from $11.2 million in the same quarter in the prior year. EBITDA[1] attributable to shareholders was $18.3 million for the current quarter, compared to $16.4 million in the same quarter in the prior year.

Net revenue for the current quarter was $62.5 million, a 15% increase from $54.5 million in the same quarter in the prior year. Increase was driven by the higher interest income earned on the proceed from the sale of the Worldsource businesses, along with an increase in net management and advisory fee revenue, consistent with the rise in Total Client Assets. Operating expenses were 16% higher in the current quarter at $50.2 million, compared to $43.3 million in the same period in the prior year. The increases were largely the result of the increased strategic investments into our additional anticipated growth sources for the future, including increased technology expenditures to support these businesses, and increased interest expense due to a rise in borrowing rates. Included in the current quarter's results is approximately $0.7 million in costs related to the pending Sterling acquisition.

Net gains in the current quarter were $12.7 million, compared to $18.1 million in the same quarter in the prior year, which largely reflect the changes in fair values of the Company's Securities portfolio in each of those periods, consistent with performance of the global financial markets.

Net earnings attributable to shareholders was $21.2 million in the current quarter, compared to $487.6 in the comparative period, when the Net gains on the sale of the Worldsource businesses were recorded.

Adjusted cash flow from operations[(1)] for the current quarter was $15.2 million, compared to $18.1 million in the comparative period. The decrease compared to the comparative period is due to 2023 including the Adjusted cash flow from operations of Worldsource for the first two months of the quarter.

During the current quarter, the Company returned to shareholders $8.4 million in dividends and $4.1 million in share buybacks.

The Company's Shareholders' equity as at March 31, 2024 was $1,255 million, or $50.30 per share[(1)], compared to $1,241 million, or $49.39 per share[(1)] as at December 31, 2023. The Company's Securities as at March 31, 2024 had a fair value of $1,253 million, or $50.22 per share[(1)], compared to $1,318 million, or $52.44 per share[(1)] as at December 31, 2023.

The Board of Directors is pleased to have declared a quarterly eligible dividend of $0.37 per share, payable on July 18, 2024, to shareholders of record on July 11, 2024.

[(1)] These terms do not have standardized measures under International Financial Reporting Standard ("IFRS"). These non-IFRS measures used by the Company are defined in the quarterly Management's Discussion and Analysis, including a reconciliation of these measures to their most comparable IFRS measures.

CAUTION CONCERNING FORWARD-LOOKING INFORMATION

Certain information included in this Report to Shareholders constitutes forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information is often, but not always, identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events or the negative thereof. Forward-looking information in this Report to Shareholders includes, but is not limited to, statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations. Such forward-looking information reflects management's beliefs and is based on information currently available. All forward-looking information in this Report to Shareholders is qualified by the following cautionary statements.

Although Guardian Capital Group Limited ("Guardian") believes that the expectations reflected in such forward-looking information are reasonable, such information involves known and unknown risks and uncertainties which may cause Guardian's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information. Important factors that could cause actual results to differ materially include but are not limited to: general economic and market conditions, including interest rates, business competition, changes in government regulations or in tax laws, the duration and severity of pandemics, such as COVID-19, military conflicts in various parts of the world as well as those risk factors discussed or referred to in Guardian's Management's Discussion and Analysis and the other disclosure documents filed by Guardian with the securities regulatory authorities in certain provinces of Canada and available at www.sedarplus.ca. The reader is cautioned to consider these factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information, as there can be no assurance that actual results will be consistent with such forward-looking information.

The forward-looking information included in this Report to Shareholders is presented as of the preparation date of this Report to Shareholders and should not be relied upon as representing Guardian's views as of any date subsequent to the date of this Report to Shareholders. Guardian undertakes no obligation, except as required by applicable law, to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

NOTICE TO SHAREHOLDERS

Guardian's Board of Directors appoints independent auditors to audit Guardian's annual Financial Statements. Under Canadian securities laws (National Instrument 51-102), if an auditor has not reviewed the interim Financial Statements, this must be disclosed in an accompanying notice.

Guardian's independent auditor has not performed a review of these interim consolidated Financial Statements in accordance with the standards established by the Chartered Professional Accountants of Canada.

Commentary

Market Recap

During the quarter, very strong returns for the so-called Magnificent Seven stocks, a narrow grouping of mega-cap companies with very high growth expectations and valuations, and index weights drove substantial returns in the US and global market indices. For most actively managed portfolios, it was difficult to match benchmark returns, since it would be difficult to have enough exposure to these mega-caps given investment constraints. At the end of the quarter, valuation metrics for US and global indices stood at unusually high levels; however, when excluding the Magnificent Seven, it would appear the market's valuation is still reasonable, leaving the potential for active managers to catch up to the benchmarks by the year-end.

One of the overriding narratives concerning the economic outlook over the last few years has been the expectation that a downturn was imminent. The argument was that generationally high inflation and the aggressive and synchronized global monetary tightening cycle that came as a result, would choke off growth and spur a deep recession that would result in widespread job loss, falling earnings and financial market pain. Despite this dearth of investor enthusiasm, however, economic activity remained resilient in the face of ongoing headwinds that were further compounded by geopolitical uncertainty. There were signs of growth slowing and even some stagnation outside of the US but expectations for momentum to fully roll over were consistently met with positive surprises. The data flow now is not only suggesting that the trajectory for global growth is not turning down but there are signs that momentum is actually improving and doing so more broadly. Against the growing weight of evidence, and with the anticipation of major headwinds of high inflation and interest rates ebbing in the months to come, forecasters and investors have largely removed a downturn from their outlooks. Consumers and businesses are increasingly getting on board with the idea that perhaps things may not be as bad as once thought, and that those worst-case scenarios, long assumed to be looming, could end up being avoided. After a period of turbulence and high uncertainty the last few years, greater clarity on the outlook easing headwinds is clearly welcome. With that said, while the economic forecasts are tilted to the upside, and confidence intervals are narrower than they have been in the last four years, that does not mean that there are no risks. In particular, there are likely to be ongoing jolts of volatility, related to developments around geopolitics and the path for policy rates, that will keep a focus on being selective and managing risk exposures.

Investment Management

In the first quarter, Guardian's investment products, along with the broader fixed income and equity markets, generally experienced positive returns. Institutional assets under management ("AUM") increased slightly to C$51.6 billion from C$49.2 billion at the beginning of the year. Most of the increase was a result of market gains, while flows were net positive as well. Positive flows were primarily into our global equity strategies and US fixed-income solutions, while Canadian-oriented mandates again experienced net outflows. Over the past few years, Guardian has witnessed, and continues to experience, changes in investment and asset allocation approaches by our clients, in response to the changing investment environments. In an environment of higher interest rates, Guardian has benefited from clients allocating more assets to fixed-income strategies. Agincourt Capital Management LLC ("Agincourt"), our Richmond, Virginia-based fixed income manager, and Sterling Capital Management LLC ("Sterling"), the pending acquisition we announced in the quarter, stand to benefit from flows resulting from the improved return expectations available in the fixed income market.

The biggest news of the first quarter was our announcement of our pending acquisition of Sterling from Truist Financial Corporation ("Truist"). Sterling, based in Charlotte, NC, has assets under management and assets under advisement ("AUA") combined of approximately US$78 billion as at 31 March 2024. This strategically important acquisition is expected to nearly triple Guardian's AUM/AUA, further diversifying its revenue sources and accelerating the Company's expansion strategy into the US market. The transaction is expected to close early in the third quarter of 2024. Sterling will operate as a standalone entity, led by the current team of management and senior investment professionals, providing continuity, stability and continued excellence for Sterling clients. The acquisition will cost US$70 million, subject to customary closing adjustments, with further potential payments to Truist coming in future years if certain milestones are met. During the quarter, Guardian's management and investment teams have spent a great deal of time meeting with our future colleagues in the US, getting to know each other, and discussing plans for our shared future. While there is much work to do, Guardian executive management and Sterling are excited to work together and are optimistic about the growth potential of the combined entity.

In past quarters, we have discussed our initiative to build our Guardian Smart Infrastructure Management ("GSIM") capabilities. Toward the end of the third quarter of 2023, we completed the launch of our initial fund and announced its first direct infrastructure investment. We have, along with the management of GSIM, committed US$100 million to the fund to make the fund's initial investment. Fundraising has been challenging over the past year as many institutional investors have been preoccupied with their current private asset investments and less inclined to add new commitments, especially to first-time funds. We are continuing to engage with potential investors from across the globe, and despite this challenging fundraising environment, have received initial commitments from a select number of small/mid-size institutional limited partner investors. The first direct investment in the fund has attracted the interest of potential new set of investors and we plan to use this catalyst to continue with our fundraising effort over the next several months.

During the quarter, we continued to expend time and money on developing products and distribution resources dedicated towards the Canadian retail channel, which we believe can be an important contributor to the future asset base of our Investment Management segment. Our experience with new initiatives indicates that progress is normally slow at the beginning, and this initiative has been no different. Although the velocity of net new flows has been slower than we would like, we are encouraged that flows are gaining positive net contributions across all channels (mutual funds, ETF's, SMA/Wrap and Sub-advisory). We maintain confidence that, in due course, we can build on net positive flows in the Canadian retail distribution segment and, are committed to continuing our investments to achieve success. Our experience has shown that building a following among financial advisors is an effort that requires patience and persistence. We believe, that with a continued focus and effort to advance the many discussions we have with prospective investors, this initiative will prove to be a worthwhile investment for future growth.

Our Private Wealth business includes Guardian Capital Advisors LP, Guardian Partners Inc., our "Outsourced Chief Investment Officer" operation, Alexandria Bancorp Limited and our 60% interest in Rae & Lipskie Investment Counsel Inc. As of March 31, 2024, our Private Wealth operations had a total combined AUM and AUA of C$9.7 billion, a slight increase from the previous quarter, reflecting positive market returns. Our goal for the Private Wealth businesses to offer an increasing depth of services to high-net-worth and ultra-high-net-worth clients, as we are positively inclined towards the opportunity in both this demographic and the advisory/family office segment of the market. We will continue to invest in the growing Private Wealth area while seeking to create revenue synergies between our various private client operations as they share the various capabilities and strengths of each business unit. We believe this business is synergistic with our other investment management businesses and allows us to provide a continuum of services to a spectrum of wealthy clients.

Corporate Activities and Investments

In addition to our core Investment Management segment, steady and reliable investment income from our corporate securities portfolio has been a meaningful contributor to Guardian's profitability, long-term financial health, and flexibility. At the current quarter's end, our investment portfolio was valued at C$1.25 billion, down from C$1.32 billion at December 31, 2023. The portfolio's value declined in the quarter as a result of selling short-term securities to fund the payment of C$73 million in taxes due as a result of the gain realized on the sale of Worldsource to the Desjardins Group; a transaction that closed on March 1, 2023. Our aggregate portfolio received dividend and interest income of C$12.1 million in the quarter. This substantial increase — when measured against the first quarter of last year — is a direct result of the interest we are collecting from the proceeds of the Worldsource sale. Historically, our balance sheet has been heavily equity-oriented, but the proceeds of the Worldsource sale were primarily invested in short-term securities, the result is that at the end of the quarter, we were roughly 37% exposed to the fixed-income markets, almost all of it with maturities under 12 months.

The sale of Worldsource was not a planned event, and Guardian's management and board have engaged in a comprehensive strategic planning process to reflect the changes in Guardian's balance sheet and business focus. We determined that preserving a substantial balance sheet serves as a strategic advantage in our efforts to further grow our businesses. Our balance sheet flexibility proved useful in the quarter, where we were able to quickly engage as a serious counterpart to acquiring Sterling.

Our plan is to also use our balance sheet to make sizeable seed investments for new strategies and now have many more investment products and capabilities that we can focus on. While our near-term focus will be largely devoted to Sterling, we will still be open to allocating capital, to complement our organic growth initiatives with potential acquisitions. Given our past decade of acquisitions in asset management along with the liquidity and size of our capital base, we are regularly presented with a variety of acquisition targets. The number of acquisition opportunities appears to be plentiful and growing, however, we must remain disciplined and selective in reviewing these situations as we acquire further market intelligence of the opportunities and challenges across our sector. The substantial liquidity of our balance sheet will also offer more flexibility to return cash to our shareholders, including a higher percentage of adjusted cash flows from operations to a growing dividend, while still having the option to utilize available capital on the balance sheet to fund the purchase and cancellation of our stock. Outside of the short-term investments resulting from the sale of Worldsource, our portfolio is largely comprised of proprietary, diversified public equity strategies, Canadian real estate and fixed-income strategies, and third-party public and private investments including the recent infrastructure investment through our seeding of the GSIM. As we have done in the past, we will continue to utilize our balance sheet to seed new strategies and to support growth in our operating business segment. Overall, we believe that we have ample capacity to fund any future demand for seeding of proprietary strategies and their respective investment vehicles, corporate acquisitions and buybacks of Guardian stock under our normal course issuer bid.

Capital Allocation

Quality companies generate strong earnings and cash flows. As we grow these financial metrics, Guardian is committed to balancing the distribution of our cash flows between investing sufficient funds into the business for future growth and returning an ever-increasing amount of cash to its shareholders. In the first quarter of 2024, Guardian returned roughly C$8.4 million to shareholders through dividends and C$4.1 million through purchasing roughly 94,000 shares for cancellation, as part of our normal course issuer bid. Historically, Guardian has focused on allocating its cash flow to a combination of growth initiatives, dividend increases and share buybacks. Guardian's management team and Board of Directors remain supportive of buying back our shares if the market continues to materially underappreciate the intrinsic value of our Company. Doing so neither diminishes the quality of our balance sheet nor affects our ability to invest in future growth initiatives. With strong, continuing cash flow and a fortress-like balance sheet, we are in the enviable position of being able to balance the needs of all stakeholders, including our clients, associates and shareholders. The Board is pleased to report that we have declared another quarterly dividend of $0.37 per share, payable on July 18, 2024, to the shareholders of record on July 11, 2024.

Our core values at Guardian are to be Trustworthy, to act with Integrity, and to ensure Stability throughout the organization. Clients, shareholders, employees, partners and other stakeholders of Guardian should be assured that, from top to bottom, our organization seriously embraces the responsibilities with which we are entrusted, and we are continuously striving to improve all aspects of how we do business. Consistently delivering on our stated objectives, along with the balancing of all stakeholders' interests through both good and challenging times, are further measures of the quality of the institution we expect Guardian to represent. As long as we continue to live up to these expectations, all of our stakeholders should expect to benefit from our successes.

On behalf of the Board,

(signed) "James Anas"

Chairman of the Board

May 9, 2024

(signed) "George Mavroudis"

President and Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

In accordance with securities regulatory requirements, the discussion and analysis which follows for Guardian Capital Group Limited and its subsidiaries and other controlled entities ("Guardian") pertains to the three month period ended March 31, 2024 and the comparative period in the year 2023, as well as to certain other prior quarterly periods. Readers are encouraged to refer to the discussions and analyses contained in the 2023 Annual Report. This discussion and analysis has been prepared as of May 9, 2024

Additional information relating to Guardian and its business, including Guardian's Annual Information Form, is available on "SEDAR" at www.sedarplus.ca.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Certain information included in this Management's Discussion and Analysis constitutes forward-looking information within the meaning of applicable Canadian securities laws. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events or the negative thereof. Forward-looking information in this Management's Discussion and Analysis includes, but is not limited to, statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations. Such forward-looking information reflects management's beliefs and is based on information currently available. All forward-looking information in this Management's Discussion and Analysis is qualified by the following cautionary statements.

Although Guardian believes that the expectations reflected in such forward-looking information are reasonable, such information involves known and unknown risks and uncertainties which may cause Guardian's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information. Important factors that could cause actual results to differ materially include but are not limited to: general economic and market conditions, including interest rates, business competition, changes in government regulations or in tax laws, the duration and severity of pandemics, such as COVID-19, military conflicts in various parts of the world, as well as those risk factors discussed or referred to in this Management's Discussion and Analysis and the other disclosure documents filed by Guardian with the securities regulatory authorities in certain provinces of Canada and available at www.sedarplus.ca. The reader is cautioned to consider these factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information, as there can be no assurance that actual results will be consistent with such forward-looking information.

The forward-looking information included in this Management's Discussion and Analysis is provided as of the date of this Management's Discussion and Analysis and should not be relied upon as representing Guardian's views as of any date subsequent to the date of this Management's Discussion and Analysis. Guardian undertakes no obligation, except as required by applicable law, to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

OVERVIEW OF GUARDIAN'S BUSINESS

Guardian is a financial services company, which provides extensive investment management services to institutional, retail and private high and ultra-high-net worth clients through its subsidiaries. At the end of the current quarter, Guardian had $57.3 billion of assets under management ("AUM") and $4.0 billion of assets under advisement ("AUA") (together the "Total Client Assets"). Guardian is headquartered in Canada and operates in Canada, the United Kingdom, the United States and the Caribbean. Investment Management business is operated through the Toronto, Ontario-based Guardian Capital LP ("GCLP"), Guardian Smart Infrastructure Management Inc. ("GSIM"), Guardian Capital Real Estate Inc. ("GCREInc"), Guardian Capital Advisors LP ("GCA") and Guardian Partners Inc. ("GPI"), the Waterloo, Ontario-based Rae & Lipskie Investment Counsel Inc. ("RaeLipskie"), Vancouver, British Columbia-based Modern Advisor Canada Inc. ("Modern Advisor"), the London, UK-based GuardCap Asset Management Limited ("GuardCap"), the Salt Lake City, Utah-based Alta Capital Management, LLC ("Alta"), the Richmond, Virginia-based Agincourt Capital Management LLC ("Agincourt") and the Caribbean-based Alexandria Bancorp Limited ("ABL"). Guardian also manages its proprietary investment portfolio which had a fair market value of $1.3 billion at the end of the current quarter.

USE OF NON-IFRS MEASURES

Guardian uses certain measures to evaluate and assess the performance of its business, some of which are not defined within International Financial Reporting Standards ("IFRS"). These measures are EBITDA, EBITDA attributable to shareholders, EBITDA attributable to shareholders per share, Adjusted cash flow from operations, Adjusted cash flow from operations attributable to shareholders, Adjusted cash flow from operations attributable to shareholder per share. As a result of the sale of the Worldsource businesses as discussed below, we have updated the definition of EBITDA to exclude Net earnings from discontinued operations and Adjusted cash flow from operations to exclude cash flow from discontinued operations. More detailed definition of EBITDA is provided on page 12 of the Management Discussions and Analysis. Other Non-IFRS measures are equity per share, and securities per share. Non-IFRS measures do not have standardized meanings prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. However, Guardian believes that most shareholders, creditors, other stakeholders and investment analysts prefer to include the use of these measures in analyzing Guardian's results. In the Non-IFRS Measures section of this Management Discussion and Analysis a description of how these measures are defined by Guardian is provided, with reconciliations to their most comparable IFRS measures.

CONSOLIDATED FINANCIAL RESULTS

The comparative financial results of Guardian on a consolidated basis are summarized in the following table:

For the three months ended March 31, ($ in thousands, except per share amounts)	2024	2023	% Inc (Dec)
Net revenue	$ 62,497	$ 54,493	14.7%
Expenses	50,179	43,253	16.0%
Operating earnings	12,318	11,240	9.6%
Net gains	12,737	18,134	-29.8%
Net earnings before income taxes	25,055	29,374	-14.7%
Income tax expense	3,614	4,122	-12.3%
Net earnings from continuing operations	21,441	25,252	-15.1%
Net earnings from discontinued operations	--	554,933	-100.0%
Net earnings	$ 21,441	$ 580,185	-96.3%
EBITDA	$ 18,906	$ 17,371	8.8%
Adjusted cash flow from operations	15,209	18,097	-16.0%
Attributable to shareholders:			
Net earnings from continuing operations	$ 21,167	$ 24,924	-15.1%
Net earnings	21,167	487,603	-95.7%
EBITDA	18,333	16,395	11.8%
Adjusted cash flow from operations	14,695	17,113	-14.1%
Per share amounts (diluted):			
Net earnings from continuing operations	$ 0.86	$ 1.00	-14.0%
Net earnings	0.86	18.79	-95.4%
EBITDA	0.75	0.65	15.4%
Adjusted cash flow from operations	0.60	0.67	-10.4%

As at ($ in millions, except per share amounts)	2024 March 31	2023 December 31	% Inc (Dec)	2023 March 31	% Inc (Dec)
Shareholders' equity	$ 1,255	$ 1,241	1.1%	$ 1,242	1.0%
Securities	1,253	1,318	-4.9%	1,301	-3.7%
Per share amounts (diluted):					
Shareholders' equity	$ 50.30	$ 49.39	1.8%	$ 48.73	3.2%
Securities	50.22	52.44	-4.2%	51.06	-1.6%

FIRST QUARTER HIGHLIGHTS

PENDING ACQUISITION OF STERLING CAPITAL LLC

Guardian announced on February 2, 2024, that it had entered into an agreement to acquire 100% of Sterling Capital Management LLC (“Sterling”), a Charlotte, North Carolina-based investment management firm, from Truist Financial Corporation. Guardian will pay US$70 million on closing, subject to certain adjustments, including for net working capital. In addition, a series of earn-out incentives up to US$45 million could be paid over a 5-year period from closing based on the amount of revenue earned from Truist by Sterling. All employees are expected to continue their employment with Sterling and key management employees are expected to sign new employment agreements on closing. The transaction is expected to close in the third quarter of 2024.

This strategic acquisition accelerates Guardian’s US expansion plans and provides a platform for future consolidation of US businesses and growth. Sterling currently manages and advises on approximately US$78 billion (approximately C$106 billion) in client assets. Sterling’s investment solutions are largely US fixed income, US equities and multi-asset solutions with approximately two thirds of the client assets being fixed income solutions. These strategies are expected to be complimentary to Guardian’s existing US fixed income and US equity strategies currently managed by Agincourt and Alta, respectively and will add scale to our US operations.

We anticipate the initial period operating results of Sterling will include a number of non-recurring costs related to the transaction, the transitional service cost expected to be paid to Truist for the initial period, the costs for Sterling to build out its own infrastructure and other integration costs.

PENDING TAX CHANGES

Subsequent to the end of the first quarter, the Canadian federal budget was announced which included changes to the Income Tax Act to increase the capital gains inclusion rate on gains realized by corporations on or after June 25, 2024 to 66.67% from 50.00%. This would result in higher taxes being payable on future net gains realized in Canada by Guardian. The impact of this change has not been incorporated into Guardian’s First Quarter of 2024 Consolidated Financial Statements as the changes have not been substantially enacted. However, if the changes had been substantially enacted prior to March 31, 2024, Guardian estimates it would have recognized additional deferred tax liabilities of approximately $14.3 million related to unrealized net gains associated with Securities held in Canada.

ASSETS UNDER MANAGEMENT AND ADVISEMENT

The following is a summary of the assets under management and advisement:

As at ($ in millions)	2024 March 31	2023 December 31	% Inc (Dec)	2023 March 31	% Inc (Dec)
Assets under management					
Institutional clients	$ 32,529	$ 31,295	3.9%	$ 30,059	8.2%
Retail intermediary clients	19,060	17,948	6.2%	16,857	13.1%
Institutional assets under management	51,589	49,243	4.8%	46,916	10.0%
Private wealth and outsourced chief investment officer	5,687	5,451	4.3%	5,345	6.4%
Total assets under management	57,276	54,694	4.7%	52,261	9.6%
Assets under advisement	4,040	4,080	-1.0%	4,065	-0.6%
Total Client Assets	$ 61,316	$ 58,774	4.3%	$ 56,326	8.9%

An analysis of the institutional assets under management by asset class is as follows:

As at ($ in millions)	2024 March 31	2023 December 31	% Inc (Dec)	2023 March 31	% Inc (Dec)
Global equities	$ 27,974	$ 26,079	7.3%	$ 24,985	12.0%
Canadian equities	4,861	4,661	4.3%	5,340	-9.0%
Fixed income	18,754	18,503	1.4%	16,591	13.0%
Institutional assets under management	$ 51,589	$ 49,243	4.8%	$ 46,916	10.0%

Guardian is reporting Total Client Assets of $61.3 billion as at March 31, 2024, compared to $58.8 billion, as at December 31, 2023 and $56.3 billion, as at March 31, 2023. The change since December 31 was due largely to the positive market performance and to a lesser extent net inflow of net new assets. The year-over-year change was largely the result of the positive returns in the global equities market, with large inflows of fixed income assets being offset by outflows in equity assets.

OPERATING RESULTS

The Operating earnings of Guardian's business segments are summarized in the following table:

For the three months ended March 31, ($ in thousands)	2024	2023	% Inc (Dec)
Investment management	$ 9,040	$ 9,838	-8.1%
Corporate activities and investments	3,278	1,402	133.8%
	$ 12,318	$ 11,240	9.6%

Guardian's consolidated Operating earnings for the quarter ended March 31, 2024, were $12.3 million, an increase of 10% from $11.2 million for the same period in the prior year. The EBITDA for the current quarter was $18.9 million, an increase of 9%, from $17.4 million for the same period in the prior year.

Net revenue grew to $62.5 million in the current quarter, an increase of 15%, from $54.5 million in the same period in the prior year. The increase included $3.9 million in higher interest income earned on the proceeds from the sale of the Worldsource businesses, which were only available for one month in the comparative period. Net management and advisory fees increased by $3.5 million, or an 8% increase from the prior year, driven by higher AUM in the current period compared to the prior year. Total expenses in the current quarter were $50.2 million, an increase of 16% from $43.3 million in the same period in the prior year. The increased expenses were largely driven by our continued, multi-year, strategic investments being made to expand our future earnings sources. The most significant component of the increase is an approximately $2 million increase in technology expenditures as part of our strategic investments to enhance our technology platform. This is a multi-year year project, and we anticipate the expenses to stay elevated for the near-term. We have also ramped up our marketing and brand recognition efforts to support our Retail Asset Management initiatives in both Canada and the US. The increase in Professional and outsourced services costs is arising from costs incurred within Guardian Smart Infrastructure Partners LP ("GSIP"), which has been consolidated into Guardian's Consolidated Financial Statements as Guardian is deemed to have control over this fund. As mentioned in prior periods, Guardian, along with the management team of GSIM, committed seed capital of US$100 million to accelerate the launch of GSIP and attract arm's length, third-party investors into this fund. GSIP will continue to be consolidated into Guardian's results until it has attracted sufficient third-party investors so that Guardian will no longer be considered to control the fund. These expenses can vary depending on the timing and the level of expenditures incurred within the operations of GSIP. We anticipate all these investments to continue to dampen our earnings in the near-term, with the expectation that over the longer-term, we can deliver increased earnings and cash flows from our businesses.

The Employee compensation and benefits expenses have also increased, year-over-year. Along with the strategic investments discussed above the increase is also caused by higher incentive compensation costs incurred in our London, UK-based business, which is driven by the growth in its Net management fee revenue. The interest expense has also increased compared to the prior year, due largely to the higher interest rates incurred on the corporate borrowings. Finally, included in the current quarter's Professional and outsourced services are approximately $0.7 million in costs associated with the pending transaction to acquire Sterling.

Net gains in the current quarter were $12.7 million, compared to $18.1 million in the same quarter in the prior year. These Net gains largely reflect the changes in fair values of Guardian's substantial Securities portfolio, which are driven by the gains in the global financial markets.

Net earnings from continuing operations in the current quarter was $21.4 million, compared to $25.3 million in the same period in the prior year. The decrease was due to lower net gains on the Securities portfolio, which more than offset the growth in Operating earnings mentioned above.

Adjusted cash flow from operations for the quarter was $15.2 million, compared to $18.1 million in the same period in 2023. The decrease is as a result of approximately $4.3 million in Adjusted cash flow from operations contributed by the Worldsource businesses in the first two months of 2023.

The discussion on Guardian's operating results by Segments, before inter-segment elimination transactions, are provided below. The discussion should be read in conjunction with Note 13 (a), Business Segments, contained in Guardian's First Quarter 2024 Consolidated Financial Statements.

Investment Management Segment

Selected financial information for the Investment Management segment is as follows:

For the three months ended March 31, ($ in thousands)	2024	2023	% Inc (Dec)
Net revenues	$ 50,977	$ 47,017	8.4%
Operating earnings	9,040	9,838	-8.1%
EBITDA	12,398	13,193	-6.0%

The Investment Management Segment's Net revenue increased by $4.0 million driven by the increases in AUM resulting from the positive global equities market performance, year-over-year. The total expenses in the Segment were $41.9 million in the current quarter, compared to $37.2 million in the same period in the prior year. Increased expenses were largely the result of the multi-year strategic investments into enhancing our technology platform, marketing and brand awareness efforts to support our Retail Asset Management initiatives in both the US and Canada, additional associates hired to support these strategic efforts and increased incentive compensation costs incurred related to the growth in Net revenue earned in the UK business.

Corporate Activities and Investments Segment

Selected financial information for the Investment Management segment is as follows:

For the three months ended March 31, ($ in thousands)	2024	2023	% Inc (Dec)
Net revenues	$ 11,770	$ 7,721	52.4%
Operating earnings	3,278	1,402	133.8%
EBITDA	6,508	4,234	53.7%

The most significant contributor to the growth in the Corporate activities and investments Segment's Net revenue was the increased interest income earned on the proceeds from the sale of the Worldsource Businesses. In the current quarter the proceeds were invested for the full quarter compared with only one month in the prior year. Slightly higher dividend income, including that earned on the Bank of Montreal common shares, also contributed to the Segment's higher Net revenue. The increase in Net revenue was partially offset by higher expenses in the current quarter of $8.5 million, compared to $6.3 million in the same period in the prior year. The increase is mainly due to increase in interest expense, resulting from increased borrowing rates over the period, costs incurred in the operation of GSIP which is consolidated into Guardian's financial statements, and approximately $0.7 million in transaction costs related to the pending acquisition of Sterling. These costs incurred in GSIP can fluctuate with the timing and the magnitude of expenses incurred within GSIP.

LIQUIDITY AND CAPITAL RESOURCES

The strength of Guardian's balance sheet has enabled Guardian to attract Associates; provide clients with a high level of confidence and comfort; maintain appropriate levels of working capital in each of its areas of operation; make the necessary capital expenditures and investments to develop its businesses; and make appropriate use of borrowings, including financing the expansion of its businesses. We are confident that the strength of Guardian's balance sheet will continue to provide benefits in the future.

Guardian's balance sheet is supported by our substantial securities portfolio, as presented below:

As at ($ in millions)	2024 March 31	2023 December 31	% Inc (Dec)	2023 March 31	% Inc (Dec)
Securities, carried at fair value					
Proprietary investment strategies					
Short-term and fixed-income securities	$ 77,698	$ 79,272	-2.0%	$ 13,168	490.1%
Canadian equities	6,286	5,871	7.1%	13,624	-53.9%
Global equities	291,571	274,700	6.1%	291,016	0.2%
Private investments and real estate	157,139	157,157	0.0%	43,345	262.5%
	532,694	517,000	3.0%	361,153	47.5%
Bank of Montreal common shares	294,784	292,175	0.9%	268,180	9.9%
Short-term securities	386,566	470,289	-17.8%	638,613	-39.5%
Fixed-income securities	4,066	4,053	0.3%	--	100.0%
Equities	35,027	34,013	3.0%	33,538	4.4%
Securities	$ 1,253,137	$ 1,317,530	-4.9%	$ 1,301,484	-3.7%
Securities per share amount, diluted	$ 50.22	$ 52.44	-4.2%	$ 51.06	-1.6%

Guardian's Securities as at March 31, 2024 had a fair value of $1,253 million, or $50.22 per share, diluted, compared with $1,318 million, or $52.44 per share, diluted, at the end of 2023. Shareholders' equity as at March 31, 2024 amounted to $1,255 million, or $50.30 per share, diluted, compared to $1,241 million, or $49.39 per share, diluted, at the end of 2023. Securities decreased during the quarter as the Company used a portion of the proceeds from selling the short-term securities to fund the payment of the tax liabilities arising from last year's sale of Worldsource and, to a lesser extent, to fund a portion of the $4.1 million in total share buybacks for the quarter. Shareholders' equity increased during the quarter as income, including unrealized gains, was greater than dividends and share buybacks.

In addition to its strong balance sheet, Guardian has, under various borrowing arrangements, total borrowing capacity of $175.0 million. As at March 31, 2024, the total borrowings amounted to $149.5 million, compared to $136.0 million at the end of 2023. Guardian's Adjusted cash flow from operations attributable to shareholders for the current quarter was $14.7 million, compared to $17.1 million 2023. Adjusted cash flow from operations were used to fund the dividends of $8.4 million during the current quarter.

CONTRACTUAL OBLIGATIONS

Guardian has contractual commitments for the payment of certain obligations over a period of time. A summary of those commitments, including a summary of the periods during which they are payable, is shown in the following table:

As at March 31, 2024		Payments due by period			
($ in thousands)	Total	Within one year	2 - 3 years	4 - 5 years	After five years
Bank loans and borrowings	$ 149,539	$ 149,539	$ --	$ --	$ --
Third party investor liabilities	72,698	72,698	--	--	--
Client deposits	64,658	64,658	--	--	--
Accounts and income taxes payable	75,517	75,517	--	--	--
Obligations to non-controlling interests and other	14,790	1,743	13,047	--	--
Investment commitments	23,386	23,386	--	--	--
Scheduled lease payments, undiscounted	29,157	2,993	5,417	4,892	15,855
Total contractual obligations	$ 429,745	$ 390,534	$ 18,464	$ 4,892	$ 15,855

Guardian's contractual commitments are supported by its strong financial position, including its Securities, referred to above under the heading "Liquidity and Capital Resources". Client deposits in the offshore banking subsidiary are supported by the Interest-bearing deposits with banks. Third party investor liabilities are supported by Securities backing third party investor liabilities. Guardian has a commitment to invest $23.4 million in GSIP and other third-party private equity funds. Guardian will decide on the appropriate strategy for funding these commitments when called upon by the funds.

SUMMARY OF QUARTERLY RESULTS

The following chart summarizes Guardian's financial results for the past eight quarters:

	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022
As at ($ in millions)								
Assets under management	**$ 57,276**	$ 54,694	$ 52,310	$ 52,754	$ 52,261	$ 49,587	$ 47,814	$ 46,931
Assets under advisement	**4,040**	4,080	3,905	3,773	4,065	3,716	3,788	3,944
Total Client Assets	**61,316**	58,774	56,215	56,527	56,326	53,303	51,602	50,875
For the three months ended ($ in thousands)								
Net revenue	**$ 62,497**	$ 62,245	$ 62,611	$ 61,833	$ 54,493	$ 50,681	$ 48,434	$ 50,056
Operating earnings	**12,318**	13,097	18,474	17,038	11,240	8,790	10,419	11,404
Net gains (losses)	**12,737**	60,747	(17,358)	(3,736)	18,134	18,225	(21,148)	(91,545)
Net earnings (losses) from continuing operations	**21,441**	68,048	(2,270)	11,532	24,852	25,249	(11,582)	(73,463)
Net earnings from discontinued operations	**--**	--	--	--	554,933	6,386	5,034	5,239
Net earnings (losses)	**21,441**	68,048	(2,270)	11,532	579,785	31,635	(6,548)	(68,224)
Net earnings (loss) from continuing operations attributable to shareholders	**21,167**	67,087	(2,506)	11,145	24,524	24,679	(11,780)	(74,053)
Net earnings (loss) attributable to shareholders	**21,167**	67,087	(2,506)	11,145	487,203	29,961	(7,608)	(69,698)
Per share amounts (in $)								
Net earnings (loss) from continuing operations attributable to shareholders								
Basic	**$ 0.90**	$ 2.85	$ (0.11)	$ 0.47	$ 1.04	$ 1.02	$ (0.49)	$ (3.03)
Diluted	**0.86**	2.68	(0.11)	0.45	1.00	0.96	(0.49)	(3.03)
Net earnings (loss) attributable to shareholders:								
Basic	**$ 0.90**	$ 2.85	$ (0.11)	$ 0.47	$ 20.27	$ 1.24	$ (0.31)	$ (2.85)
Diluted	**0.86**	2.68	(0.11)	0.45	18.79	1.16	(0.31)	(2.85)
Dividends paid	**$ 0.34**	$ 0.34	$ 0.34	$ 0.34	$ 0.24	$ 0.24	$ 0.24	$ 0.24
As at								
Shareholders' equity *($ in millions)*	**$ 1,255**	$ 1,241	$ 1,201	$ 1,213	$ 1,242	$ 768	$ 743	$ 743
Per share amounts *(in $)*								
Basic	**$ 53.69**	$ 52.87	$ 50.90	$ 51.11	$ 52.42	$ 31.84	$ 30.82	$ 30.68
Diluted	**50.30**	49.39	47.54	47.63	48.73	29.43	28.88	28.74
Total Class A and Common shares outstanding *(shares in thousands)*	**25,136**	25,230	25,408	25,609	26,113	26,246	26,246	26,342

Over the past eight quarters presented above, Guardian's Net revenue, largely comprised of net management and advisory fees, has generally trended in the same direction as the changes in Total Client Assets. These fluctuations can also influence Operating earnings and are driven largely by the factors described below.

Net management and advisory fees are highly correlated to the changes in Total Client Assets, which are affected by the volatility of the global financial markets and additions and withdrawals of assets by clients. Partially offsetting this volatility is the income from Securities earned in the Corporate Activities and Investments Segment, which are less directly correlated to the volatility in the global financial markets. The timing of consolidation or deconsolidation of certain investment funds or disposal of securities can also have an impact on the level of dividend and interest income recorded in the period.

The Net revenue for each of the quarters above generally trended with the levels of Total Client Assets. Starting in the second quarter of 2023, the Net revenue increased greater than expected from the change in Total Client Assets. This was due to the interest income earned on the proceeds of disposition of Worldsource Businesses. Starting in the fourth quarter of 2023, expenses related to the technology platform enhancements, the consolidation of expenses incurred in GSIP which were consolidated into Guardian's results and transaction costs associated with the pending acquisition of Sterling dampened the Operating earnings for the periods.

Net gains (losses) reflect changes in fair values of the securities during each period, driven by the volatility of the global financial markets in which Guardian's securities trade. The volatility of Net gains (losses) also directly affects Net earnings (losses) attributable to shareholders.

The Net earnings from discontinued operations from the second quarter of 2022 to the first quarter of 2023, includes the Net earnings from Worldsource Businesses, which were reclassified into this line as a result of Guardian's decision to sell the business. Included in the first quarter of 2023 is $553,743 of net gains realized on the disposition of the Worldsouce Businesses and its operating earnings, net of taxes for the period to closing.

The quarterly fluctuations in shareholders' equity shown above are caused largely by Guardian's Net earnings (losses), attributable to shareholders, less dividends paid and shares repurchased.

RISK FACTORS

A key component of a successful business is its ability to manage its risk. The following sections discuss the most significant risks and Guardian's management processes to mitigate them. Readers are encouraged to refer to Note 15 to Guardian's First Quarter 2024 Consolidated Financial Statements for additional information on financial risk management.

Market Risk

Markets can have a significant effect on the value of both clients' portfolios and our earnings, since investment management and advisory fees, which make up a significant part of our revenues, are generally based on market values. The market fluctuations can be driven by political, economic or other changes in various regions of the world. We mitigate the risks associated with market fluctuations by having a diversified client base with different investment needs, and by having a variety of products and services, which may be attractive in different market environments and which have different correlations to equity and other financial markets and to each other.

Guardian's securities holdings are managed independently of clients' assets, except for those of our assets that are invested in Guardian's investment funds.

Portfolio Value and Concentration Risks

Guardian's securities are subject to price fluctuations risk. The potential impact of market fluctuations on the value of Guardian's securities is quantified in Note 15 of Guardian's First Quarter 2024 Consolidated Financial Statements. Guardian manages this risk through professional in-house investment management expertise, which takes a disciplined approach to investment management. All securities are held by independent custodians chosen by Guardian. As at March 31, 2024, Guardian held $295 million of BMO shares (December 31, 2023 – $292 million), which represents 24% of Guardian's securities (December 31, 2023 – 22%). Guardian has accepted this concentration risk, as the bank is a diversified company with a history of steady and growing dividend payments. However, Guardian has been reducing its concentrated exposure over several years, having sold 2.7 million shares since the second quarter of 2013. Guardian also has an investment, through GSIP valued at $112 million (December 31, 2023 - $113 million), in an intelligent tolling and traffic systems company, and this investment represents 9% of the securities (December 31, 2023 – 9%). Guardian has accepted this concentration risk, as the investment is strategically important for the development of Guardian's smart infrastructure management business. Guardian mitigates and manages this risk by actively monitoring management of the investee company through Guardian's representation on the board and by marketing GSIP to prospective third-party investors. The remainder of Guardian's securities portfolio is more diversified, from both an asset class and a geographical perspective.

The concentration risks by type as a percentage of total securities is summarized in the following table:

As at (as a percentage of securities)	March 31 2024	December 31 2023	% Inc (Dec)
Bank of Montreal common shares	**24%**	22%	9%
Other Canadian equity securities and real estate	**4%**	4%	0%
Canadian equities and real estate	**28%**	26%	8%
Non-Canadian equities	**35%**	32%	10%
Short-term and Fixed income securities	**37%**	42%	-12%
	100%	100%	0%

Foreign Currency Risk

As a result of expansion outside of Canada, Guardian's revenues, expenses and operating results from foreign operations may fluctuate with the changes in the foreign currency exchange rates compared to the Canadian dollar. The most significant foreign currency exposure is to the US dollars as most of the non-Canadian assets under management are US dollar denominated portfolios.

Guardian's investments in its foreign subsidiaries are subject to the risk of foreign currency exchange rate fluctuations. The effects of changes in foreign currency exchange rates on the values of these investments are not included in Net earnings (losses), but are recorded in the Net change in foreign currency translation on foreign subsidiaries in Guardian's Consolidated Statements of Operations and Comprehensive Income, and the cumulative effect is included in Accumulated Other Comprehensive Income in the Shareholders' Equity section of the Consolidated Balance Sheets.

From time to time, Guardian may recognize US dollar obligations to non-controlling interests on its balance sheet associated with the subsidiaries in the United States. As these are expected future transactions between equity interest holders, the changes in the value of these obligations, including changes resulting from foreign exchange rate fluctuations, are recorded directly in the Consolidated Statements of Equity. This currency risk is managed in a manner similar to the investments in other foreign subsidiaries, in that they are not actively managed, due to the long- term nature of the investments, but are closely monitored by management. Guardian may also record certain foreign exchange gains (losses) in Net earnings, such as US dollar borrowings or on Canadian dollar cash balances held by foreign subsidiaries. This risk is mitigated by offsetting amounts being recognized on the investment in these foreign subsidiaries as Net change in foreign currency translation on foreign subsidiaries, as discussed above. Readers are encouraged to refer to Note 15 in Guardian's First Quarter 2024 Consolidated Financial Statements for further discussion and sensitivity analyses.

Credit Risk

Guardian's credit risk is generally considered to be low. Because of the nature of Guardian's business, its receivables are mainly from large institutions, which are considered to pose a relatively low credit risk. Guardian periodically reviews the financial strength of all of its counterparties, and if the circumstances warrants, Guardian takes appropriate action to reduce its exposure to certain counterparties. The credit risk associated with Guardian's investment in fixed-income mutual funds is managed by the monitoring of the activities of the portfolio manager who, through diversification and credit quality reviews of the funds' investments, manages the funds' credit risk. Increased exposure to fixed-income securities resulting from the proceeds from the sale of the Worldsource Businesses being invested in these securities is managed through diversification and selection of securities issued by high-quality issuers.

Interest Rate Risk

Guardian's most significant exposure to interest rate risk is through its investment in short-term and fixed-income securities, partially offset by the bank loans and borrowings. The securities and the borrowings are both short-term, and act as a partial hedge to mitigate against interest rate fluctuations. Guardian is also exposed to interest rate risk on client deposits in its international banking operations. This risk is largely managed through matching the interest rates and maturity dates of Client deposit liabilities with Interest-bearing deposits with banks. The interest rate risk associated with Guardian's investment in fixed-income mutual funds is managed by monitoring the activities of the portfolio manager, who manages this risk by positioning the portfolio for various interest rate environments.

Liquidity Risk

Guardian manages liquidity risk through the monitoring and managing of cash flows from operations, by establishing sufficient cash borrowing facilities with major Canadian banks, which currently total $175 million through three credit facilities, and leveraging the support of its significant security portfolio. The maturities of Guardian's contractual commitments are outlined under "Contractual Commitments" in this Management Discussion and Analysis. The combination of the cash flows from operations, the securities holdings and the borrowing facilities provides reasonable resources to manage its liquidity risk.

Certain financial market events may cause disruptions and cause a tightening of liquidity in the market, making it difficult or more expensive for Guardian to borrow under its facilities. Guardian's large portfolio of liquid securities can offset some of the risk of tightening of market liquidity.

Product Performance Risk

Product performance risk is the risk that we will not perform as well as the market, our peers, or in line with our clients' expectations. The nature of this risk is both relative and absolute. We manage this risk by having a disciplined approach to investment management, and by ensuring that our compliance capabilities are strong. With respect to clients' expectations, we also seek to ensure that we are aware of those expectations, and that we properly communicate with our clients to develop, report on and comply with client mandates on a continuous basis.

Competition Risk

Guardian operates in a highly competitive environment, with competition based on a variety of factors including investment performance, the type and quality of products and services offered, business reputation and financial strength. Loss of client assets to competition will result in losses of revenue and earnings to Guardian. Guardian attempts to mitigate this risk by developing and maintaining a competitive product line and competitive relative performance of its products, through the recruitment and retention of high-quality investment professionals and a high-quality management team. Our ability to compete is also enhanced by our large capital base, which provides Guardian with the financial strength to invest in the development or acquisition of businesses. It also provides existing and future clients with comfort, which allows Guardian to better compete in winning and retaining these clients.

Regulatory and Legal Risk

Guardian and its subsidiaries operate in an environment subject to various laws and regulations. Given the nature of Guardian's and certain of its subsidiaries' operations, it may from time to time, be subject to changes in regulations, claims or complaints from investment clients and sanctions from governing bodies. These risks are mitigated by maintaining relevant in-house competence in laws and regulations, compliance and product review oversight, where appropriate, utilizing assistance from external advisors and insurance coverage.

Key Personnel Risk

The success of Guardian is highly dependent on key personnel, including its senior management and investment professionals. The loss of any of these individuals, or an inability to retain these individuals and attract the best of the brightest talent, could have a negative impact on Guardian. To mitigate this risk, Guardian monitors the industry to competitively compensate these individuals, invests into the business to create an environment where both Guardian and these individuals can succeed, and evaluates, on an ongoing basis, the succession plans in place for these key individuals. Guardian's financial strength provides resources necessary to competitively compensate these individuals and to allow us to invest in the business.

Information Technology and Cybersecurity Risk

Guardian uses information technology and the internet to streamline business operations and to improve client experience. However, the use of information technology can also introduce operational risk related to its use by employees, which may result in errors and lead to financial loss to Guardian. In addition, through the use of mobile devices or remote connections to internal data centres, Guardian is exposed to information security and other technology disruption risks that could potentially have an adverse impact on its business. Guardian actively monitors these risks and continues to develop controls to protect against such threats that are becoming more sophisticated and pervasive.
As remote working by Guardian employees have increased, remote access to Guardian's data centre by its employees have increased cyber security risk. Guardian has heightened its monitoring of the internal network traffic and the monitoring of developments in the latest known cyber threats to enhance security controls, where appropriate.

Climate Change Risk

Guardian and its subsidiaries have mostly indirect exposure to climate risk; climate change may have an impact on financial market performance, which may, in turn, have an impact on level of income earned by Guardian; with the heightened awareness of climate change, asset managers may find retaining or attracting clients more challenging if they are viewed as not having a credible approach to climate change; and increasing regulatory requirements create onerous compliance obligations and increased costs which could impact business operations. Guardian has established a Responsible Investing Oversight Committee comprised of senior executives across its asset management subsidiaries, which is responsible for assessing and managing business risks related to the environment, social issues and corporate governance. Guardian also has a dedicated responsible investing team which is responsible for incorporating industry best practices in its asset management approach and aligning those activities across all of Guardian's asset management businesses. Guardian plans to leverage these existing structures in its plans to implement the proposed disclosure requirements of National Instrument 51-107.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with IFRS requires management to use its judgement to make estimates and assumptions, which affect the reported amounts of assets, liabilities, contingencies, revenues and expenses. These estimates and judgment are listed in note 2 (c) to Guardian's 2023 Consolidated Financial Statements. The most significant of these are related to the impairment assessment of goodwill, the determination of fair value of securities classified as level 3 within the fair value hierarchy and the determination of level and nature of control Guardian can exercise over its investments. The valuation approach to level 3 securities which are valued by Guardian is most sensitive to the level of EBITDA associated with the issuer of the security. The valuation approach to level 3 securities, primarily private equity funds, which are not valued by the Company are to use the reported fair value as provided by the fund's manager. Guardian obtains comfort over the fair value reported by the managers by reviewing and discussing with the managers on an annual basis the valuation process and by comparing the reported fair value against each fund's audited financial statements. Guardian tests goodwill on an annual basis for impairment and reviews goodwill and intangible assets for indications of impairment at the end of each reporting period. If indications of impairment exist, the goodwill is then assessed for impairment in that period. The valuation approach to Investment Management Segment goodwill is most sensitive to the levels of AUM within the Segment. Management assess all significant investments to determine whether Guardian can exercise control over its investment, in which case it must consolidate the investment, or whether another method of accounting is more appropriate.

NON-IFRS MEASURES

EBITDA, EBITDA attributable to shareholders, and EBITDA per share

Guardian defines EBITDA as net earnings before interest, income tax, amortization, and stock-based compensation expenses, net gains or losses and net earnings from discontinued operations. EBITDA attributable to shareholders is defined as EBITDA less amounts attributable to non-controlling interests. EBITDA per share is calculated on EBITDA attributable to shareholders using the same average shares outstanding and other adjustments that are used in calculating net earnings attributable shareholders per share. Guardian believes these are important measures, as they allow management to assess the operating profitability of our business and to compare it with other investment management companies, without the distortions caused by the impact of non-core business items, different financing methods, levels of income taxes, the amounts of net earnings available to non-controlling interests and the level of capital expenditures. The most comparable IFRS measures are "Net earnings" and "Net earnings from discontinued operations", which are disclosed in Guardian's Consolidated Statements of Operations.

Reconciliations of the IFRS measures to the non-IFRS measures for the Company and its major operating segments, excluding the effects of inter-segment transactions, are as follows:

For the three months ended March 31,	**2024**			2023		
($ in thousands)	**Investment management**	**Corporate Activities and Investments**	**Consolidated**	Investment management	Corporate Activities and Investments	Consolidated
Net earnings	**$ 6,482**	**$ 14,959**	**$ 21,441**	$ 8,696	$ 16,556	$ 580,185
Add (deduct):						
Net earnings from discontinued operations	**--**	**--**	**--**	--	--	(554,933)
Income tax expense	**2,406**	**1,208**	**3,614**	2,027	2,095	4,122
Net (gains) losses	**152**	**(12,889)**	**(12,737)**	(885)	(17,249)	(18,134)
Stock-based compensation	**490**	**376**	**866**	450	466	916
Interest expense	**91**	**2,358**	**2,449**	207	1,778	1,929
Amortization	**2,777**	**496**	**3,273**	2,698	588	3,286
EBITDA	**12,398**	**6,508**	**18,906**	13,193	4,234	17,371
Less attributable to non-controlling interests in continuing operations	**(573)**	**--**	**(573)**	(976)	--	(976)
EBITDA attributable to shareholders	**$ 11,825**	**$ 6,508**	**$ 18,333**	$ 12,217	$ 4,234	$ 16,395

Adjusted cash flow from operations, Adjusted cash flow from operations attributable to shareholders and Adjusted cash flow from operations attributable to shareholders per share

Guardian defines Adjusted cash flow from operations as net cash from operating activities, net of changes in non-cash working capital items and cash flows of discontinued operations. Adjusted cash flow from operations attributable to shareholders as Adjusted cash flow from operations less non-controlling interests. Adjusted cash flow from operations attributable to shareholders per share is calculated using the same method, which is used to determine net earnings attributable to shareholders per share, including any adjustment to the average number of shares outstanding, or to income, to calculate the dilutive effect. Adjusted cash flow from operations attributable to shareholders and the per share amount are used by management to measure the amount of cash, either provided by or used, in Guardian's operating activities available to shareholders, without the distortions caused by fluctuations in its working capital. The most comparable IFRS measure is "Net cash from operating activities", which is disclosed in Guardian's Consolidated Statements of Cash Flow.

The following is a reconciliation of the IFRS measure to the non-IFRS measures:

For the three months ended March 31, ($ in thousands)	2024	2023	% Inc (Dec)
Net cash from operating activities	$ (8,407)	$ 10,187	-182.5%
Add (deduct):			
Net cash from operating activities, discontinued operations	--	(10,087)	-100.0%
Net change in non-cash working capital items	23,616	8,284	185.1%
Net change in non-cash working capital items, discontinued operations	--	9,713	-100.0%
Adjusted cash flow from operations	15,209	18,097	-16.0%
Less attributable to non-controlling interests, continuing operations	(514)	(984)	-47.7%
Adjusted cash flow from operations attributable to shareholders	$ 14,695	$ 17,113	-14.1%

Shareholders' equity per share

Shareholders' equity per share, diluted, is used by management to indicate the retained value per share available to shareholders which has been created by Guardian's operations. The most comparable IFRS measure is Shareholders equity, which is disclosed in Guardian's Consolidated Balance Sheet. Shareholders' equity per share is calculated by dividing shareholders' equity by the number of shares and dilutive shares outstanding as at period end.

Securities per share

Securities per share is used by management to indicate the value available to shareholders created by Guardian's investment in securities, without the netting of debt or deferred income taxes associated with the unrealized gains. The most comparable IFRS measure is Securities, which is disclosed in Guardian's Consolidated Balance Sheet. Securities per share is calculated by dividing Securities by the number of shares and dilutive shares outstanding as at period end.

OUTLOOK

One of the overriding narratives with respect to the economic outlook over the last few years has been the expectation that a downturn was imminent. The thinking was that generationally high inflation and the aggressive and synchronized global monetary tightening cycle that came as a result, would choke off growth and spur a deep recession that resulted in widespread job losses, falling earnings and financial market pain. There were signs of growth slowing and even some stagnation outside of the US but expectations for momentum to fully roll over were consistently met with positive surprises. The second half of last year saw things start to change. Not only was the data flow suggesting that the trajectory for global growth was not turning down but there were more signs that momentum was improving and doing so more broadly. As is often the case, it started with consumers. While there had been a pullback in spending on tangible goods following their post-pandemic surge, retail spending growth on an inflation-adjusted basis turned the corner mid-year with particular improvements in the US and Europe. Echoing the demand for consumer goods, international trade flows began to turn for the better as well, with growth in imports and exports stabilizing in recent months — and actually posting a notable acceleration in the emerging markets that play a significant role in the supply chain.

The momentum has been further confirmed by the bellwether global manufacturing Purchasing Managers' Index ("PMI"). This measure of factory activity had been stuck in contractionary territory since late 2022, however, it began to tick higher before ultimately breaking the "growth" threshold in January, and moving up to a 20-month high in March. At the same time, the global PMI for the service sector also turned higher at the end of last year and has seen its moderate upward momentum sustained so far through the New Year, ending March at an eight-month high. The composite PMI, a proxy for broad global growth, stood at a nine-month high at the end of the first calendar quarter, pointing to continued growth in the months ahead. Furthermore, the broader slate of leading indicators points to momentum turning for the better globally, signaling growth consistent with longer-term trends among developed market economies.

The improvement in general economic conditions, despite various headwinds, has convinced business leaders to rethink their spending plans. The latest survey of American chief executive officers, for example, showed an increase in plans for both capital expenditure and hiring for the first time since the end of 2021. One of the primary drivers of this increasing optimism is the continued underlying health of the single most important economic group: the American consumer. US households alone account for more spending than China's entire economy. As of the end of 2023, US household net worth stood at a record high, having increased by 33% since the pandemic started. The household debt-to-asset ratio, is currently around four-decade lows, suggesting limited relative leverage and a degree of insulation from the historically aggressive rise in policy rates, indicating the capacity to take on debt, something that could provide support for spending on big-ticket consumer goods and housing. Another boon to consumers is that inflationary pressures have ebbed substantially over the last year, giving them more bang for their buck. The kinks in the supply chain caused by the pandemic have been ironed out and have driven an almost complete unwind of those supply-side price pressures that played a significant role in pushing inflation rates to generational highs worldwide.

High inflation and interest rates have long been assumed to be the catalysts of an expected downturn, that these pressures are anticipated to ease going forward represents another notch in the "plus" column for the outlook. The outlook for these key headwinds, however, has undergone a shift in tandem with the improvement in growth prospects. The easing cycle has been pushed out at the start of 2024 and the path is somewhat shallower, but cooperative inflation still means that the likes of the European Central Bank, Bank of Canada, and Bank of England are on track to begin loosening the monetary policy screws sooner, rather than later. The situation is a bit more complicated for the US, where underlying price pressures in its relatively less-interest-rate-sensitive economy are not fading as quickly as previously assumed. Upside surprises for inflation have been a significant bogey for the outlook and markets in recent months. As it stands, the previous expectations to cut the policy rate nearly in half in the US by year-end have been pared back materially, and while cuts are still the base case, markets are increasing the odds of the US Federal Reserve standing pat for the remainder of the year. Indeed, perhaps the biggest risk to the outlook is that the positives concerning growth, and their corollaries for inflation, impede the ability of central banks to begin to unwind the last two years' worth of policy tightening. Notwithstanding the concerns, the base case remains that underlying inflationary pressures are likely to moderate further from their pandemic-induced highs in the months ahead. This progress would permit central banks to adopt less stringent policy stances, resulting in less tight financial conditions.

Economic growth translates into corporate top-line gains while declining cost pressures support margin expansion and profitability. Margins had been ebbing and were taken as a negative omen for profits, and the cycle has started to tick higher since the middle of last year. Accordingly, earnings expectations have turned for the better as well, with more upward, or fewer downward revisions in recent months. While the top-performing stocks (and also the most highly weighted in the broad indices) have rocketed up both in price and in valuation, most stocks are more reasonably valued than overall gauges would otherwise imply. This indicates that there are opportunities for active and selective investors, while also suggesting that there is some cushion in the event earnings expectations prove too optimistic. In the fixed-income markets, the baseline outlook also appears as though it could be supportive of performance in beleaguered bond markets in the future, perhaps with short-term volatility until there is greater clarity on the policy rate path. The prospect of further moderation in inflation and lower market interest rates would seem to represent a tailwind for performance. Moreover, the yield adjustments seen so far this year have improved the balance of risks. While there is potential for further upward pressure on rates, the magnitude of moves from this point on would seem limited barring an unexpected material break higher in inflation that spurs further action from policymakers. Accordingly, that yields remain near their highest levels in more than a decade, and are expected to trend lower, would suggest that the longer-term return prospects are better than they have been in a while, despite the potential for near-term volatility. Corporate bonds in particular seem attractive, as the comparably higher coupons available on these debt issues point to higher relative returns and reduced credit risk could compound performance by a narrowing in spreads.

Guardian's sizable balance sheet and earnings from operations offer the opportunity to make long-term plans that are not necessarily reliant on the cooperation of events outside our control. Acquisitions can be made to quickly bring new or complimentary capabilities, or geographic presence, while investments can be made, even at the expense of short-term profitability, to organically create new opportunities over a longer time frame, likely at a lower cost than acquiring a fully formed business. After the sale of Worldsource last year, we engaged in a strategic planning process to account for the new realities of substantially greater liquidity. We concluded that, in the near term, our plan to grow the business should not be a radical departure from what has led us to the success we have enjoyed over past decades but take into account the increased flexibility and capacity conferred on us by the substantial increase in our net cash and investments. Our ambition is to create an environment where it is possible to double our operating earnings over the next five years, while increasing our dividend payout, both in absolute terms and, as we prove our growth strategy is working, as a percentage of our free cash flow. We also plan to use our balance sheet to opportunistically buy back Guardian shares for cancellation, all while maintaining our financial strength, and the flexibility that comes along with it. The acquisition of Sterling Capital, which is expected to close towards the beginning of the third quarter, brings a new set of investment and money management capabilities, alongside a platform which will enhance our US distribution capabilities. In the immediate future, we anticipate most of our focus will be on integrating Sterling, and its capabilities, into our existing strategy. All in all, our plans are not significantly different from how we have run the company in the past, but on a much larger scale.

CONSOLIDATED BALANCE SHEETS (Unaudited)

As at *($ in thousands)*	March 31 2024	December 31 2023
ASSETS		
Current assets		
Cash (note 16)	$ 69,582	$ 72,414
Interest-bearing deposits with banks	87,155	66,912
Accounts receivable and other	55,810	55,001
Income taxes receivable	7,778	8,350
Securities backing third party investor liabilities (note 3)	72,698	59,578
	293,023	262,255
Securities (note 4)	1,253,137	1,317,530
Other assets		
Deferred tax assets	3,697	4,015
Intangible assets	85,177	85,390
Equipment	21,507	22,184
Goodwill	42,419	41,626
	152,800	153,215
Total assets	$ 1,698,960	$ 1,733,000
LIABILITIES		
Current liabilities		
Bank loans and borrowings (note 5)	$ 149,539	$ 136,014
Third party investor liabilities (note 3)	72,698	59,578
Client deposits	64,658	50,071
Accounts payable and accrued liabilities	74,678	91,496
Lease obligations	1,525	1,484
Income taxes payable	839	73,747
Due to non-controlling interests and other liabilities (note 6)	1,743	1,710
	365,680	414,100
Lease obligations	18,857	19,441
Due to non-controlling interests and other liabilities (note 6)	13,600	13,047
Deferred tax liabilities (note 18)	44,143	43,486
Total liabilities	442,280	490,074
EQUITY		
Shareholders' equity		
Capital stock (note 7a and 7b)	16,759	16,826
Treasury stock (note 8a)	(35,858)	(32,037)
Contributed surplus	27,972	27,956
Retained earnings	1,223,389	1,214,763
Accumulated other comprehensive income	22,734	13,358
	1,254,996	1,240,866
Other equity interests	1,684	2,060
Total equity	1,256,680	1,242,926
Total liabilities and equity	$ 1,698,960	$ 1,733,000

See accompanying selected explanatory notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (Unaudited)

For the three months ended March 31, *($ in thousands, except per share amounts)*		**2024**		2023
Revenue				
Management and advisory fees, gross	$	50,785	$	47,423
Fees paid to referring agents and other		(3,266)		(3,404)
Net management and advisory fees		47,519		44,019
Administrative services income		2,841		2,521
Dividend and interest income (note 9)		12,137		7,953
Net revenue		62,497		54,493
Expenses				
Employee compensation and benefits		30,657		28,745
Amortization		3,273		3,286
Interest		2,449		1,929
Other expenses (note 10)		13,800		9,293
		50,179		43,253
Operating earnings		12,318		11,240
Net gains (note 11)		12,737		18,134
Earnings before taxes		25,055		29,374
Income tax expense		3,614		4,122
Net earnings from continuing operations		21,441		25,252
Net earnings from discontinued operations (note 16)		--		554,933
Net earnings		21,441		580,185
Other comprehensive income (loss)				
Net change in foreign currency translation on foreign subsidiaries		9,624		(640)
Comprehensive income	$	31,065	$	579,545
Net earnings from continuing operations attributable to:				
Shareholders	$	21,167	$	24,924
Non-controlling interests		274		328
		21,441		25,252
Per share (note 12)				
Basic	$	0.90	$	1.04
Diluted		0.86		1.00
Net earnings attributable to:				
Shareholders	$	21,167	$	487,603
Non-controlling interests		274		92,582
		21,441		580,185
Per share (note 12)				
Basic	$	0.90	$	20.27
Diluted		0.86		18.79
Comprehensive income attributable to:				
Shareholders	$	30,543	$	487,006
Non-controlling interests		522		92,539
		31,065		579,545

See accompanying selected explanatory notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EQUITY (Unaudited)

For the three months ended March 31, *($ in thousands)*	**2024**	2023
Total equity, beginning of period	**$ 1,242,926**	$ 782,859
Shareholders' equity, beginning of period	**1,240,866**	767,864
Capital stock, beginning of period	**16,826**	17,559
Acquired and cancelled (note 7c)	**(67)**	(96)
Capital stock, end of period	**16,759**	17,463
Treasury stock, beginning of period	**(32,037)**	(35,569)
Acquired (note 8a)	**(4,865)**	(3,140)
Disposed of (note 8a)	**1,044**	4,648
Treasury stock, end of period	**(35,858)**	(34,061)
Contributed surplus, beginning of period	**27,956**	28,460
Stock-based compensation expense, continuing operations	**866**	916
Stock-based compensation expense, discontinued operations	**--**	898
Redemption of equity-based entitlements	**(850)**	(4,653)
Contributed surplus, end of period	**27,972**	25,621
Retained earnings, beginning of period	**1,214,763**	733,287
Net earnings	**21,167**	487,603
Dividends declared and paid (note 7d)	**(8,379)**	(6,129)
Capital stock acquired and cancelled (note 7c)	**(4,162)**	(5,268)
Retained earnings, end of period	**1,223,389**	1,209,493
Accumulated other comprehensive income, beginning of period	**13,358**	24,127
Other comprehensive income (loss)	**9,376**	(597)
Accumulated other comprehensive income, end of period	**22,734**	23,530
Shareholders' equity, end of period	**1,254,996**	1,242,046
Other equity interests, beginning of period	**2,060**	14,995
Non-controlling interests, beginning of period	**15,107**	52,569
Net earnings	**274**	92,582
Other comprehensive income (loss)	**248**	(43)
Dividends declared and paid	**(345)**	(7,805)
Disposal of subsidiary	**--**	(103,830)
Non-controlling interests, end of period	**15,284**	33,473
Obligations to non-controlling interests, beginning of period	**(13,047)**	(37,574)
Change during period	**(553)**	(256)
Obligations to non-controlling interests, end of period	**(13,600)**	(37,830)
Other equity interests, end of period	**1,684**	(4,357)
Total equity, end of period	**$ 1,256,680**	$ 1,237,689

See accompanying selected explanatory notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW (Unaudited)

For the three months ended March 31, *($ in thousands)*	**2024**	2023
Operating activities		
Net earnings	$ 21,441	$ 580,185
Adjustments for:		
Income tax paid	(1,508)	(2,931)
Income tax refunded	209	--
Income tax expense	3,614	72,371
Net (gains)	(12,737)	(638,033)
Amortization of intangible assets	2,442	3,906
Amortization of equipment	831	1,118
Stock-based compensation	866	1,814
Other non-cash expenses	51	41
	15,209	18,471
Net change in non-cash working capital items (note 14)	(23,616)	(8,284)
Net cash from (used in) operating activities	(8,407)	10,187
Investing activities		
Net (acquistion) disposition of securities	85,853	(622,513)
Net (acquisition) disposition of securities backing third party investor liabilities	(4,192)	11,688
Acquisition of intangible assets	(628)	(1,494)
Acquisition of equipment	(45)	(143)
Disposition of intangible assets	10	--
Discontinued operations	--	726,580
Income tax paid on discontinued operations	(73,600)	--
Net cash from investing activities	7,398	114,118
Financing activities		
Dividends paid to shareholders	(8,379)	(6,129)
Dividends paid to non-controlling interests	(345)	(7,805)
Disposal of subsidiary, non-controlling interests	--	(103,830)
Discontinued operations, cash provided from	--	33,138
Acquisition and cancellation of capital stock (note 7c)	(4,147)	(5,364)
Acquisition of treasury stock (note 8a)	(4,865)	(3,140)
Disposition of treasury stock (note 8a)	194	4,648
Net proceeds of bank loan and bankers' acceptances	(1,677)	(13,201)
Principal payments on lease obligations	(310)	(249)
Net subscriptions (redemptions) by third party investors	4,192	(11,688)
Net cash used in financing activities	(15,337)	(113,620)
Foreign exchange		
Net effect of foreign exchange rate changes on cash balances	431	600
Net change in net cash	(15,915)	11,285
Net cash, beginning of period	50,030	26,528
Net cash, end of period	$ 34,115	$ 37,813
Net cash represented by:		
Cash	$ 69,582	$ 73,317
Bank indebtedness	(35,467)	(35,504)
	$ 34,115	$ 37,813

See accompanying selected explanatory notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. REPORTING ENTITY

Guardian Capital Group Limited ("Guardian") is a publicly traded company with its common and class A shares listed on the Toronto Stock Exchange. Guardian is incorporated under the laws of the Province of Ontario, and its principal business office is located at Suite 2700, 199 Bay Street, Toronto, Ontario. Guardian, through its subsidiaries, provides investment management services to a wide range of clients in Canada and abroad, and maintains and manages a proprietary investment portfolio.

2. ACCOUNTING POLICIES

(a) Basis of Preparation

These unaudited consolidated interim financial statements include the accounts of Guardian and its subsidiaries (together, the "Company") and have been prepared under IFRS Accounting Standards ("IFRS"), in compliance with International Accounting Standard 34, *Interim Financial Reporting*, using the same accounting policies as those used in the Company's consolidated financial statements for the year ended December 31, 2023. Certain information and disclosure normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed in these consolidated interim financial statements. These consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2023, which are included in the Company's 2023 annual report.

These consolidated interim financial statements are presented in Canadian dollars, which is Guardian's functional currency. In these notes, all dollar amounts and numbers of shares are stated in thousands. Per share amounts and option exercise prices are stated in dollars and cents.

The 2023 Statements of Operations and Comprehensive Income were amended to reclassify certain income taxes from continuing operations to discontinued operations.

These consolidated interim financial statements were authorized for issuance by the Board of Directors of Guardian on May 9, 2024.

3. SECURITIES BACKING THIRD PARTY INVESTOR LIABILITIES AND THIRD PARTY INVESTOR LIABILITIES

Securities backing third party investor liabilities represent the third party investors' proportionate interests in the assets of consolidated investment funds. These securities are classified as fair value through the profit or loss and are categorized as Level 1, based upon the fair value hierarchy.

Third party investor liabilities represent third party investors' proportionate ownership interests in the consolidated funds. The liabilities are payable on redemption of the units of the funds by the third party investors and will be settled with the proceeds from the disposition of securities backing third party investor liabilities. The value of the liabilities is equal to and varies with the value of the securities backing third party investor liabilities. These liabilities are classified as fair value through the profit or loss and are categorized as Level 1, based upon the fair value hierarchy.

4. SECURITIES

(a) Classification of securities

An analysis of the Company's securities, which may include individual securities or units of investment funds, by classifications and by the type of security is as follows:

As at	March 31 2024	December 31 2023
Fair value through profit or loss:		
Short-term securities	$ 424,758	$ 516,177
Fixed-income securities	43,572	37,437
Bank of Montreal common shares (i)	294,784	292,175
Public equity securities	297,948	280,572
Private equity investments and real estate (ii)	192,075	191,169
	$ 1,253,137	$ 1,317,530

(i) There have been no sales of Bank of Montreal common shares during the three month periods.

(ii) The Company has made capital commitments to several private investment funds, including its own recently launched Guardian Smart Infrastructure Partners ("GSIP"), and the outstanding capital commitments for future investments are as follows:

As at	March 31 2024	December 31 2023
Investment commitments	$ 23,386	$ 23,626

(b) Fair value hierarchy

The Company's securities, carried at fair value, have been categorized based upon a fair value hierarchy, as follows:

As at	March 31 2024	December 31 2023
Level 1	$ 646,106	$ 625,393
Level 2	459,659	545,699
Level 3	147,372	146,438
	$ 1,253,137	$ 1,317,530

Level 2 securities include investments in certain investment funds and are valued using the published net asset value of each fund. During 2023 and 2024, there have been no transfers of securities between Levels.

(c) Analysis of Level 3 securities

(i) The change in the fair value of Level 3 securities is as follows:

For the three months ended March 31,	2024	2023
Securities categorized as Level 3, beginning of period	$ 146,438	$ 33,463
Change in fair value	148	(2)
Additions	781	--
Foreign exchange translation adjustments	5	(5)
	$ 147,372	$ 33,456

(ii) Level 3 securities are comprised of the following:

As at	March 31 2024	December 31 2023
Smart infrastructure partnerships - intelligent traffic systems company	$ 112,436	$ 112,512
Private equity funds	31,037	30,108
Investment management company	2,160	2,104
Other	1,739	1,714
	$ 147,372	$ 146,438

The Company's investment in level 3 securities are valued as follows: smart infrastructure partnerships are valued at cost which approximates fair value; private equity funds are valued using the most recent fair value as obtained from each fund's manager; and the investment management company is valued using a multiple of EBITDA and the projected EBITDA for the following year.

5. BANK LOANS AND BORROWINGS

Bank loans and borrowings are composed of the following:

As at		March 31 2024	December 31 2023
General corporate borrowings (i):			
Bank indebtedness		$ 30,506	$ 22,215
Short-term	US dollar	81,872	80,830
Employee profit sharing plan borrowings (ii):			
Bank indebtedness		4,961	169
Bankers' acceptance:	Canadian dollar	32,200	32,800
		$ 149,539	$ 136,014

i) The Company maintains two short-term revolving credit facilities for general corporate purposes with a total borrowing capacity of $130,000 (December 31, 2023 - $130,000). Borrowings under these facilities can be drawn in various short-term forms in both Canadian and US dollars, and bear interest at the bank's prime rate plus 0.4% for bank indebtedness and CDOR plus 1.4% for Canadian dollar bankers' acceptances or SOFR plus 1.5% on similar US dollar borrowings. For the calculation of interest on the bank indebtedness the Company may offset a portion of the bank indebtedness with certain cash balances. Such cash balances were $25,810 as at March 31, 2024 (December 31, 2023 - $18,239). The terms of these facilities require that the Company maintain certain financial ratios and the Company is in compliance with these requirements.

ii) The Company maintains a short-term revolving credit facility for borrowings by the Company's Employee Profit Sharing Plan Trust ("EPSP Trust"), which has a total borrowing capacity of $45,000 (December 31, 2023 - $45,000). Borrowings under this facility are secured by a deposit of all treasury stock held by the EPSP Trust as detailed in Note 8. Borrowings under this facility can be drawn in various short-term forms in Canadian dollars and bear interest at the bank's prime rate plus 0.5% for bank indebtedness and CDOR plus 1.4% for bankers' acceptances.

6. DUE TO NON-CONTROLLING INTERESTS AND OTHER LIABILITIES

Due to non-controlling interests and other liabilities are comprised of the following:

As at	March 31 2024	December 31 2023
Current:		
Acquistion related (i)	$ 1,743	$ 1,710
Non-current:		
Obligations to non-controlling interests (ii)	13,600	13,047
	$ 15,343	$ 14,757

i) These are deferred amounts owed by the Company relating to a completed acquisition.

ii) These are obligations of the Company to purchase the portion of certain subsidiaries which it does not already own, should the non-controlling shareholders exercise their option to sell their holdings to the Company or the Company exercises its option to buy. These liabilities relate to future transactions with non-controlling interest, acting in their capacity as owners, therefore all changes in fair values of these obligations are reflected in the statement of equity.

7. CAPITAL STOCK

(a) Authorized

i) Unlimited preferred shares, without par value, may be issued in an unlimited number of series, the designation, rights, privileges, conditions and other provisions of which are to be determined by the Board of Directors.

ii) Unlimited Class A non-voting shares without par value, convertible into common shares on a one-for-one basis, under certain terms and conditions, the highlights of which are as follows: if any person other than an insider of the Company acquires ownership, control or direction over in excess of 50% of the common shares, or makes an offer to all common shareholders to buy common shares, the Class A shares may be converted into common shares, unless holders of over 50% of the outstanding common shares do not accept the offer, or an equivalent offer is made to the holders of Class A shares.

iii) Unlimited common shares, without par value, convertible on a one-for-one basis into Class A non-voting shares.

(b) Issued and outstanding

A summary of the changes in the Company's capital stock is as follows:

For the three months ended March 31,	2024		2023	
	Shares	Amount	Shares	Amount
Class A shares				
Outstanding, beginning of period	22,492	$ 16,165	23,498	$ 16,895
Acquired and cancelled	(94)	(67)	(134)	(96)
Converted from common	--	--	6	1
Outstanding, end of period	22,398	16,098	23,370	16,800
Common shares				
Outstanding, beginning of period	2,738	661	2,749	664
Converted into class A	--	--	(6)	(1)
Outstanding, end of period	2,738	661	2,743	663
Total outstanding, end of period	25,136	$ 16,759	26,113	$ 17,463

(c) Issuer bid

A summary of the Company's activity under its Normal Course Issuer Bid ("NCIB") is as follows:

For the three months ended March 31,	2024	2023
Shares purchased and cancelled		
Class A	94	134
Consideration paid	$ 4,147	$ 5,364
Capital transaction taxes	82	--
	4,229	5,364
Less: average issue price, charged to share capital	67	96
Excess consideration charged to retained earnings	$ 4,162	$ 5,268

A summary of the current NCIB, which commenced on December 19, 2023 and expires on December 18, 2024, is as follows:

For the period from December 19, 2023 to March 31, 2024	Common shares	Class A shares
Authorized limit available	137	1,545
Purchased by the Employee Profit Sharing Plan Trust	--	(98)
Purchased and cancelled	--	(98)
Remaining limit available	137	1,349

(d) Dividends

The dividends the Company declared and paid on the common and Class A shares outstanding are as follows:

For the three months ended March 31,	2024	2023
Dividends declared and paid, per share	$ 0.34	$ 0.24

The Company has also declared dividends of $0.37 per share payable on each of April 18, 2024 and July 18, 2024, on the Common and Class A shares outstanding. These dividends, which will be recognized on the record dates, have not been reflected in these financial statements.

8. TREASURY STOCK

The Company provides stock-based entitlements to certain senior employees of the Company through an Employee Profit Sharing Plan Trust (the "EPSP Trust"). The EPSP Trust purchases and holds shares of the Company related to the stock-based entitlements, which are in the form of either equity-based entitlements or option-like entitlements, and the shares are accounted for as treasury stock. The purchases are financed by a loan facility from a major chartered bank, (Note 5 (ii)), which is secured by the shares held by the EPSP Trust and a guarantee issued by the Company.

(a) Changes in treasury stock

A summary of the changes in the Company's treasury stock is as follows:

For the three months ended March 31,	2024		2023	
	Shares	**Amount**	Shares	Amount
Balance, beginning of period	**1,758**	**$ 32,037**	2,131	$ 35,569
Acquired	**98**	**4,865**	78	3,140
Disposed	**(102)**	**(1,044)**	(249)	(4,648)
Balance, end of period	**1,754**	**$ 35,858**	1,960	$ 34,061

As at March 31, 2024, the treasury stock was composed of 30 common shares (December 31, 2023 – 30) and 1,724 class A shares (December 31, 2023 – 1,728).

(b) Equity-based entitlements

Equity-based entitlements allow the employees to purchase shares of the Company from the EPSP Trust at zero cost, subject to predetermined vesting arrangements and other conditions.

A summary of the changes in the number of shares under equity-based entitlements is as follows:

For the three months ended March 31,	2024	2023
Equity-based entitlements, beginning of period	**1,221**	1,423
Provided	**99**	78
Exercised	**(82)**	(249)
Equity-based entitlements, end of period	**1,238**	1,252

During the three month period ended March 31, 2024, the equity-based entitlements provided had a fair value of $ 4,885 (2023 - $3,140).

Equity-based entitlements are valued at the fair market value of the shares purchased by the EPSP Trust on the date of the provision of the entitlement. This value is recorded by the Company as compensation cost over the vesting period, and is credited to contributed surplus. On exercise of an entitlement, treasury stock and contributed surplus are reduced for the EPSP Trust's cost of the entitlement exercised.

(c) Option-like entitlements

The option-like entitlements allow the employees to purchase shares of the Company from the EPSP Trust for an amount that is equal to the amount of borrowings pertaining to those shares, subject to predetermined vesting arrangements and other conditions. Due to the nature of these entitlements and the conditions attached to them, the contractual life of the entitlement is indeterminable.

A summary of the option-like entitlements is as follows:

For the three months ended March 31,	2024		2023	
	Shares	**Weighted average exercise price per share**	Shares	Weighted average exercise price per share
Option-like entitlements, beginning of period	**536**	**$ 10.35**	708	$ 10.20
Exercised	**(20)**	**9.69**	--	--
Option-like entitlements, end of period	**516**	**$ 10.38**	708	$ 10.20

No option-like entitlements were provided in 2024 or 2023.

9. DIVIDEND AND INTEREST INCOME

Dividend and interest income is composed of the following:

For the three months ended March 31,	2024	2023
Dividends on Bank of Montreal shares	**$ 3,367**	$ 3,189
Other dividends	**1,964**	1,825
Dividend income	**5,331**	5,014
Interest income	**6,806**	2,939
	$ 12,137	$ 7,953

10. OTHER EXPENSES

Other expenses are composed of the following:

For the three months ended March 31,	2024	2023
Information and technology services	$ 5,890	$ 3,935
Professional and outsourced services	4,311	2,625
Marketing and travel	1,415	897
Registrations, facilities and other	2,184	1,836
	$ 13,800	$ 9,293

11. NET GAINS

Net gains is composed of net gains (losses) arising on the following:

For the three months ended March 31,	2024	2023
Bank of Montreal common shares	$ 2,609	$ (4,884)
Other securities	12,761	22,592
Securities (i)	15,370	17,708
Disposal of intangible assets	10	--
Foreign exchange (ii)	(2,643)	426
	$ 12,737	$ 18,134

(i) Net gains (losses) recorded on securities are a result of net changes in fair value of securities, securities backing third party investor liabilities, and the third party investor liabilities.

(ii) Net gains (losses) recorded on foreign exchange arise from monetary assets and liabilities denominated in currencies, which are different from the functional currency of Guardian or its subsidiaries.

12. CALCULATIONS OF NET EARNINGS PER SHARE

The calculations of net earnings per share are based on the following number of shares and net earnings:

For the three months ended March 31,	2024	2023
Weighted average number of Class A and common shares outstanding:		
Basic	23,431	24,061
Effects of outstanding entitlements from stock-based compensation plans	1,596	1,913
Diluted	25,027	25,974
Net earnings from continuing operations attributable to shareholders:		
Basic	$ 21,167	$ 24,924
Effects of outstanding entitlements from stock-based compensation plans	435	380
Diluted	$ 21,602	$ 25,304
Net earnings attributable to shareholders:		
Basic	$ 21,167	$ 487,603
Effects of outstanding entitlements from stock-based compensation plans	435	380
Diluted	$ 21,602	$ 487,983

13. BUSINESS SEGMENTS

Following the sale of the Worldsource Businesses the Company reorganized its remaining operations into two segments: a) Investment Management, which primarily involves earning management fees relating to investment management services provided to clients; and b) Corporate Activities and Investments, which relates substantially to the investment of the Company's securities holdings, as well as corporate management and development activities. The segmented operating results below includes certain centralized costs which are allocated from Corporate Activities and Investments segment to operating segments to better reflect the costs associated with each of the segments.

(a) Business segments

The following tables disclose certain information about the Company's operations by business segment:

For the three months ended March 31,	Investment Management		Discontinued Operations		Corporate Activities and Investments		Inter-Segment Transactions		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue										
Management and advisory fees	$ 51,329	$ 47,812	$ --	$ --	$ --	$ --	$ (544)	$ (389)	$ 50,785	$ 47,423
Fees paid to referring agents	(3,266)	(3,404)	--	--	--	--	--	--	(3,266)	(3,404)
Net management and advisory fees	48,063	44,408	--	--	--	--	(544)	(389)	47,519	44,019
Administrative services income	2,458	2,253	--	--	383	212	--	56	2,841	2,521
Dividend and interest income	456	356	--	--	11,387	7,509	294	88	12,137	7,953
Net revenue	50,977	47,017	--	--	11,770	7,721	(250)	(245)	62,497	54,493
Expenses										
Employee comp. & benefits	27,146	25,747	--	--	3,511	2,998	--	--	30,657	28,745
Amortization	2,777	2,698	--	--	496	588	--	--	3,273	3,286
Interest	91	207	--	--	2,358	1,778	--	(56)	2,449	1,929
Other expenses	11,923	8,527	--	--	2,127	955	(250)	(189)	13,800	9,293
	41,937	37,179	--	--	8,492	6,319	(250)	(245)	50,179	43,253
Operating earnings	9,040	9,838	--	--	3,278	1,402	--	--	12,318	11,240
Net gains (losses)	(152)	885	--	--	12,889	17,249	--	--	12,737	18,134
Net earnings (loss) before income taxes	8,888	10,723	--	--	16,167	18,651	--	--	25,055	29,374
Income tax expense	2,406	2,027	--	--	1,208	2,095	--	--	3,614	4,122
Net earnings from continuing operations	6,482	8,696	--	--	14,959	16,556	--	--	21,441	25,252
Net earnings from discontinued operations	--	--	--	554,933	--	--	--	--	--	554,933
Net earnings	$ 6,482	$ 8,696	$ --	$ 554,933	$ 14,959	$ 16,556	$ --	$ --	$ 21,441	$ 580,185
Net earnings attributable to:										
Shareholders	$ 6,208	$ 8,368	$ --	$ 462,679	$ 14,959	$ 16,556	$ --	$ --	$ 21,167	$ 487,603
Non-controlling interests	274	328	--	92,254	--	--	--	--	274	92,582
	$ 6,482	$ 8,696	$ --	$ 554,933	$ 14,959	$ 16,556	$ --	$ --	$ 21,441	$ 580,185
Additions to segment assets										
Intangible assets	$ 628	$ 847	$ --	$ --	$ --	$ --	$ --	$ --	$ 628	$ 847
Equipment	136	392	--	--	136	49	--	--	272	441
Goodwill	--	--	--	--	--	--	--	--	--	--

As at March 31, 2024 and December 31, 2023	Investment Management		Discontinued Operations		Corporate Activities and Investments		Inter-Segment Transactions		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Segment assets and liabilities:										
Assets	$ 339,605	$ 326,225	$ --	$ --	$ 1,370,681	$ 1,427,831	$ (11,326)	$ (21,056)	$ 1,698,960	$ 1,733,000
Liabilities	$ 168,894	$ 168,452	$ --	$ --	$ 284,712	$ 342,678	$ (11,326)	$ (21,056)	$ 442,280	$ 490,074

(b) Geographic segments

The Company's business units operate in various geographic regions. The Company attributes revenues generated by a business unit to the geographic region based on where that business unit resides. The following tables disclose certain information about the Company's operations by geography:

	Canada		United Kingdom		USA and other		Consolidated	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
For the three months ended March 31,								
Net revenue from external parties	$ 37,243	$ 32,613	$ 15,262	$ 12,372	$ 9,992	$ 9,508	$ 62,497	$ 54,493
As at March 31, 2024 and December 31, 2023								
Non-current assets:								
Intangible assets	$ 23,271	$ 23,417	$ 2,274	$ 2,365	$ 59,632	$ 59,608	$ 85,177	$ 85,390
Equipment	18,268	18,748	524	602	2,715	2,834	21,507	22,184
Goodwill	11,133	11,134	827	813	30,459	29,679	42,419	41,626

14. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

Net change in non-cash working capital items is comprised of the following:

For the three months ended March 31,		2024		2023
Decrease (increase) in non-cash working capital assets:				
Interest-bearing deposits with banks	$	(18,946)	$	(8,241)
Accounts receivable and other		1		353
Receivables from clients and broker		--		28,524
Increase (decrease) in non-cash working capital liabilities:				
Client deposits		13,306		2,830
Accounts payable and other		(17,977)		(6,737)
Payable to clients		--		(25,013)
	$	(23,616)	$	(8,284)

15. FINANCIAL RISK MANAGEMENT

The Company's goal in managing financial risks is to evaluate the risks being taken against the benefits that are targeted to be achieved and, where those risks are deemed acceptable, to mitigate those risks, where practicable. The following are the more significant risks associated with financial instruments to which the Company is subject:

(a) Concentration risk

The Company is exposed to concentration risk associated with certain investments as follows:

As at		March 31 2024		December 31 2023
Bank of Montreal common shares	$	294,784	$	292,175
Smart infrastructure partnerships - intelligent traffic systems company		112,436		112,512
	$	407,220	$	404,687

The investment in the Bank of Montreal shares represents 24% (December 31, 2023 – 22%) of the Company's securities. The Company monitors the investment in the Bank of Montreal shares on a continuous basis. A change in the price of the Bank of Montreal shares by 10% would result in gain or loss of $29,478 (December 31, 2023 - $29,218) being recorded in net gains (losses).

The investment in GSIP represents 9% (December 31, 2023 – 9%) of the Company's securities. GSIP's underlying investment is a 70% interest in a leading supplier of intelligent tolling and traffic management systems solutions. The Company jointly controls this investment, has representation on its board and actively monitors its operations. In addition, the Company is actively marketing GSIP to prospective third-party investors to reduce its holdings. A change in the price of the investment by 10% would result in gain or loss of $11,244 (December 31, 2023 - $11,251) being recorded in net gains (losses).

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, currency risk and interest rate risk.

i) Price risk

Price risk, the risk of a gain or loss resulting from movements in the price of securities, arises when the Company invests in equity securities. The Company is exposed to price risk with its investment in equity securities. Changes in the fair values of its equity securities are recognized in net gains (losses) and can have a significant impact on net earnings (loss) attributable to shareholders. This risk is managed through the use of professional in-house expertise, which takes a disciplined approach to investment management. The equity securities holdings, excluding the investments subject to concentration risk, are diversified by asset class and, as shown in the chart below, by geographical region. The chart also indicates the gain or loss which would be recognized in net earnings as a result of a 10% change in the market prices:

		Equity securities classified as fair value through the profit and loss		Gain or loss recognized from a 10% change in fair value
As at March 31, 2024				
Canada	$	52,819	±$	5,282
Emerging markets		71,035		7,103
Developed markets		253,733		25,373
	$	377,587	±$	37,758
As at December 31, 2023				
Canada	$	52,316	±$	5,232
Emerging markets		68,400		6,840
Developed markets		351,026		35,102
	$	471,742	±$	47,174

The price risk associated with Securities backing third party investor liabilities and Third party investor liabilities are equal to and offsetting. As a result, they have been excluded from the above analysis.

ii) Currency risk

Currency risk, the risk of a gain or loss resulting from changes in the price of a financial instrument due to changes in currency exchange rates, arises when the Company or one of its subsidiaries is party to financial instruments which are denominated in a currency which is different from its functional currency.

The Company's significant financial instruments which are subject to currency risk are as follows:

As at		March 31 2024		December 31 2023
USD currency exposure:				
Assets:				
Short-term securities	$	16,965	$	16,551
Liabilities:				
Bank loans and borrowings		81,872		80,830
Net USD liability	$	(64,907)	$	(64,279)

The Company is exposed to currency risk related to a certain of its short term securities and borrowings, which are denominated in US Dollars. The risk associated with net exposure is mitigated by the US Dollar cash flows that are generated by the Company's foreign subsidiaries and the offsetting amounts being recognized on the investments in Net gains (losses) or in Net change in foreign currency translation on foreign subsidiaries. A change in the CAD-USD exchange rate by +/-10% would result in a foreign exchange gain or loss of +/- $6,491 (December 31, 2023 – +/- $6,428) being recognized in net earnings.

As a result of expansion outside of Canada, the Company's revenues, expenses and operating results from foreign operations may fluctuate with the changes in the foreign currency exchange rates compared to the Canadian dollar. The most significant foreign currency exposure is to the US dollars as most of the non-Canadian assets under management are US dollar denominated portfolios. Every 1% change in the value of the Canadian dollar against the US dollar would result in a change in Net Revenue of approximately +/- $372 for the three-month period to March 31, 2024.

From time to time, a foreign subsidiary may hold an unhedged position in financial instruments denominated in Canadian dollars, which can result in foreign exchange gains or losses in that subsidiary. Upon translation of their results on consolidation, the Company will recognize an equal and offsetting foreign currency translation adjustment in other comprehensive income.

iii) Interest rate risk

Interest rate risk, the risk of increased or decreased income and expense or gain or loss resulting from changes in interest rates, arises when the Company is party to an interest-bearing financial instrument. The Company's significant exposure to interest rate risk is as follows:

As at		March 31 2024		December 31 2023
Interest rate sensitive assets:				
Interest-bearing deposits with banks	$	87,155	$	66,912
Short term securities		424,758		516,177
Fixed-income securities		43,572		37,437
	$	555,485	$	620,526
Interest rate sensitive liabilities:				
Bank loans and borrowings	$	149,539	$	136,014
Client deposits		64,658		50,071
	$	214,197	$	186,085

The Company's most significant exposures to interest rate risk are through its bank loans and borrowings and short-term and fixed-income investments as detailed above. The interest rates on these borrowings are short-term and, if short-term rates increase, the Company's interest expense on the bank loans and borrowings and the interest income earned on short-term and fixed-income securities will both increase. To the extent the balances are offsetting, they act as partial hedge to the exposure. To the extent the balances are not offsetting, the risk is mitigated by the short-term nature of these instruments.

The interest rate risk on interest-bearing deposits with banks and the client deposits, both of which arise in the international banking operation, is managed by matching interest and maturities.

(c) Credit risk

Credit risk is the risk of a financial loss due to one party to a financial instrument failing to discharge its obligation to the Company. The Company's total credit risk exposure, without consideration of any collateral or other credit enhancements, is as outlined below:

As at		March 31 2024		December 31 2023
Cash	$	69,582	$	72,414
Interest-bearing deposits with banks		87,155		66,912
Accounts receivable and other		55,810		55,001
Short-term securities		424,758		516,177
Fixed-income securities		43,572		37,437
	$	680,877	$	747,941

The Cash and Interest-bearing deposits with banks and the majority of the accounts receivable are due from major institutions. The Company reviews the credit worthiness of any banks with which it places deposits, and does not deal with a bank if it is not satisfied with the bank's financial strength. The Accounts receivable and other are generally amounts due from customers, and the credit risk is low due to the nature of the Company's customers. There are controls on the amounts that these clients may borrow, depending upon the securities that are pledged. The credit risk associated with the Company's investment in fixed-income securities are managed by the periodic monitoring of the activities of the portfolio managers who, through diversification and credit quality reviews directly manages the credit risk associated with the investments. The short-term securities are government treasury bills, investments in money market funds, which hold government treasury bills or investment-quality securities with very short duration and low credit risk.

(d) Liquidity risk

Liquidity risk, the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities arises when the Company has insufficient resources to meet its obligations as they come due. The Company is exposed to liquidity risk because it has financial obligations which are due within one year. The Company manages this financial risk by managing its cash flows from operations, maintaining a portfolio of liquid securities, and by arranging for borrowing facilities with two major Canadian banks.

16. DISCONTINUED OPERATIONS

The summarized operating results of the Worldsource Businesses which were sold on March 1, 2023 and whose results were included in the Company's Consolidated Statement of Operations as Net earnings from discontinued operations up to the date of sale are as follows:

For the three months ended March 31,	2024	2023
Operating activities		
Net revenue	$ --	$ 17,615
Expenses	--	14,333
Operating earnings	--	3,282
Net gains	--	387
Income tax expense	--	803
	--	2,866
Gain on disposition	--	619,511
Income tax expense	--	67,444
	--	552,067
Net earnings from discontinued operations	$ --	$ 554,933
Net earnings from discontinued operations attributable to:		
Shareholders	$ --	$ 462,679
Non-controlling interests	--	92,254
	--	554,933
Per share (note 12):		
Basic	$ --	$ 19.23
Diluted	--	17.80

Related to the sale of Worldsource Businesses the Company is required to hold a portion of the cash consideration received in escrow until September 1, 2024 and available to offset indemnity claims which may be brought by the purchaser. As at March 31, 2024 $19,168 of such cash was held in escrow.

17. PENDING ACQUISTION

On February 2, 2024, the Company announced that it had reached an agreement to acquire 100% of Sterling Capital Management LLC ("Sterling") from Truist Financial Corporation ("Truist"). Headquartered in Charlotte, North Carolina, Sterling has approximately US$78,000,000 (C$106,000,000) in assets under management and advisement. Sterling invests on behalf of a broad range of institutional and individual investors through separate accounts, model portfolios, and commingled vehicles, including mutual funds.

The financial terms of the transaction include a payment on closing of US$70,000, subject to customary purchase price adjustments, and earn-out payments payable to a maximum of US $45,000 over five years depending on the level of revenue earned from Truist over that period. The Company will recognize the various assets and liabilities associated with this transaction upon closing, which is expected in Q3, 2024.

18. SUBSEQUENT EVENT

On April 16, 2024, it was announced in the initial reading of Canadian federal budget that the capital gains inclusion rate for corporations would increase from 1/2 to 2/3 for capital gains realized on or after June 25, 2024. The impact of this announcement on the Company is that it will increase the taxes payable on future net gains realized on sale of its assets in Canada, including any future sales of its holdings of Securities, such as the shares of the Bank of Montreal. The Company will also be required to recognize this future tax liability on its financial statements by increasing its deferred tax liabilities associated with unrealized net gains on the Securities held in Canada. The Company is not required to recognize this increase in deferred tax liabilities until the applicable budget legislation passes third reading and becomes substantively enacted. The additional amount to be recognized will be largely dependent upon the unrealized gains at that time. However, if the legislation had been substantially enacted on March 31, 2024, then the Company estimates it would have recognized additional deferred tax liabilities of approximately $14,300.

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Our history. Your future.

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