

## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

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# GUARDIAN ULTRA-SHORT CANADIAN T-BILL FUND

DECEMBER 31, 2023

This annual management report of fund performance contains financial highlights, but does not contain either the annual financial report or annual financial statements of the investment fund. You can obtain a copy of the annual financial report or annual financial statements at your request, and at no cost, by calling 1-866-383-6546, by writing to us at Guardian Capital LP, Commerce Court West, 199 Bay Street, Suite 2700, P.O. Box 201, Toronto, Ontario, M5L 1E8, or by visiting our website at [www.guardiancapital.com/investmentsolutions](http://www.guardiancapital.com/investmentsolutions) or SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Investment Objective and Strategies

The investment objective of Guardian Ultra-Short Canadian T-Bill Fund (the "Fund") is to provide interest income to Unitholders primarily through exposure to Canadian Treasury Bills with remaining maturities of three months or less.

In order to achieve its investment objective, the Fund will primarily invest in Canadian Treasury Bills that are denominated in Canadian dollars with remaining maturities of three months or less, but may also hold Canadian Treasury Bills with remaining maturities of up to six months, at the discretion of the Manager. The Manager will screen underlying holdings to ensure sufficient liquidity and to mitigate transaction costs, and will not use derivatives or sell securities short.

### Risk

The risks associated with investing in the Fund remain as discussed in the prospectus. The Fund may be suitable for investors looking for exposure to Canadian short-term treasury bills with remaining maturities of three months or less, with a low tolerance for risk, particularly those who seek regular monthly distributions, and plan to hold this investment for the short to medium term.

### Results of Operations

This Fund's first prospectus was dated June 29, 2023. In accordance with regulatory requirements, investment performance for a fund that has been in existence for less than one year cannot be shown.

The Fund's net asset value was \$119.8 million at December 31, 2023, of which an increase of \$118.3 was attributable to net subscriptions.

The Fund slightly underperformed the Fund's benchmark, the FTSE Canada 30 Day T-Bill Index from the Fund's inception to the end of the year. The Fund's return is after the deduction of fees and expenses, unlike the benchmark's return.

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

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

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

Credit spreads tightened from the October highs, driven by optimism for a soft landing and a lack of corporate bond issuances, then circled back to the

levels seen at the beginning of 2022. Credit spreads for investment grade tightened by approximately 20 basis points in 2023, as the yield remains attractive. However, there is a striking disparity in the narrative of forward-looking market expectations.

Over the last twelve months, yields fell in the middle- and long-end of the Canada Treasury Bill curve. The curve slightly disinserted following the slowing inflation numbers and the narrative that the federal banks were done with hiking rates. In the short-end of the curve, yields rose, which detracted from the Fund's performance.

The Fund's Manager continues to concentrate holdings in the 1-6-month area of the Treasury bill curve, specifically in Provincials. There's hasn't been any significant changes in the Fund's holding since the Fund launched in July 2023.

The Manager integrates ESG considerations into its investment analysis and stewardship activities with the objective of enhancing long-term investment performance. Active engagement and proxy voting are a core part of the Manager's stewardship approach, and the Fund's investment team participates in these activities in a manner suitable to the asset class and Fund. Our investment teams focus on ESG and other factors which they believe could be financially material and/or impact the long-term sustainability of the company. The consideration of ESG issues is one of a number of elements in the portfolio construction process and, may or may not have a material influence on portfolio composition at any given time. For more information, the Manager posts its annual proxy voting reports, along with an annual Responsible Investing Report and its Responsible Investing Policies on its website:

<https://www.guardiancapital.com/investmentsolutions/>

## Recent Developments

In June 2023, the Fund commenced offering mutual funds units to eligible investors. On July 10, 2023, the Fund commenced offering ETF Units for distribution to eligible investors.

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

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

## Related Party Transactions

Guardian Capital LP, the Manager of the Fund, is considered to be a "related party" of the Fund. The Manager is responsible for the day-to-day operations of the Fund and also acts as the portfolio manager, managing the investment portfolio of the Fund. These services are in the normal course of operations and the Fund pays a management fee to the Manager for these services, based on the average Net Asset Value of the Fund, as detailed in the Management Fees section below. The Manager is a wholly-owned subsidiary of Guardian Capital Group Limited, a publicly traded firm listed on the Toronto Stock Exchange.

The Manager also receives an Administration Fee from the Fund, amounting to 0.02% of the average daily net asset value of the Fund, in return for the payment by the Manager of all the variable operating expenses of the Fund. The Independent Review Committee ("IRC") has approved the Manager's Policy for this item and the Manager relies on this approval as a standing

instruction from the IRC. The Manager received the Administration Fee and paid Fund expenses in accordance with this Policy during the period.

## Management Fees

No management fees are payable or collected for Series I units of the Fund. Series A, Series F and the ETF Units are subject to management fees which are based on a percentage of the average Series NAV during each month, calculated and accrued daily, and payable monthly. The Series A management fee is 0.37% per annum. The Series F and ETF Units management fee is 0.12% per annum. The table below provides a breakdown of services received in consideration of the management fees, as a percentage of the management fees, for the period.

	Series A	Series F	Series I	ETF Series
Investment management and other general administration	32.4%	100.0%	n/a	n/a
Trailer Commission	67.6%	n/a	n/a	n/a

## Past Performance

In accordance with regulatory requirements, investment performance for a fund that has been in existence for less than one year cannot be shown.

## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the periods indicated. The information is derived from the Fund's audited annual financial statements.

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

	For the period from commencement of operations, June 29, 2023, to December 31, 2023
Net Assets per Unit, Beginning of Period <sup>[1]</sup>	\$10.00
<b>Increase (decrease) from operations per Unit:<sup>[1]</sup></b>	
Total revenue	0.26
Total expenses	(0.02)
Total increase (decrease) from operations per Unit	0.24
Distributions per Unit from: <sup>[1] [2]</sup>	
Income (excluding dividends)	(0.23)
Capital gains	-
Return of capital	-
Total Distributions per Unit	(0.23)
Net Assets per Unit, End of Period <sup>[1]</sup>	\$10.00

[1] Net assets per Unit and distributions per Unit are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations per Unit is based on the weighted average number of units outstanding over the financial period.

[2] Substantially all distributions were reinvested in additional units of the Fund.

### Ratios and Supplemental Data (Series A)

	For the period from commencement of operations, June 29, 2023, to December 31, 2023
Total net asset value (000's) <sup>[1]</sup>	\$6,370
Number of units outstanding <sup>[1]</sup>	637,020
Management expense ratio <sup>[2]</sup>	0.43%
Management expense ratio before waivers and absorptions	0.43%
Trading expense ratio <sup>[3]</sup>	-
Net asset value per Unit <sup>[1]</sup>	\$10.00
Closing market price	\$10.00

[1] This information is provided as at the end of each period indicated.

[2] The management expense ratio is based on total expenses (excluding commissions, other portfolio transaction costs and withholding taxes) of the Fund and its proportionate share of the total expenses of the Underlying Funds, where applicable, for the stated period and is expressed as an annualized percentage of daily average net asset value during the year. The Manager absorbed some of the Fund's expenses, if it had not done so the MER would have been higher.

[3] The trading expense ratio represents total commissions and other portfolio transaction costs of the Fund and its proportionate share of the Underlying Funds' portfolio transaction costs, where applicable, expressed as an annualized percentage of daily average net asset value for the period.

[4] The Fund's portfolio turnover rate indicates how actively its portfolio advisor trades portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in the portfolio once in the course of a year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

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

	For the period from commencement of operations, June 29, 2023, to December 31, 2023
Net Assets per Unit, Beginning of Period <sup>[1]</sup>	\$10.00
<b>Increase (decrease) from operations per Unit:<sup>[1]</sup></b>	
Total revenue	0.26
Total expenses	(0.01)
Total increase (decrease) from operations per Unit	0.25
Distributions per Unit from: <sup>[1] [2]</sup>	
Income (excluding dividends)	(0.24)
Capital gains	–
Return of capital	–
Total Distributions per Unit	(0.24)
Net Assets per Unit, End of Period <sup>[1]</sup>	\$10.00

[1] Net assets per Unit and distributions per Unit are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations per Unit is based on the weighted average number of units outstanding over the financial period.

[2] Substantially all distributions were reinvested in additional units of the Fund.

**Ratios and Supplemental Data (Series F)**

	For the period from commencement of operations, June 29, 2023, to December 31, 2023
Total net asset value (000's) <sup>[1]</sup>	\$14,741
Number of units outstanding <sup>[1]</sup>	1,474,116
Management expense ratio <sup>[2]</sup>	0.16%
Management expense ratio before waivers and absorptions	0.16%
Trading expense ratio <sup>[3]</sup>	–
Net asset value per Unit <sup>[1]</sup>	\$10.00
Closing market price	\$10.00

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[3] The trading expense ratio represents total commissions and other portfolio transaction costs of the Fund and its proportionate share of the Underlying Funds' portfolio transaction costs, where applicable, expressed as an annualized percentage of daily average net asset value for the period.

[4] The Fund's portfolio turnover rate indicates how actively its portfolio advisor trades portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in the portfolio once in the course of a year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

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

	For the period from commencement of operations, June 29, 2023, to December 31, 2023
Net Assets per Unit, Beginning of Period <sup>[1]</sup>	\$10.00
<b>Increase (decrease) from operations per Unit:<sup>[1]</sup></b>	
Total revenue	0.26
Total increase (decrease) from operations per Unit	0.26
Distributions per Unit from: <sup>[1] [2]</sup>	
Income (excluding dividends)	(0.25)
Capital gains	–
Return of capital	–
Total Distributions per Unit	(0.25)
Net Assets per Unit, End of Period <sup>[1]</sup>	\$10.00

[1] Net assets per Unit and distributions per Unit are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations per Unit is based on the weighted average number of units outstanding over the financial period.

[2] Substantially all distributions were reinvested in additional units of the Fund.

### Ratios and Supplemental Data (Series I)

	For the period from commencement of operations, June 29, 2023, to December 31, 2023
Total net asset value (000's) <sup>[1]</sup>	\$9,099
Number of units outstanding <sup>[1]</sup>	909,853
Management expense ratio <sup>[2]</sup>	0.02%
Management expense ratio before waivers and absorptions	0.02%
Trading expense ratio <sup>[3]</sup>	–
Net asset value per Unit <sup>[1]</sup>	\$10.00
Closing market price	\$10.00

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

	For the period from commencement of operations, June 29, 2023, to December 31, 2023
Net Assets per Unit, Beginning of Period <sup>[1]</sup>	\$50.00
<b>Increase (decrease) from operations per Unit:<sup>[1]</sup></b>	
Total revenue	1.22
Total expenses	(0.04)
Total increase (decrease) from operations per Unit	1.18
Distributions per Unit from: <sup>[1] [2]</sup>	
Income (excluding dividends)	(0.97)
Capital gains	–
Return of capital	(0.35)
Total Distributions per Unit	(1.32)
Net Assets per Unit, End of Period <sup>[1]</sup>	\$50.05

[1] Net assets per Unit and distributions per Unit are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations per Unit is based on the weighted average number of units outstanding over the financial period.

[2] Substantially all distributions were reinvested in additional units of the Fund.

**Ratios and Supplemental Data (ETF Series)**

	For the period from commencement of operations, June 29, 2023, to December 31, 2023
Total net asset value (000's) <sup>[1]</sup>	\$89,598
Number of units outstanding <sup>[1]</sup>	1,790,000
Management expense ratio <sup>[2]</sup>	0.16%
Management expense ratio before waivers and absorptions	0.16%
Trading expense ratio <sup>[3]</sup>	–
Net asset value per Unit <sup>[1]</sup>	\$50.05
Closing market price	\$50.05

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[2] The management expense ratio is based on total expenses (excluding commissions, other portfolio transaction costs and withholding taxes) of the Fund and its proportionate share of the total expenses of the Underlying Funds, where applicable, for the stated period and is expressed as an annualized percentage of daily average net asset value during the year. The Manager absorbed some of the Fund's expenses, if it had not done so the MER would have been higher.

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## SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2023

Portfolio Allocation	% of Net Asset Value
Canadian short-term investments	
- Treasury bills	99.4%
Other net assets	0.6%
<b>Total</b>	<b>100.0%</b>

Top 25 Holdings	% of Net Asset Value
Province of Ontario	35.0%
Province of Alberta	30.8%
Province of Quebec	26.1%
Province of Manitoba	7.5%

<b>Top 25 Holdings (as a percentage of NAV)</b>	<b>99.4%</b>
<b>Total Net Asset Value:</b>	<b>\$119,808,294</b>



**GUARDIAN CAPITAL**

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