

Guardian

GUARDIAN CAPITAL GROUP LIMITED Report to Shareholders

THIRD QUARTER
SEPTEMBER 30, 2022

Enriching Lives Together

TO OUR SHAREHOLDERS:

We present below a summary of the Company's operating results for the periods ended September 30, 2022 and 2021. All per share figures disclosed below are stated on a diluted basis.

For the periods ended September 30, (\$ in thousands, except per share amounts)	Three months		Nine months	
	2022	2021	2022	2021
Net revenue	\$ 72,226	\$ 72,384	\$ 221,400	\$ 207,038
Operating earnings	16,047	20,771	52,570	59,474
Net gains (losses)	(19,835)	(8,146)	(117,945)	90,292
Net earnings (loss)	(6,548)	8,597	(68,957)	126,289
EBITDA ⁽¹⁾	\$ 24,410	\$ 27,349	\$ 76,372	\$ 78,333
Adjusted cash flow from operations ⁽¹⁾	17,743	23,219	56,177	65,571
Attributable to shareholders:				
Net earnings (loss)	\$ (7,608)	\$ 7,054	\$ (73,044)	\$ 121,817
EBITDA ⁽¹⁾	22,396	24,703	69,284	70,622
Adjusted cash flow from operations ⁽¹⁾	15,880	20,795	49,853	58,488
Per share:				
Net earnings (loss)	\$ (0.31)	\$ 0.27	\$ (2.99)	\$ 4.53
EBITDA ⁽¹⁾	0.93	0.93	2.67	2.63
Adjusted cash flow from operations ⁽¹⁾	0.62	0.79	1.93	2.18

As at (\$ in millions, except per share amounts)	2022		2021	
	September 30	December 31	September 30	December 31
Assets under management	\$ 47,814	\$ 56,341	\$ 53,113	\$ 53,113
Assets under administration	26,786	31,508	30,015	30,015
Total client assets	74,600	87,849	83,128	83,128
Shareholders' equity	\$ 743	\$ 839	\$ 781	\$ 781
Securities	648	752	689	689
Per share:				
Shareholders' equity ⁽¹⁾	\$ 28.88	\$ 31.53	\$ 29.40	\$ 29.40
Securities ⁽¹⁾	25.16	28.27	25.91	25.91

Summary

The Company is reporting \$74.6 billion in total client assets as at September 30, 2022, which include assets under management ("AUM") and assets under administration ("AUA"). This is a 10% decrease from \$83.1 billion as at September 30, 2021, and a 15% decrease from \$87.8 billion reported as at December 31, 2021. The Company is reporting AUM of \$47.8 billion as at September 30, 2022, a 10% decrease from \$53.1 billion as at September 30, 2021, and a 15% decrease from \$56.3 billion as at December 31, 2021. The decrease in AUM was driven largely by the negative global financial market performance and, to a lesser extent, net redemptions reported in earlier quarters this year, partially offset by the acquisition completed in the current quarter. The Company's AUA was \$26.8 billion as at September 30, 2022, an 11% decrease from \$30.0 billion as at September 30, 2021, and a 15% decrease from \$31.5 billion as at December 31, 2021.

The Company is reporting Operating earnings of \$16.0 million for the quarter ended September 30, 2022, a decrease of 23% or \$4.8 million from the \$20.8 million reported in the third quarter of 2021. The decrease in AUM from its peak at the end of 2021 has continued to negatively impact the Company's Net revenue, but this has been partially offset by revenues which are not as sensitive to levels of AUM. Expenses increased over the same period by 9% or \$4.6 million, as detailed below.

Net revenue for the current quarter declined slightly to \$72.2 million from \$72.4 million reported in the same quarter in the prior year. Revenues sensitive to the level of average AUM, such as net management fees, decreased in the current period, but this decrease was largely offset by higher dividends earned on the Company's securities portfolio and interest earned on cash balances.

Expenses in the current quarter were \$56.2 million, a \$4.6 million increase from \$51.6 million in the same quarter in the prior year. The higher expenses reflect the Company continuing to invest in the strategically important initiatives of building both our retail distribution capabilities and private infrastructure business, Guardian Smart Infrastructure Management Inc. We have also experienced increased expenses related to integrating recently acquired businesses, and higher borrowing costs due to the recent increases in interest rates.

Net losses in the current quarter were \$19.8 million, compared to Net losses of \$8.1 million in the same quarter in the prior year. The largest portion of the Net losses in the current quarter was attributable to the declines in fair values of our securities holdings resulting from the negative performance in the global financial markets to which those securities are exposed.

The Company's Net loss attributable to shareholders in the current quarter was \$7.6 million, compared to Net earnings attributable to shareholders of \$7.1 million in the same quarter in 2021. The significant Net losses associated with our securities holdings, as described above, compared to the smaller Net losses in the prior year, and the decline in operating earnings, largely accounted for the reduction in Net (loss) earnings attributable to shareholders.

EBITDA attributable to shareholders⁽¹⁾ for the current quarter was \$22.4 million, compared to \$24.7 million in the same period in the prior year. Adjusted cash flow from operations attributable to shareholders⁽¹⁾ for the current quarter was \$15.9 million, compared to \$20.8 million in the same quarter in the prior year.

The Company's Shareholders' equity as at September 30, 2022 was \$743 million, or \$28.88 per share⁽¹⁾, compared to \$839 million, or \$31.53 per share⁽¹⁾ as at December 31, 2021, and \$781 million, or \$29.40 per share⁽¹⁾ as at September 30, 2021. During the current quarter, the Company returned to shareholders \$6.2 million in dividends and \$2.9 million in share buybacks. The fair value of the Company's Securities as at September 30, 2022 was \$648 million, or \$25.16 per share⁽¹⁾, compared to \$752 million, or \$28.27 per share⁽¹⁾ as at December 31, 2021 and \$689 million, or \$25.91 per share⁽¹⁾ as at September 30, 2021.

The Board of Directors has declared a quarterly eligible dividend of \$0.24 per share, payable on January 18, 2023, to shareholders of record on January 11, 2023.

⁽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. Certain of the names of these measures were amended to include the words "attributable to shareholders" to better describe the measures.

Commentary

Market recap

More than anything, high initial expectations and subsequent significant revisions to the economic outlook have been the reasons why 2022 has proven to be such a challenging year for markets. At the outset of the year, general economic momentum was solid and hopes were high, as the significant headwind of the pandemic that plagued the last two years appeared to be subsiding. The positives for economic activity associated with the further rollback of public health restrictions, however, have been restrained by the impact of broadly-rising price pressures, in part a function of lingering pandemic-related supply chain issues and related supply/demand imbalances (crisis-era stimulus had strongly underpinned spending), exacerbated by Russia's invasion of Ukraine, which drove a surge in commodity prices. High inflation rates have resulted across the world, eroding spending power and creating the risk of more permanent demand destruction should they persist and cause expectations to become unanchored. In response, global central banks, which had expected inflationary pressures to be fleeting, have been forced to undergo an aggressive shift in their approaches to policy this year, especially in recent months, which have seen sharp increases in policy rates and guidance. Global tensions and the withdrawal of liquidity further constrain growth momentum, which was already expected to slow as the economic cycle graduated from last year's "recovery" to the "expansion" phase, and has put pressure on both fixed-income and equity markets. In the third quarter, equity markets staged a brief recovery from the prior quarter's losses, but quickly faded to be negative by quarter-end, while fixed income recovered some of the losses experienced in the recent past.

Investment Management

In the third quarter, reflecting the greater market, Guardian's equity products once again experienced absolute negative returns. Fixed income did provide some offset to equities' results, providing a slight rebound from the negative performance of the second quarter. As rates have risen, we have experienced some positive net inflows from institutional investors seeking to rebalance from their prior relatively low allocations to fixed income. After the effects of equity market declines, and net positive fund flows, institutional assets under management remained flat at \$42.9 billion in the quarter. While there is no sign that Canadian institutions are slowing their efforts to reduce their allocations to Canadian equities, Guardian did not experience any significant redemptions in the quarter. We have been aware of these negative trends for some time and have, accordingly, spent the past decade diversifying our investment management business segment so as to best absorb these headwinds and remain resilient with the changing landscape.

During the quarter we continued to commit expenditures to the future growth of our investment management segment, with new retail product launches that focus on the growing demographics of seniors and their evolving investment priorities, which have them pivoting toward a decumulation investment mindset, rather than accumulation of capital. Recent launches of our GuardPath Funds in support of this initiative have generated a heightened degree of visibility for us with investment advisors and their clients, which in itself is supportive of our broader efforts to grow our retail asset management footprint. Our investments in the retail asset management segment continue to be in excess of any current material growth in assets under management and revenues. However, building a following among financial advisors is an effort that will require our patience and persistence. We believe the commitment to sustain meaningful current operating losses related directly to the building of our presence in this segment will prove to be a worthwhile investment for our shareholders in the long term. At the current stage of our development, we take note of more intangible signs of success, which include monitoring engagement levels with financial advisors and growing brand awareness, rather than being myopic about the drag on earnings from these initiatives. Another investment initiative where we are committing support to front-loading expenses which will precede any new revenues has been our efforts at building our nascent Guardian Smart Infrastructure Management team. We have been actively engaging with potential institutional investors across the globe, and early interest toward raising our first fund has been encouraging, including securing a lead limited partner commitment from a large US-based institutional investor. Our engagement with the institutional investor market has also included the active pursuit of establishing awareness and support from some of the leading alternative pension consultant advisors. We believe that in a relatively short period, we have made good progress with a handful of leading pension consultants, which is a critical threshold of achievement toward our ultimate goal of adding more commitments from institutional partners, and target a 2023 first fund closing.

Wealth Management

Guardian's Wealth Management segment services a variety of clients' investment needs, from small mutual fund investors to ultra-high-net-worth families. This business is composed of the Worldsource companies, which essentially serve two distinct types of independent financial advisors across Canada. Worldsource is made up of mutual fund and securities dealerships (the "Dealers"), focusing on servicing independent financial advisors and corporate partners who offer investment advice to their clients. Augmenting these operations is our life insurance managing general agency (the "MGA"), which is focused on servicing independent life insurance advisors. Additionally, our private wealth companies advise and manage money for high-net-worth and ultra-high-net-worth families.

As a result of negative equity market performance in Q3, the Dealers ended the quarter reporting \$15.4 billion in AUA, compared to \$15.7 at the end of the second quarter. Over the course of the last few years, we have made significant upgrades to our team, our technology capabilities and our product offering, and we plan to continue to do so. Having implemented the upgrading of core operating systems, we are now focused on rolling out a number of additional tools that will aid planners and their clients in analyzing their portfolios and meeting their goals. Making these investments in technology and people has increased expenses. However, it has also better positioned the Dealers to focus on major growth initiatives, including increasing acceptance of Guardian's investment solutions into Worldsource, and more aggressively recruiting independent advisors and corporate partners.

IDC WIN, our MGA business, had another positive quarter. The business exceeded its revenues of the comparable quarter of 2021, and earnings were very similar to last year, with renewal, written and pending insurance contracts all being slightly ahead of last year's pace. We believe 2021 benefitted partially from some catch-up in insurance sales from the early pandemic-induced, industry-wide slowdown in the first three quarters of 2020, so the results for the most recent quarter are encouraging. We continue to have success in the recruitment of advisors with strong track records of production, and we are increasingly viewed as a desirable strategic partner. It is important to remember that roughly 55% of our MGA's revenues are recurring commission payments, of which the vast majority are earned on the renewal of insurance policies sold in prior years. In order for us to realize this revenue, insured clients must continue paying their premiums, and hence a major focus of IDC WIN is on maintaining our historical high persistency in renewals.

Our Quebec operations are now substantially integrated into IDC WIN. Going forward, we will be focusing on all aspects of our MGA operation in order to generate more operational efficiencies. At September 30, 2022, IDC WIN's total AUA was \$7.6 billion, consisting mainly of segregated fund assets, a slight decline from \$8.0 billion at the end of Q2. Sales of segregated funds have slowed, but remain in positive territory. We believe that we have built a very comprehensive, valuable national MGA.

Serving high-net-worth and ultra-high-net-worth clients, our Private Wealth business includes our "Outsourced Chief Investment Officer" operation, Guardian Partners Inc., Guardian Capital Advisors LP, Alexandria Bancorp Limited, and 60% of Rae & Lipskie Investment Counsel Inc. ("RaeLipskie"), whose acquisition closed on September 1st, 2022. At September 30, our Private Wealth operations had a total AUM of \$5.0 billion (including \$1.1 billion of AUM from the acquisition of RaeLipskie) and \$3.8 billion of AUA, both metrics down slightly over the quarter, resulting primarily from market declines. Our goal in Private Wealth is to offer increasing depth of services to high-net-worth and ultra-high-net-worth clients, and we are very optimistic about the opportunity in both this demographic and the advisory/family office segment of the market. We will continue to invest in the Private Wealth area, as we believe this business is synergistic to our existing Investment Management businesses and allows us to provide a continuum of services to a spectrum of wealthy clients.

Corporate Securities

In addition to our core operating segments of Investment Management and Wealth Management, steady and reliable investment income from our corporate securities portfolio has been a meaningful contributor to Guardian's profitability and long-term financial health and flexibility. At the current quarter's end, our investment portfolio was valued at \$648 million, down from \$651 million in Q2 and \$752 million at the end of 2021. We received dividend and interest income of approximately \$5.5 million from those investments in the quarter.

Our holding of BMO stock has historically provided an important source of dividend income. However, its contribution to our overall profitability has been decreasing, as our cash flows from our operating businesses have grown stronger over the last decade and, at the same time, we have been diversifying our investment portfolio largely into higher-growth, but generally lower-yielding, proprietary investments. In the current quarter, BMO dividends contributed \$3.1 million to Guardian revenues, a slight increase from the second quarter. No BMO shares were sold in the quarter, and we continue to hold 2,230,000 shares.

The balance of our investment portfolio is invested largely in Global, Emerging Market and US Equity strategies managed by various in-house portfolio management teams, short-term fixed income securities, and smaller but still significant holdings in our Canadian real estate fund, Canadian Equity and Fixed Income portfolios, and other public and private investments. We will continue to utilize our balance sheet to seed new strategies and to support growth in our operating business segments.

Overall, we believe that we have ample capacity to fund any future demand for seeding of proprietary strategies and their respective investment vehicles, as well as any future operating business unit cash needs, corporate acquisitions or buybacks of Guardian stock under our normal course issuer bid, to be financed through a combination of the further sale of BMO shares, corporate cash flows and the use of borrowings.

Capital Allocation

Quality companies generate strong earnings and cash flows, and 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 third quarter of 2022, Guardian returned roughly \$6.2 million to shareholders through dividends. In addition, \$2.9 million was returned to shareholders through the purchase of 96,000 shares for cancellation as part of our normal course issuer bid. This brings the total of shares purchased in 2022 to date to 707,000 shares, at a cost of approximately \$23.1 million. 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 remains strong believers in the merits of buying back our shares and feel that buying our shares has neither diminished the quality of our balance sheet nor affected our company's ability to invest in future growth initiatives. With strong, continuing cash flow and a fortress of a balance sheet, we are in the enviable position of being able to balance the needs of all stakeholders, including our clients, associates and shareholders. With regard to dividends, the Board is pleased to report that we have declared another quarterly dividend of \$0.24 per share, payable on January 18, 2023 to the shareholders of record on January 11, 2023.

Our core values at Guardian are to be Trustworthy, to act with Integrity and to ensure Stability throughout the organization. We have defined our corporate mission as "Enriching Lives Together", which represents our commitment to having a positive impact on all of our stakeholders; not by simply improving financial situations, but also by providing less tangible, yet ultimately significant benefits to both those stakeholders and to society at large. 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 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

November 11, 2022
(signed) "George Mavroudis"
President and Chief Executive Officer

CONSOLIDATED BALANCE SHEETS (Unaudited)

As at (\$ in thousands)	September 30 2022	December 31 2021
ASSETS		
Current assets		
Cash	\$ 83,930	\$ 77,081
Interest-bearing deposits with banks	62,082	54,510
Accounts receivable and other	74,076	77,570
Receivables from clients and broker	86,664	89,356
Income taxes receivable	2,924	10,425
Securities backing third party investor liabilities (note 3)	73,201	115,626
	382,877	424,568
Securities (note 4)	647,509	751,885
Other assets		
Deferred tax assets	835	792
Intangible assets	184,688	168,213
Equipment	14,652	16,574
Goodwill	75,631	66,643
	275,806	252,222
Total assets	\$ 1,306,192	\$ 1,428,675
LIABILITIES		
Current liabilities		
Bank loans and borrowings (note 5)	\$ 135,448	\$ 114,873
Third party investor liabilities (note 3)	73,201	115,626
Client deposits	53,539	53,451
Accounts payable and accrued liabilities (note 6)	132,076	104,763
Lease obligations	2,770	3,116
Income taxes payable	1,373	1,690
Payable to clients	86,664	89,356
	485,071	482,875
Lease obligations	9,745	11,275
Other liabilities (note 6)	14,176	31,299
Deferred tax liabilities	42,876	50,649
Total liabilities	551,868	576,098
EQUITY		
Shareholders' equity		
Capital stock (note 7a and 7b)	17,559	18,067
Treasury stock (note 8a)	(35,569)	(31,712)
Contributed surplus	27,347	25,106
Retained earnings	709,450	822,195
Accumulated other comprehensive income	24,544	4,864
	743,331	838,520
Other equity interests	10,993	14,057
Total equity	754,324	852,577
Total liabilities and equity	\$ 1,306,192	\$ 1,428,675

See accompanying selected explanatory notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(Unaudited)

For the periods ended September 30, (\$ in thousands, except per share amounts)	Three months		Nine months	
	2022	2021	2022	2021
Revenue				
Commission revenue	\$ 47,136	\$ 49,138	\$ 148,165	\$ 143,627
Commissions paid to advisors	(29,330)	(31,354)	(92,092)	(89,425)
Net commission revenue	17,806	17,784	56,073	54,202
Management and advisory fees, gross	44,092	47,651	137,205	131,376
Fees paid to referring agents and other	(1,787)	(1,874)	(5,480)	(5,668)
Net management and advisory fees	42,305	45,777	131,725	125,708
Administrative services income	4,987	4,162	14,320	13,355
Dividend and interest income (note 9)	7,128	4,661	19,282	13,773
Net revenue	72,226	72,384	221,400	207,038
Expenses				
Employee compensation and benefits	33,937	32,749	104,541	94,367
Amortization	5,755	5,456	17,965	15,613
Interest	1,496	351	2,944	1,047
Other expenses	14,991	13,057	43,380	36,537
	56,179	51,613	168,830	147,564
Operating earnings	16,047	20,771	52,570	59,474
Net gains (losses) (note 10)	(19,835)	(8,146)	(117,945)	90,292
Earnings (loss) before taxes	(3,788)	12,625	(65,375)	149,766
Income tax expense	2,760	4,028	3,582	23,477
Net earnings (loss)	\$ (6,548)	\$ 8,597	\$ (68,957)	\$ 126,289
Other comprehensive income (loss)				
Net change in foreign currency translation on foreign subsidiaries	17,737	8,353	22,074	(1,821)
Comprehensive income (loss)	\$ 11,189	\$ 16,950	\$ (46,883)	\$ 124,468
Net earnings (loss) attributable to:				
Shareholders	\$ (7,608)	\$ 7,054	\$ (73,044)	\$ 121,817
Non-controlling interests	1,060	1,543	4,087	4,472
	\$ (6,548)	\$ 8,597	\$ (68,957)	\$ 126,289
Net earnings (loss) attributable to shareholders per Class A and Common share (note 11)				
Basic	\$ (0.31)	\$ 0.28	\$ (2.99)	\$ 4.84
Diluted	(0.31)	0.27	(2.99)	4.53
Comprehensive income (loss) attributable to:				
Shareholders	\$ 8,323	\$ 14,757	\$ (53,364)	\$ 120,179
Non-controlling interests	2,866	2,193	6,481	4,289
Comprehensive income (loss)	\$ 11,189	\$ 16,950	\$ (46,883)	\$ 124,468

See accompanying selected explanatory notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EQUITY (Unaudited)

For the periods ended September 30, (\$ in thousands)	Three months		Nine months	
	2022	2021	2022	2021
Total equity, beginning of period	\$ 797,572	\$ 797,456	\$ 852,577	\$ 717,707
Shareholders' equity, beginning of period	781,334	780,323	838,520	699,610
Capital stock, beginning of period	17,628	18,289	18,067	18,634
Acquired and cancelled (note 7c)	(69)	(212)	(508)	(557)
Capital stock, end of period	17,559	18,077	17,559	18,077
Treasury stock, beginning of period	(35,569)	(31,706)	(31,712)	(29,511)
Acquired (note 8a)	--	(18)	(5,965)	(3,378)
Disposed of (note 8a)	--	--	2,108	1,165
Treasury stock, end of period	(35,569)	(31,724)	(35,569)	(31,724)
Contributed surplus, beginning of period	26,235	23,564	25,106	22,136
Stock-based compensation expense	1,112	771	2,893	2,199
Redemption of equity-based entitlements	--	--	(652)	--
Contributed surplus, end of period	27,347	24,335	27,347	24,335
Retained earnings, beginning of period	726,010	772,189	822,195	681,023
Net earnings (loss)	(7,608)	7,054	(73,044)	121,817
Dividends declared and paid (note 7d)	(6,152)	(4,748)	(17,129)	(13,835)
Capital stock acquired and cancelled (note 7c)	(2,800)	(9,539)	(22,572)	(24,049)
Retained earnings, end of period	709,450	764,956	709,450	764,956
Accumulated other comprehensive income, beginning of period	8,613	(2,013)	4,864	7,328
Other comprehensive income (loss)	15,931	7,703	19,680	(1,638)
Accumulated other comprehensive income, end of period	24,544	5,690	24,544	5,690
Shareholders' equity, end of period	743,331	781,334	743,331	781,334
Other equity interests, beginning of period	11,954	17,133	14,057	18,097
Non-controlling interests, beginning of period	45,728	44,057	45,356	44,184
Net earnings	1,060	1,543	4,087	4,472
Other comprehensive income (loss)	1,806	650	2,394	(183)
Dividends declared and paid	(1,005)	(1,626)	(4,248)	(3,849)
Acquisition of subsidiary	4,869	--	4,869	--
Non-controlling interests, end of period	52,458	44,624	52,458	44,624
Obligations to non-controlling interests, beginning of period	(33,774)	(26,924)	(31,299)	(26,087)
On acquisition of subsidiary	(4,431)	--	(4,431)	--
Change during period	(3,260)	(1,462)	(5,735)	(2,299)
Obligations to non-controlling interests, end of period	(41,465)	(28,386)	(41,465)	(28,386)
Other equity interests, end of period	10,993	16,238	10,993	16,238
Total equity, end of period	\$ 754,324	\$ 797,572	\$ 754,324	\$ 797,572

See accompanying selected explanatory notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW (Unaudited)

For the periods ended September 30, (\$ in thousands)	Three months		Nine months	
	2022	2021	2022	2021
Operating activities				
Net earnings (loss)	\$ (6,548)	\$ 8,597	\$ (68,957)	\$ 126,289
Adjustments for:				
Income taxes (paid)	(5,192)	(3,791)	(17,296)	(11,751)
Income tax expense	2,760	4,028	3,582	23,477
Net (gains) losses	19,835	8,146	117,945	(90,292)
Amortization of intangible assets	4,625	4,300	14,544	12,212
Amortization of equipment	1,130	1,156	3,421	3,401
Stock-based compensation	1,112	771	2,893	2,199
Other non-cash expenses	21	12	45	36
	17,743	23,219	56,177	65,571
Net change in non-cash working capital items (note 13)	8,211	14,839	(3,242)	4,906
Net cash from operating activities	25,954	38,058	52,935	70,477
Investing activities				
Net (acquisition) disposition of securities	(5,512)	5,924	(5,551)	28,532
Income taxes (paid) refunded	11,619	(2,936)	10,862	(17,864)
Net (acquisition) disposition of securities backing third party investor liabilities	11,503	(14,299)	8,663	(52,642)
Acquisition of intangible assets	(2,044)	(4,175)	(17,446)	(9,023)
Acquisition of equipment	(210)	(219)	(531)	(573)
Disposition of intangible assets	962	865	5,209	2,190
Acquisition of subsidiaries (note 15)	(6,675)	(2,299)	(6,675)	(11,118)
Net cash from (used in) investing activities	9,643	(17,139)	(5,469)	(60,498)
Financing activities				
Dividends paid to shareholders	(6,152)	(4,748)	(17,129)	(13,835)
Dividends paid to non-controlling interests	(1,005)	(1,626)	(4,248)	(3,849)
Acquisition and cancellation of capital stock	(2,869)	(9,751)	(23,080)	(24,606)
Acquisition of treasury stock	--	(18)	(5,965)	(3,378)
Disposition of treasury stock	--	--	1,456	1,165
Net proceeds (repayments) of bank loan and bankers' acceptances	13,408	(2,334)	34,034	14,695
Principal payments on lease obligations	(748)	(645)	(2,242)	(1,955)
Net subscriptions (redemptions) by third party investors	(11,503)	14,299	(8,663)	52,642
Net cash from (used in) investing activities	(8,869)	(4,823)	(25,837)	20,879
Foreign exchange				
Net effect of foreign exchange rate changes on cash balances	409	146	(490)	(309)
Net change in net cash	27,137	16,242	21,139	30,549
Net cash, beginning of period	38,889	42,779	44,887	28,472
Net cash, end of period	\$ 66,026	\$ 59,021	\$ 66,026	\$ 59,021
Net cash represented by:				
Cash			\$ 83,930	\$ 72,086
Bank indebtedness			(17,904)	(13,065)
			\$ 66,026	\$ 59,021

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 3100, 199 Bay Street, Toronto, Ontario. Guardian, through its subsidiaries, provides investment and wealth 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 International Financial Reporting 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, 2021. Certain information and disclosure normally included in annual financial statements prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"), 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, 2021, which are included in the Company's 2021 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.

Certain reclassifications have been made in the 2021 comparative financial information in order to conform to the current period's presentation. In analyzing certain of its results by geographic segments in note 12 (b), the Company further subdivided the non-domestic geographies into more meaningful sub-groups.

These consolidated interim financial statements were authorized for issuance by the Board of Directors of Guardian on November 11, 2022.

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 by classifications and by the type of security is as follows:

As at	September 30 2022	December 31 2021
Fair value through profit or loss:		
Short-term securities (i)	\$ 9,598	\$ 8,459
Fixed-income securities (i)	17,045	19,357
Bank of Montreal common shares (ii)	269,763	308,834
Other equity securities (i) (iii)	309,159	387,019
Canadian real estate (i) (iii)	41,944	28,216
	\$ 647,509	\$ 751,885

(i) These securities may include units of investment funds in addition to individual securities.

(ii) The sales of Bank of Montreal common shares during the periods are as follows:

For the periods ended September 30,	Three months		Nine months	
	2022	2021	2022	2021
Number of shares sold	--	--	40	30
Proceeds of disposition	\$ --	\$ --	\$ 5,321	\$ 3,819

(iii) The Company's outstanding capital commitments for future investments are as follows:

For the periods ended September 30,	Three months		Nine months	
	2022	2021	2022	2021
Canadian real estate fund managed by subsidiary				
Commitment, beginning of period	\$ 6,098	\$ 13,875	\$ 13,718	\$ 13,875
Called capital	(6,098)	--	(13,718)	--
Commitment, end of period	--	13,875	--	13,875
Private equity fund				
Commitment, beginning of period	12,918	16,032	13,475	8,320
Called capital	(391)	(147)	(1,156)	(4,834)
New commitments	--	--	--	12,621
Foreign exchange	639	248	847	26
Commitment, end of period	13,166	16,133	13,166	16,133
	\$ 13,166	\$ 30,008	\$ 13,166	\$ 30,008

(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	September 30 2022	December 31 2021
Level 1	\$ 529,519	\$ 636,555
Level 2	84,287	77,818
Level 3	33,703	37,512
	\$ 647,509	\$ 751,885

Level 2 securities include investments in certain investment funds and are valued using the published net asset value of each fund. During 2022 and 2021, there have been no transfers of securities between Levels.

(c) Analysis of Level 3 securities

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

For the periods ended September 30,	Three months		Nine months	
	2022	2021	2022	2021
Securities categorized as Level 3, beginning of period	\$ 35,803	\$ 27,282	\$ 37,512	\$ 16,558
Increase (decrease) in fair value	(2,899)	170	(5,499)	6,449
Additions	391	147	1,156	4,834
Foreign exchange translation adjustments	408	227	534	(15)
	\$ 33,703	\$ 27,826	\$ 33,703	\$ 27,826

5. BANK LOANS AND BORROWINGS

Bank loans and borrowings are composed of the following:

As at	September 30 2022	December 31 2021
Bank indebtedness	\$ 17,904	\$ 32,194
Bankers' acceptances payable:		
Canadian dollar	108,200	67,900
US dollar	9,344	14,779
	\$ 135,448	\$ 114,873

The total borrowing capacity, under various borrowing facilities, is \$175,000 (December 31, 2021 - \$165,000). The interest rate on bank indebtedness is prime plus 0.40%. The bankers' acceptances have maturities of one month or less and bear interest at rates negotiated in the bankers' acceptance market plus 0.50% and 1.40% for Canadian dollar borrowings. US dollar borrowings bear interest at Term SOFR plus 1.51%. During the first quarter, the Company negotiated a credit limit increase from \$35,000 to \$45,000 on one of the facilities. All other terms remained unchanged.

6. OTHER LIABILITIES

Other liabilities are comprised of the following:

As at	September 30 2022	December 31 2021
Current (included in accounts payable and other):		
Acquisition related (i)	\$ 5,496	\$ 5,343
Obligations to non-controlling interests (ii)	29,709	--
	35,205	5,343
Non-current:		
Obligations to non-controlling interests (ii)	11,756	31,299
Acquisition related (i) and other	2,420	--
	14,176	31,299
	\$ 49,381	\$ 36,642

- i) These are primarily deferred amounts owed by the Company relating to a completed acquisition. Subsequent to September 30, 2022, the Company paid USD \$2,000 of the current amount.
- ii) These are obligations of the Company to purchase the portion of certain subsidiaries which it does not wholly own, should the non-controlling shareholders exercise their option to sell their holdings to the Company. 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 September 30,	2022		2021	
	Shares	Amount	Shares	Amount
Class A shares				
Outstanding, beginning of period	23,593	\$ 16,964	24,514	\$ 17,625
Acquired and cancelled	(96)	(69)	(295)	(212)
Converted from Common	--	--	--	--
Outstanding, end of period	23,497	16,895	24,219	17,413
Common shares				
Outstanding, beginning of period	2,749	664	2,749	664
Converted into Class A	--	--	--	--
Outstanding, beginning and end of period	2,749	664	2,749	664
Total outstanding, end of period	26,246	\$ 17,559	26,968	\$ 18,077

For the nine months ended September 30,	2022		2021	
	Shares	Amount	Shares	Amount
Class A shares				
Outstanding, beginning of period	24,204	\$ 17,403	24,845	\$ 17,935
Acquired and cancelled	(707)	(508)	(772)	(557)
Converted from Common	--	--	146	35
Outstanding, end of period	23,497	16,895	24,219	17,413
Common shares				
Outstanding, beginning of period	2,749	664	2,895	699
Converted into Class A	--	--	(146)	(35)
Outstanding, end of period	2,749	664	2,749	664
Total outstanding, end of period	26,246	\$ 17,559	26,968	\$ 18,077

(c) Issuer bid

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

For the periods ended September 30,	Three months		Nine months	
	2022	2021	2022	2021
Shares purchased and cancelled				
Class A	96	295	707	772
Consideration paid	\$ 2,869	\$ 9,751	\$ 23,080	\$ 24,606
Less average issue price, charged to share capital	69	212	508	557
Excess consideration charged to retained earnings	\$ 2,800	\$ 9,539	\$ 22,572	\$ 24,049

A summary of the current NCIB, which commenced on November 21, 2021 and expires on November 20, 2022, is as follows:

	Common	Class A
Authorized limit available	137	1,706
Purchased by the Employee Profit Sharing Plan Trust	--	(155)
Purchased and cancelled	--	(708)
Remaining limit available	137	843

(d) Dividends

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

For the periods ended September 30,	Three months		Nine months	
	2022	2021	2022	2021
Dividends declared and paid, per share	\$ 0.24	\$ 0.18	\$ 0.66	\$ 0.52

The Company has also declared dividends of \$0.24 per share payable on each of October 18, 2022 and January 18, 2023, 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 bank loan facility from a major chartered bank, 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 September 30,	2022		2021	
	Shares	Amount	Shares	Amount
Balance, beginning of period	2,131	\$ 35,569	2,213	\$ 31,706
Acquired	--	--	1	18
Disposed	--	--	--	--
Balance, end of period	2,131	\$ 35,569	2,214	\$ 31,724

For the nine months ended September 30,	2022		2021	
	Shares	Amount	Shares	Amount
Balance, beginning of period	2,212	\$ 31,712	2,234	\$ 29,511
Acquired	155	5,965	122	3,378
Disposed	(236)	(2,108)	(142)	(1,165)
Balance, end of period	2,131	\$ 35,569	2,214	\$ 31,724

As at September 30, 2022, the treasury stock was composed of 30 common shares (December 31, 2021 – 30) and 2,101 class A shares (December 31, 2021 – 2,182).

(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 periods ended September 30,	Three months		Nine months	
	2022	2021	2022	2021
Equity-based entitlements, beginning of period	1,422	1,332	1,333	1,209
Provided	--	1	155	124
Exercised	--	--	(66)	--
Equity-based entitlements, end of period	1,422	1,333	1,422	1,333

During the three and nine month periods ended September 30, 2022, the equity-based entitlements provided had a fair value of \$ nil and \$7,966 respectively (2021 - \$18 and \$3,442).

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 September 30,	2022		2021	
	Shares	Weighted average exercise price per share	Shares	Weighted average exercise price per share
Option-like entitlements, beginning of period	709	\$ 10.20	881	\$ 9.87
Exercised	--	--	--	--
Option-like entitlements, beginning and end of period	709	\$ 10.20	881	\$ 9.87

For the nine months ended September 30,	2022		2021	
	Shares	Weighted average exercise price per share	Shares	Weighted average exercise price per share
Option-like entitlements, beginning of period	879	\$ 9.87	1,023	\$ 9.64
Exercised	(170)	8.53	(142)	8.22
Option-like entitlements, end of period	709	\$ 10.20	881	\$ 9.87

No option-like entitlements were provided in 2022 or 2021.

These entitlements are accounted for as options and valued using the Black-Scholes option-pricing model. The value of the entitlements provided is recorded as compensation cost over the vesting period of the entitlements, and is credited to contributed surplus. On exercise of an entitlement, treasury stock is reduced for the EPSP Trust's cost of the entitlement exercised.

9. DIVIDEND AND INTEREST INCOME

Dividend and interest income is composed of the following:

For the periods ended September 30,	Three months		Nine months	
	2022	2021	2022	2021
Dividends on Bank of Montreal shares	\$ 3,100	\$ 2,406	\$ 9,138	\$ 7,282
Other dividends	2,136	1,764	6,698	5,271
Dividend income	5,236	4,170	15,836	12,553
Operating activities	1,607	331	2,958	866
Investing activities	285	160	488	354
Interest income	1,892	491	3,446	1,220
	\$ 7,128	\$ 4,661	\$ 19,282	\$ 13,773

10. NET GAINS (LOSSES)

Net gains (losses) are composed of the following:

For the periods ended September 30,	Three months		Nine months	
	2022	2021	2022	2021
Bank of Montreal common shares	\$ (6,244)	\$ (1,475)	\$ (33,748)	68,339
Other securities	(16,776)	(6,657)	(92,675)	20,275
Net gains (losses) on securities (i)	(23,020)	(8,132)	(126,423)	88,614
Disposal of intangible assets	1,228	756	4,274	1,913
Foreign exchange gains (losses) (ii)	1,957	(770)	4,204	(235)
	\$ (19,835)	\$ (8,146)	\$ (117,945)	90,292

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

11. CALCULATIONS OF EARNINGS (LOSS) PER SHARE

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

For the periods ended September 30,	Three months		Nine months	
	2022	2021	2022	2021
Weighted average number of Class A and common shares outstanding:				
Basic	24,175	24,867	24,426	25,176
Effects of outstanding entitlements from stock-based compensation plans	--	1,801	--	1,777
Diluted	24,175	26,668	24,426	26,953
Net earnings (loss) attributable to shareholders:				
Basic	\$ (7,608)	\$ 7,054	\$ (73,044)	121,817
Effects of outstanding entitlements from stock-based compensation plans	--	54	--	161
Diluted	\$ (7,608)	\$ 7,108	\$ (73,044)	121,978

12. BUSINESS SEGMENTS

The Company operates in the following three main business segments: a) Investment Management, which primarily involves earning management fees relating to investment management services provided to clients; b) Wealth Management, which primarily involves earning investment management and advisory fees for such services to high and ultra-high net worth clients, earning transactional and continuing commissions on life insurance products, mutual funds and other securities and other fees for related services; and c) 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 September 30,	Investment Management		Wealth Management		Corporate Activities and Investments		Inter-Segment Transactions		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue										
Commission revenue	\$ --	\$ --	\$ 47,912	\$ 49,916	\$ --	\$ --	\$ (776)	\$ (778)	\$ 47,136	\$ 49,138
Commissions paid to advisors	--	--	(29,330)	(31,354)	--	--	--	--	(29,330)	(31,354)
Net commission revenue	--	--	18,582	18,562	--	--	(776)	(778)	17,806	17,784
Management and advisory fees	35,949	39,337	8,813	8,941	--	--	(670)	(627)	44,092	47,651
Fees paid to referring agents	(1,140)	(1,218)	(1,660)	(1,671)	--	--	1,013	1,015	(1,787)	(1,874)
Net management and advisory fees	34,809	38,119	7,153	7,270	--	--	343	388	42,305	45,777
Administrative services income	1,166	1,308	3,792	2,838	21	16	8	--	4,987	4,162
Dividend and interest income	4	11	1,808	361	5,242	4,187	74	102	7,128	4,661
Net revenue	35,979	39,438	31,335	29,031	5,263	4,203	(351)	(288)	72,226	72,384
Expenses										
Employee comp. & benefits	18,490	18,410	13,518	12,861	1,929	1,478	--	--	33,937	32,749
Amortization	2,044	1,870	3,410	3,270	301	316	--	--	5,755	5,456
Interest	54	47	362	103	1,132	222	(52)	(21)	1,496	351
Other expenses	6,501	5,667	7,979	6,649	810	1,008	(299)	(267)	14,991	13,057
	27,089	25,994	25,269	22,883	4,172	3,024	(351)	(288)	56,179	51,613
Operating earnings	8,890	13,444	6,066	6,148	1,091	1,179	--	--	16,047	20,771
Net gains (losses)	329	(55)	1,441	614	(21,605)	(8,705)	--	--	(19,835)	(8,146)
Net earnings (loss) before income taxes	9,219	13,389	7,507	6,762	(20,514)	(7,526)	--	--	(3,788)	12,625
Income tax expense (recovery)	2,122	2,760	2,083	1,987	(1,445)	(719)	--	--	2,760	4,028
Net earnings (loss)	\$ 7,097	\$ 10,629	\$ 5,424	\$ 4,775	\$ (19,069)	\$ (6,807)	\$ --	\$ --	\$ (6,548)	\$ 8,597
Net earnings (loss) attributable to:										
Shareholders	\$ 6,786	\$ 9,760	\$ 4,675	\$ 4,101	\$ (19,069)	\$ (6,807)	\$ --	\$ --	\$ (7,608)	\$ 7,054
Non-controlling interests	311	869	749	674	--	--	--	--	1,060	1,543
	\$ 7,097	\$ 10,629	\$ 5,424	\$ 4,775	\$ (19,069)	\$ (6,807)	\$ --	\$ --	\$ (6,548)	\$ 8,597
Additions to segment assets:										
Intangible assets	\$ 30	\$ 2,813	\$ 11,233	\$ 1,708	\$ --	\$ 40	\$ --	\$ --	\$ 11,263	\$ 4,561
Equipment	216	1,116	420	247	261	60	--	--	897	1,423
Goodwill	--	--	--	--	--	--	--	--	--	--
As at September 30, 2022 and December 31, 2021										
	Investment Management		Wealth Management		Corporate Activities and Investments		Inter-Segment Transactions		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Segment assets and liabilities:										
Assets	\$ 212,936	\$ 196,356	\$ 364,859	\$ 356,949	\$ 776,855	\$ 932,162	\$ (48,458)	\$ (56,792)	\$ 1,306,192	\$ 1,428,675
Liabilities	101,705	92,266	250,129	263,343	248,492	277,281	(48,458)	(56,792)	551,868	576,098

For the nine months ended September 30,	Investment Management		Wealth Management		Corporate Activities and Investments		Inter-Segment Transactions		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue										
Commission revenue	\$ --	\$ --	\$ 150,519	\$ 145,768	\$ --	\$ --	\$ (2,354)	\$ (2,141)	\$ 148,165	\$ 143,627
Commissions paid to advisors	--	--	(92,092)	(89,425)	--	--	--	--	(92,092)	(89,425)
Net commission revenue	--	--	58,427	56,343	--	--	(2,354)	(2,141)	56,073	54,202
Management and advisory fees	113,390	108,381	25,886	24,854	--	--	(2,071)	(1,859)	137,205	131,376
Fees paid to referring agents	(3,650)	(3,435)	(4,884)	(5,126)	--	--	3,054	2,893	(5,480)	(5,668)
Net management and advisory fees	109,740	104,946	21,002	19,728	--	--	983	1,034	131,725	125,708
Administrative services income	3,748	3,694	10,439	9,612	55	49	78	--	14,320	13,355
Dividend and interest income	17	12	3,265	938	15,743	12,512	257	311	19,282	13,773
Net revenue	113,505	108,652	93,133	86,621	15,798	12,561	(1,036)	(796)	221,400	207,038
Expenses										
Employee comp. & benefits	57,625	52,291	40,324	37,802	6,592	4,274	--	--	104,541	94,367
Amortization	6,276	5,421	10,787	9,254	902	938	--	--	17,965	15,613
Interest	162	131	614	304	2,284	666	(116)	(54)	2,944	1,047
Other expenses	19,894	16,494	22,062	18,593	2,344	2,192	(920)	(742)	43,380	36,537
	83,957	74,337	73,787	65,953	12,122	8,070	(1,036)	(796)	168,830	147,564
Operating earnings	29,548	34,315	19,346	20,668	3,676	4,491	--	--	52,570	59,474
Net gains (losses)	1,942	(404)	4,666	1,950	(124,553)	88,746	--	--	(117,945)	90,292
Net earnings (loss) before income taxes	31,490	33,911	24,012	22,618	(120,877)	93,237	--	--	(65,375)	149,766
Income tax expense (recovery)	6,619	7,133	6,810	6,337	(9,847)	10,007	--	--	3,582	23,477
Net earnings (loss)	\$ 24,871	\$ 26,778	\$ 17,202	\$ 16,281	\$ (111,030)	\$ 83,230	\$ --	\$ --	\$ (68,957)	\$ 126,289
Net earnings (loss) attributable to:										
Shareholders	\$ 23,178	\$ 24,566	\$ 14,808	\$ 14,021	\$ (111,030)	\$ 83,230	\$ --	\$ --	\$ (73,044)	\$ 121,817
Non-controlling interests	1,693	2,212	2,394	2,260	--	--	--	--	4,087	4,472
	\$ 24,871	\$ 26,778	\$ 17,202	\$ 16,281	\$ (111,030)	\$ 83,230	\$ --	\$ --	\$ (68,957)	\$ 126,289
Additions to segment assets										
Intangible assets	\$ 871	\$ 3,673	\$ 25,794	\$ 11,453	\$ --	\$ 67	\$ --	\$ --	\$ 26,665	\$ 15,193
Equipment	291	1,197	927	1,965	504	1,073	--	--	1,722	4,235
Goodwill	--	--	6,492	4,702	--	--	--	--	4,702	4,702

(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	
	2022	2021	2022	2021	2022	2021	2022	2021
For the three months ended September 30,								
Net revenue from external parties	\$ 51,429	\$ 49,334	\$ 11,831	\$ 12,366	\$ 8,966	\$ 10,684	\$ 72,226	\$ 72,384
For the nine months ended September 30,								
Net revenue from external parties	\$ 155,736	\$ 143,806	\$ 35,780	\$ 32,803	\$ 29,884	\$ 30,429	\$ 221,400	\$ 207,038
As at September 30, 2022 and December 31, 2021								
Non-current assets:								
Intangible assets	\$ 111,780	\$ 95,805	\$ 2,914	\$ 3,764	\$ 69,994	\$ 68,644	\$ 184,688	\$ 168,213
Equipment	11,338	13,901	835	1,053	2,479	1,620	14,652	16,574
Goodwill	43,815	37,324	888	888	30,928	28,431	75,631	66,643

13. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

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

For the periods ended September 30,	Three months		Nine months	
	2022	2021	2022	2021
Decrease (increase) in non-cash working capital assets:				
Interest-bearing deposits with banks	\$ 2,008	\$ (9,417)	\$ (2,313)	(12,576)
Accounts receivable and other	1,689	(5,797)	4,451	(9,808)
Receivables from clients and broker	9,721	(583)	2,692	16,910
Increase (decrease) in non-cash working capital liabilities:				
Client deposits	(5,330)	10,309	(5,072)	11,957
Accounts payable and accrued liabilities	9,844	19,744	(308)	15,333
Payable to clients	(9,721)	583	(2,692)	(16,910)
	\$ 8,211	\$ 14,839	\$ (3,242)	4,906

14. 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 the \$269,763 (December 31, 2021 – \$308,834) investment in the Bank of Montreal shares, which represents 42% (December 31, 2021 – 41%) 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 \$26,976 (December 31, 2021 - \$30,883) 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 securities. The Company is exposed to price risk with its investment in equity securities. Changes in the fair values of its 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 securities holdings, excluding the Bank of Montreal shares, 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:

	Securities classified as fair value through the profit and loss	Gain or loss recognized from a 10% change in fair value
As at September 30, 2022		
Canada	\$ 56,931	±\$ 5,693
Rest of World	294,172	29,417
	\$ 351,103	±\$ 35,110
As at December 31, 2021		
Canada	\$ 43,602	±\$ 4,360
Rest of World	371,634	37,164
	\$ 415,236	±\$ 41,524

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 most significant exposure to currency risk is as follows:

As at	September 30 2022	December 31 2021
USD currency exposure:		
Bank loans and borrowings	\$ 9,344	\$ 14,779

The Company's currency risk is primarily related to the bankers' acceptance payable, which are denominated in USD. This risk associated with these borrowings is mitigated by the USD cash flows that are generated by the Company's foreign subsidiaries. A change in the CAD-USD exchange rate by +/-10% would result in a foreign exchange gain or loss of \$934 (December 31, 2021 – \$1,478) being recognized in net earnings.

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. This is not considered to be a currency risk as there is no economic risk to the Company.

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	September 30 2022	December 31 2021
Interest rate sensitive assets:		
Interest-bearing deposits with banks	\$ 62,082	\$ 54,510
Short term securities	9,598	8,459
Fixed-income securities	17,045	19,357
	\$ 88,725	\$ 82,326
Interest rate sensitive liabilities:		
Bank loans and borrowings	\$ 135,448	\$ 114,873
Client deposits	53,539	53,451
	\$ 188,987	\$ 168,324

The Company's most significant exposure to interest rate risk is through its bank loans and borrowings as detailed above. The interest rates on these borrowings are short-term and, if short-term rates increase, the Company's interest expense will increase and net earnings will decrease. The Company's investment in short-term securities partially offsets this risk.

The Company holds \$17,045 (December 31, 2021 – \$19,357) of fixed-income securities which are primarily investments in fixed-income securities that are managed by its investment management subsidiaries. The interest rate risk associated with these fixed-income securities is managed first by the Company, which selects appropriate fixed-income strategies for various interest rate environments, and then by the subsidiaries, which manages each strategies in accordance with their investment policies. The interest rate risk on interest-bearing deposits with banks and the client deposits, both of which arise in the international banking operation, is considered to be low, as the Company manages by matching interest and maturities on the assets and liabilities.

(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	September 30 2022	December 31 2021
Cash	\$ 83,930	\$ 77,081
Interest-bearing deposits with banks	62,082	54,510
Accounts receivable and other	74,076	77,570
Receivables from clients and broker	86,664	89,356
Short-term securities	9,598	8,459
Fixed-income securities	17,045	19,357
	\$ 333,395	\$ 326,333

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. The accounts receivable may also include amounts that the Company is owed from advisors for advances or commission reversals. The credit risk associated with these amounts is mitigated by management's review of the advisors' ability to repay the advances or commission reversals, particularly, before amounts are paid to the advisors. The credit exposure on Receivables from clients is offset with securities, which are held in the client margin accounts of the securities dealer subsidiary. 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 significant 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 significant borrowing facilities, which are secured by collateral, with two major Canadian banks. As at September 30, 2022, the Company had \$39,552 available on its borrowing facilities with banks.

15. ACQUISITION

On September 1, 2022, the Company acquired a 60% interest in Rae & Lipskie Investment Counsel Inc. ("RaeLipskie"), a Waterloo, Ontario-based private wealth management firm with over \$1,000,000 in assets under management. The key employees of RaeLipskie retained the remaining 40% ownership interest and have signed employment agreements to remain with the Company. This strategic acquisition continues to expand and enhance Guardian's wealth management offering.

Total consideration for the transaction is \$9,565 which is comprised of \$7,200 on closing, the present value of a promissory note payable between two to four years and variable earn-outs payable over a five-year period and an adjustment for net working capital. The promissory note has a face value of \$1,800 and is subject to various adjustments which are dependent on the level AUM achieved upon maturity.

The provisional accounting for the transactions is as follows:

Fair value of consideration:		
Cash paid on closing	\$	7,200
Present value of promissory note		1,420
Present value of variable earn-outs		288
		<hr/> 8,908
Net working capital adjustment		657
	\$	<hr/> 9,565
Fair value of identifiable net assets acquired:		
Net working capital, including cash of \$525	\$	1,096
Equipment and right of use asset		493
Intangibles		9,219
Lease liability		(425)
Deferred taxes		(2,441)
		<hr/> 7,942
Goodwill		6,492
Less fair value of Non-controlling interest		(4,869)
	\$	<hr/> 9,565

The Company has recognized non-controlling interests at fair value.

The intangible assets acquired represent RaeLipskie's existing contracts with clients and the goodwill, which is not deductible for tax purposes, represents the retention of key employees, access to established distribution, networks in a key market and other potential synergies.

As part of the transaction, the Company provided an option to the minority shareholders of RaeLipskie to sell their remaining interests to the Company, and the Company received an option to buy the remaining minority interest on the same terms and conditions. These options become exercisable commencing on the fifth anniversary of the acquisition and expire on the fifteenth anniversary of the acquisition, and have exercise prices which are determined based on the level of revenue achieved by RaeLipskie. On acquisition, the Company has recognized a liability of \$4,431 in respect of the options held by the non-controlling interests, based on the estimated present value of the expected payment required by the Company on the earliest date the options become exercisable.

RaeLipskie's contribution to the Company since acquisition are as follows:

Net revenue	\$	590
Net income & comprehensive income		33
Net income & comprehensive income attributable to shareholders		<hr/> 18

16. FINANCIAL STATEMENT REVIEW

These interim consolidated financial statements have not been reviewed by the Company's auditors.

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 and nine month periods ended September 30, 2022 and the comparative period in the year 2021, as well as to certain other prior quarterly periods. Readers are encouraged to refer to the discussions and analyses contained in the 2021 Annual Report. This discussion and analysis has been prepared as of November 11, 2022.

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

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 the current COVID pandemic, the current conflict in the Ukraine, 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.sedar.com. 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 diversified financial services company, which serves the investment and wealth management needs of a range of clients through its various business segments. The areas in which Guardian operates are: Investment Management, Wealth Management, and Corporate Activities and Investments. Guardian is headquartered in Canada and operates in Canada, the United Kingdom, the United States and the Caribbean. The Investment Management business is operated through the Toronto, Ontario-based Guardian Capital LP ("GCLP") and Guardian Smart Infrastructure Management Inc. ("GSIM"), the London, UK-based GuardCap Asset Management Limited ("GuardCap"), the Salt Lake City, Utah-based Alta Capital Management, LLC ("Alta") and the Richmond, Virginia-based Agincourt Capital Management LLC ("Agincourt"). The Wealth Management business is operated through the following businesses: Guardian Capital Advisors LP ("GCA"), Guardian Partners Inc. ("GPI") and the newly acquired Rae & Lipskie Investment Counsel Inc. ("RaeLipskie"), which serve the wealth management and advisory needs of high- and ultra-high net worth clients; Worldsource Financial Management Inc. ("WFM"), a mutual fund dealer and Worldsource Securities Inc. ("WSI"), a securities dealer (together, the "Dealers"), which provide an independent platform for financial advisors to service their clients; IDC Worldsource Insurance Network Inc. ("IDC WIN"), a life insurance managing general agency ("MGA"), which provides insurance advisory services; Modern Advisor Canada Inc. ("Modern Advisor") which is a digital-advisory operation which also serves as the technology platform for Guardian's digital strategy; and Alexandria Bancorp Limited ("ABL"), a Caribbean-based international private bank serving the wealth management needs of international clients. At the end of the current quarter, Guardian had total client assets of \$74.6 billion, consisting of \$47.8 billion in assets under management ("AUM") and \$26.8 billion in assets under administration and advisement ("AUA"). In addition, Guardian has a diversified portfolio of securities, which had a fair value of \$648 million at the end of the current quarter.

KEY EVENTS

During the current quarter, Guardian closed the previously announced acquisition of 60% interest in Rae & Lipskie Investment Counsel Inc. ("RaeLipskie"), a Waterloo, Ontario-based private wealth management firm with over \$1 billion in assets under management. The purchase price for the 60% interest was \$7.2 million on closing, \$1.8 million due between two and four years from closing, subject to various adjustments, and additional earn-outs over a five-year period from closing. The current employees of The RaeLipskie will retain the remaining 40% ownership interest. This strategic acquisition continues to expand and enhance Guardian's wealth management offering.

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. 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 periods ended September 30, (\$ in thousands, except per share amounts)	Three months		Nine months	
	2022	2021	2022	2021
Net revenue	\$ 72,226	\$ 72,384	\$ 221,400	\$ 207,038
Expenses	56,179	51,613	168,830	147,564
Operating earnings	16,047	20,771	52,570	59,474
Net gains (losses)	(19,835)	(8,146)	(117,945)	90,292
Net earnings (loss) before income taxes	(3,788)	12,625	(65,375)	149,766
Income tax expense	2,760	4,028	3,582	23,477
Net earnings (loss)	\$ (6,548)	\$ 8,597	\$ (68,957)	\$ 126,289
EBITDA	\$ 24,410	\$ 27,349	\$ 76,372	\$ 78,333
Adjusted cash flow from operations	17,743	23,219	56,177	65,571
Attributable to shareholders:				
Net earnings (loss)	\$ (7,608)	\$ 7,054	\$ (73,044)	\$ 121,817
EBITDA	22,396	24,703	69,284	70,622
Adjusted cash flow from operations	15,880	20,795	49,853	58,488
Per share amounts (diluted):				
Net earnings (loss)	\$ (0.31)	\$ 0.27	\$ (2.99)	\$ 4.53
EBITDA	0.93	0.93	2.67	2.63
Adjusted cash flow from operations	0.62	0.79	1.93	2.18

As at (\$ in millions, except per share amounts)	2022		2021	
	September 30	December 31	September 30	September 30
Shareholders' equity	\$ 743	\$ 839	\$ 781	\$ 781
Securities	648	752	689	689
Per share amounts (diluted):				
Shareholders' equity	\$ 28.88	\$ 31.53	\$ 29.40	\$ 29.40
Securities	25.16	28.27	25.91	25.91

ASSETS UNDER MANAGEMENT AND ADMINISTRATION

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

As at (\$ in millions)	2022		2021	
	September 30	December 31	September 30	September 30
Assets under management				
Institutional				
Global equities	\$ 21,532	\$ 27,298	\$ 24,677	\$ 24,677
Canadian equities	5,100	7,858	7,464	7,464
Fixed income	16,225	16,750	16,681	16,681
Institutional assets under management	42,857	51,906	48,822	48,822
Wealth management	4,957	4,435	4,291	4,291
	\$ 47,814	\$ 56,341	\$ 53,113	\$ 53,113
Assets under administration and advisement				
Dealers	\$ 15,358	\$ 18,055	\$ 16,689	\$ 16,689
MGA segregated	7,641	9,115	8,265	8,265
Outsourced Chief Investment Officer and other	3,787	4,338	5,061	5,061
	\$ 26,786	\$ 31,508	\$ 30,015	\$ 30,015
Total client assets	\$ 74,600	\$ 87,849	\$ 83,128	\$ 83,128

Guardian is reporting total client assets for the quarter ended September 30, 2022 of \$74.6 billion.

AUM was \$47.8 billion as at September 30, 2022, a 10% decrease from \$53.1 billion as at September 30, 2021, and a 15% decrease from \$56.3 billion as at December 31, 2021. Guardian benefited from the net positive inflow of new institutional asset during the current quarter, largely in Fixed-Income strategies, and the addition of \$1.1 billion wealth management client assets on the acquisition of RaeLipskie. However these gains were more than offset by the year-to-date impact of the negative performance of global financial markets and net outflow of institutional client assets in the first half of the year, which was due largely to the headwinds that have plagued this industry for some time, the continued shrinking allocation to the Canadian Equity asset class and the internalization of investment management functions by institutional clients. AUA was \$26.8 billion as at September 30, 2022, an 11% decrease from \$30.0 billion as at September 30, 2021, and a 15% decrease from \$31.5 billion as at December 31, 2021.

RESULTS OF OPERATIONS

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

For the periods ended September 30, (\$ in thousands)	Three months		Nine months	
	2022	2021	2022	2021
Investment management	\$ 8,890	\$ 13,444	\$ 29,548	\$ 34,315
Wealth management	6,066	6,148	19,346	20,668
Corporate activities and investments	1,091	1,179	3,676	4,491
	\$ 16,047	\$ 20,771	\$ 52,570	\$ 59,474

For the quarter ended September 30, 2022, Guardian is reporting Operating earnings of \$16.0 million, a \$4.7 million, or 23% decrease from the \$20.8 million reported in the same quarter of 2021. EBITDA for the current quarter was \$24.4 million (attributable to shareholders of \$22.4 million), a \$2.9 million, or 11% decrease from \$27.3 million (attributable to shareholders of \$24.7 million) in the same quarter of 2021. Net revenue in the current quarter decreased slightly to \$72.2 million, a \$0.2 million decrease from the same quarter in 2021. The decrease in Net management and advisor fees resulting from the decrease in AUM, were largely offset by increases in Administrative services income and Dividend and interest income. Expenses in the current quarter were \$56.2 million, an increase of \$4.6 million compared to the same quarter of 2021. The increase in expenses is due to a combination of continued investments into our business to support its current and future growth plans, the additional expenses associated with acquired businesses, as well as higher interest expenses resulting from rise in interest rates. Our multi-year strategic investments to support our future growth include strengthening our retail distribution capabilities, the build out of the recently formed Guardian Smart Infrastructure ("GSIM") team, the continued build out of GPI and the integration of the Modern Advisor technology platform. These investments accounted for \$0.5 million of the increase in expenses with nominal growth in revenue. The Operating loss incurred by these business units was \$2.5 million in the current quarter. The expenses associated with the acquired business of RaelLipskie in the current quarter and AFL Groupe Financier Inc. ("AFL") in Q4 2021, accounted for \$0.9 million in increased expenses.

Net losses in the current quarter were \$19.8 million, compared to Net losses of \$8.1 million in the same quarter in the prior year. The largest portion of the Net losses in the current quarter was attributable to the decreases in fair values of Guardian's securities holdings, which were impacted by the continued negative performance experienced in the global financial markets. Readers are encouraged to refer to Note 10 in Guardian's Third Quarter 2022 Consolidated Financial Statements for a breakdown of the Net gains (losses).

Net loss attributable to shareholders was \$7.6 million, compared to Net earnings attributable to shareholders of \$7.1 million in the same quarter in the prior year. The decrease was due to higher Net losses on Guardian's securities holdings in the current quarter, compared to the prior year, and to a lesser extent, by the decrease in Operating earnings over the same period.

Adjusted cash flow from operations for the quarter was \$17.7 million, a \$5.5 million decrease from \$23.2 million in the same period in 2021. The decreases is in line with lower Operating earnings in the current period compared to the same period in 2021.

Operating earnings by segment are described below.

Investment Management Segment

The Investment Management Segment's Operating earnings in the current quarter were \$8.9 million, a \$4.6 million, or a 34% decrease from \$13.4 million in the same quarter in the prior year. Included in the current quarter's Operating earnings are \$1.5 million in Operating losses incurred in the initial build out of the GSIM team and the continued build out of our retail distribution capabilities. The expenses and losses associated with both of these strategically important initiatives are expected to rise in the short-term, dampening our earnings, but with the aim of developing them into meaningful contributors to our earnings in the near future. EBITDA for the current quarter was \$11.4 million, a \$4.3 million, or 28% decrease from \$15.7 million in the same quarter in the prior year. Net revenue in the current quarter was \$36.0 million, a \$3.5 million, or 9% decrease from \$39.4 million reported in same quarter in the prior year. The expenses in the Segment increased 4% to \$27.1 million compared to the third quarter of 2021.

Wealth Management Segment

The Wealth Management Segment's Operating earnings in the current quarter were \$6.1 million, a \$0.1 million or 1% decrease from \$6.18 million in the same quarter in the prior year. Included in the current quarter's Operating earnings were a nominal earnings contribution from RaelLipskie in the month of September and \$0.9 million in Operating losses incurred in GPI and Modern Advisor. The Segment's EBITDA in the current quarter was \$10.0 million, a 4% increase from \$9.7 million in the comparative period. The current quarter's Net revenue increased 8% to \$31.3 million, compared to \$29.0 million in the same quarter in 2021. The increase was driven largely by the increases in Interest income and Administrative services income earned in the Dealers, while Net commissions and Net management and advisory fees were modestly lower. Expenses in the current quarter were 10% higher at \$25.3 million, compared to the prior year. Included in the current quarter's expenses are expenses associated with RaelLipskie and AFL, which were not included in the comparative period.

IDC WIN, our MGA business, delivered EBITDA of \$6.9 million (EBITDA attributable to shareholders of \$5.6 million) in the current quarter, a modest decrease from \$7.7 million (EBITDA attributable to shareholders of \$6.3 million) in the same quarter in 2021. Net commission revenue grew 2% to \$14.5 million in the current quarter, compared to the same quarter in 2021. The increase was largely due to a \$0.4 million increase in renewal commissions to \$6.7 million, partially offset by lower sales commissions. The sales volumes were more modest in the current quarter compared to the record sales volumes experienced throughout 2021. The contractual premiums on life insurance policies sold ("Premiums Sold"), which drive the sales commissions, were \$49 million in the current quarter, compared to \$47 million in the same quarter of 2021. Premiums Sold in the current period are good indicators of future revenue stream increases. As these policies are renewed, IDC WIN will earn renewal commissions in those future periods.

Corporate Activities and Investments Segment

The Corporate Activities and Investments Segment's Operating earnings for the current quarter were \$1.1 million, a \$0.1 million decrease from the \$1.2 million earned in the same quarter in the prior year. The current quarter's Net revenue increased to \$5.3 million, from \$3.9 million in the same quarter in 2021. The growth in revenue was due largely to the increase in the dividend income earned on the Securities, including our holdings of BMO shares, which increased its dividends per share in the first quarter of 2022. The increase in Net revenue was offset by higher compensation costs and higher interest expenses resulting from increased borrowings as well as significantly higher interest rates on those borrowings.

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 thousands, except per share amounts)	2022 September 30	December 31	2021 September 30
Securities, carried at fair value			
Proprietary investment strategies			
Short-term and fixed-income securities	\$ 17,278	\$ 19,589	\$ 19,502
Canadian equities	13,547	13,832	13,139
Global equities	261,874	335,460	308,061
Canadian real estate	41,944	28,216	24,959
	334,643	397,097	365,661
Bank of Montreal common shares	269,763	308,834	286,815
Short-term securities	9,365	8,227	8,101
Equities	33,738	37,727	28,033
Securities	\$ 647,509	\$ 751,885	\$ 688,610
Securities per share, diluted	\$ 25.16	\$ 28.27	\$ 25.91

Guardian's securities as at September 30, 2022 had a fair value of \$647.5 million, or \$25.16 per share, diluted, compared with \$751.9 million, or \$28.27 per share, diluted, at the end of 2021. Shareholders' equity as at September 30, 2022 amounted to \$743.3 million, or \$28.88 per share, diluted, compared to \$838.5 million, or \$31.53 per share, diluted, at the end of 2021. In the current quarter, Guardian returned to its shareholders \$6.2 million in dividends and \$2.9 million in share buybacks.

In addition to its strong balance sheet, Guardian has, under various borrowing arrangements, total borrowing capacity of \$175.0 million. As at September 30, 2022, the total borrowings amounted to \$135.4 million, compared to \$114.9 million at the end of 2021. Guardian's Adjusted cash flow from operations attributable to shareholders for the current quarter was \$15.9 million, compared to \$20.8 million in the same quarter in 2021. The decrease in the current quarter, compared to the same period one year earlier, was primarily due to lower Operating earnings. Guardian uses its Adjusted cash flow from operations attributable to shareholders primarily to fund its working capital, pay its quarterly dividends, repurchase shares under its Normal Course Issuer Bid, fund its capital expenditures and repay debt where possible. From time to time, Guardian may use a combination of Adjusted cash flow from operations attributable to shareholders, debt and disposal of Securities to help finance larger capital expenditures.

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 September 30, 2022 (\$ in thousands)	Total	Payments due by period			
		Within one year	2 - 3 years	4 - 5 years	After five years
Bank loans and borrowings	\$ 135,448	\$ 135,448	\$ --	\$ --	\$ --
Third party investor liabilities	73,201	73,201	--	--	--
Client deposits	53,539	53,539	--	--	--
Accounts payable and other liabilities	148,005	133,449	14,556	--	--
Payable to clients	86,664	86,664	--	--	--
Commitments	13,166	13,166	--	--	--
Scheduled lease payments, undiscounted	13,780	3,617	5,483	3,140	1,540
Total contractual obligations	\$ 523,803	\$ 499,084	\$ 20,039	\$ 3,140	\$ 1,540

Guardian's contractual commitments are supported by its strong financial position, including its Securities, referred to above under the heading "Liquidity and Capital Resources". The Payable to clients, in Guardian's securities dealer subsidiary, which can fluctuate with client activities, is offset by the Receivable from clients and broker. 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.

SUMMARY OF QUARTERLY RESULTS

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

	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020
<i>As at (\$ in millions)</i>								
Assets under management	\$ 47,814	\$ 46,931	\$ 53,123	\$ 56,341	\$ 53,113	\$ 51,641	\$ 47,945	\$ 45,984
Assets under administration	26,786	27,626	30,526	31,508	30,015	29,902	28,376	22,289
Total client assets	74,600	74,557	83,649	87,849	83,128	81,543	76,321	68,273
<i>For the three months ended (\$ in thousands)</i>								
Net revenue	\$ 72,226	\$ 74,109	\$ 75,065	\$ 78,049	\$ 72,384	\$ 69,960	\$ 64,694	\$ 63,724
Operating earnings	16,047	17,157	19,366	22,314	20,771	21,199	17,504	18,493
Net gains (losses)	(19,835)	(90,128)	(7,982)	52,331	(8,146)	56,467	41,971	80,983
Net earnings (losses)	(6,548)	(68,224)	5,815	64,451	8,597	66,831	50,861	87,083
Net earnings (loss) attributable to shareholders	(7,608)	(69,698)	4,262	62,421	7,054	65,138	49,625	86,039
<i>(in \$)</i>								
Net earnings (loss) attributable to shareholders:								
Per Class A and Common share								
Basic	\$ (0.31)	\$ (2.85)	\$ 0.17	\$ 2.52	\$ 0.28	\$ 2.59	\$ 1.95	\$ 3.38
Diluted	(0.31)	(2.85)	0.16	2.35	0.27	2.42	1.83	3.17
Dividends paid on Class A and Common shares	\$ 0.24	\$ 0.24	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.16	\$ 0.16
<i>As at</i>								
Shareholders' equity (\$ in thousands)	\$ 743,331	\$ 742,917	\$ 828,404	\$ 838,520	\$ 781,334	\$ 780,323	\$ 737,363	\$ 699,610
Per Class A and Common share (in \$)								
Basic	\$ 30.82	\$ 30.68	\$ 33.67	\$ 33.89	\$ 31.56	\$ 31.15	\$ 29.02	\$ 27.43
Diluted	28.88	28.74	31.27	31.53	29.40	29.09	27.14	25.69
Total Class A and Common shares outstanding (shares in thousands)	26,246	26,342	26,892	26,954	26,968	27,263	27,691	27,740

Over the past eight quarters presented above, Guardian's Net revenue 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.

Investment management and advisory fees and trailer commissions are highly correlated to the changes in AUM and AUA, which are affected by the volatility of the global financial markets and additions and withdrawals of client assets. Offsetting this volatility are the significant insurance commissions earned in IDC WIN, which are less correlated to the volatility of the financial markets. However, fluctuations may arise in IDC WIN's revenue from the timing of large insurance policies placed by contracted advisors. As IDC WIN has built a business with a significant number of top-producing advisors, and these advisors deal mainly in significantly larger and more sophisticated insurance policies, the timing of the placement of these policies can affect the timing and the level of the insurance commission revenue earned. In addition, some cyclicity of sales commissions and renewal commissions exist in IDC WIN, where the first and the fourth quarters of each year tend to have higher sales and as a result, higher Net commission revenues than the other quarters. In the Corporate Activities and Investments Segment, some increases in dividend income can be seen in the second quarter and, to a lesser extent, in the fourth quarter of each year, due largely to dividends from foreign equities, which pay semi-annual dividends and some "special" mid-year dividends. In addition, the timing of consolidation or deconsolidation of certain investment funds or disposal of securities can also have an impact on the level of dividend income recorded in the period.

The Net revenue for all three quarters in 2022 decreased from the high in Q4, 2022 as the total client assets decreased, largely driven by the negative performance in the global financial markets. During the third quarter of 2022, increased Administrative Services income and Dividend and Interest income partially offset some of the decrease in management and advisor fee revenue. 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 global financial markets had continued positive performance for several quarters until Q3 2021, when our securities invested in Emerging Market equities, which experienced a negative return, decreased in fair value resulting in a net loss. In the first three quarters of 2022, negative performance in global financial markets caused the fair value of securities to decline in value. Large increases in AUM in Q4 of 2020 and AUA in Q1 of 2021 reflect the acquisitions of Agincourt and GPI completed in those periods, with a smaller increase attributable to the acquisition of Rae & Lipskie in Q3 2022.

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

Guardian is exposed to a number of risk factors, including the key risk factors listed below. A key component of a successful business is its ability to manage its risk. Due to the nature of Guardian's businesses, its largest risk is tied to its exposure to financial markets. A significant portion of its revenue is derived from management of client assets or advisory on clients' wealth. During the current year, due to the ongoing pandemic disruptions, many of the risks listed below are heightened and may be more challenging to manage or mitigate. Readers are encouraged to refer to Note 14 to Guardian's Third Quarter 2022 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. In the Wealth Management Segment, market fluctuations can also impact the amounts being invested by clients, thereby increasing or decreasing our Net commission revenue. We manage the risk of 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 risk of price fluctuations. The potential impact of market fluctuations on the value of Guardian's securities is quantified in Note 14 of Guardian's Third Quarter 2022 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 September 30, 2022, Guardian holds \$270 million of BMO shares (December 31, 2021 – \$309 million), which represents 42% of Guardian's securities (December 31, 2021 – 41%). 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. 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)	September 30 2022	December 31 2021
Bank of Montreal common shares	42%	41%
Other Canadian equity securities and real estate	8%	5%
Canadian equities and real estate	50%	46%
Non-Canadian equities	46%	50%
Short-term and Fixed income securities	4%	4%
	100%	100%

Foreign Currency Risk

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.

With the acquisition of Alta and Agincourt, Guardian also recognizes obligations to non-controlling interests on its balance sheet, which are denominated in US dollars. 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 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.

As Guardian continues to expand into foreign jurisdictions and the revenue and earnings sources grow and diversify into other currencies, the operating results can fluctuate with the changes in the foreign currency exchange rates compared to the Canadian dollar. From time to time, Guardian may record certain foreign exchange gains (losses) in Net earnings, such as on the current US Dollar borrowings outstanding, which were used to finance foreign acquisitions such as Alta and Agincourt. 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. Guardian may also record Net gains (losses) on Canadian dollar cash balances held by foreign subsidiaries. These foreign exchange gains and losses result in similar offsetting Net gains (losses) being recorded in Other comprehensive income as discussed above. Readers are encouraged to refer to Note 14 in Guardian's Third Quarter 2022 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, or from individuals in the Dealers business, which are secured by marketable securities in margin accounts. Guardian periodically reviews the financial strength of all of its counterparties, and if the circumstances warrant it, 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. From time to time, advisors in the Dealers or the MGA businesses may owe advances received or amounts resulting from reversal of commissions to the Dealer or the MGA. The credit risk associated with these amounts is mitigated by management's review of the advisors' abilities to repay the advances or the potential commission reversals, particularly in the MGA business, before amounts are paid to the advisors.

Interest Rate Risk

Guardian's most significant exposure to interest rate risk is through its bank loans and borrowings. The interest rates on these borrowings are short-term, and Guardian's interest expense and net earnings will fluctuate with the changes in short-term rates. Guardian manages interest rate risk in its international banking operations, largely 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 sufficient cash 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, adequate insurance coverage and, where appropriate, utilizing assistance from external advisors.

Advisory Risk

Because of the number of in-house and independent advisors who publicly represent the Dealers and the MGA businesses, there are risks associated in their dealings with their clients. These risks are mitigated by the strong compliance and product review capabilities of these businesses, significant management oversight and insurance coverage carried by both these businesses and the independent advisors.

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 and advisor 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.

The cyber security risk has increased while the majority of Guardian's employees are working remotely and connecting to Guardian's data centres as part of its Business Continuity Plan. 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.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions, which affect the reported amounts of assets, liabilities, contingencies, revenues and expenses. These estimates and assumptions are listed in note 2 (c) to Guardian's December 31, 2021, Consolidated Financial Statements. The most significant accounting estimates are related to the impairment assessment of goodwill and the determination of fair value of securities, which are classified as level 3 within the fair value hierarchy. The valuation approach to level 3 securities is most sensitive to the level of AUM associated with the issuer of the security. The valuation approach to Investment Management Segment goodwill is most sensitive to the levels of AUM within the Segment. The valuation approach to Wealth Management Segment goodwill is most sensitive to the levels of AUA and annual service fees within the Segment. The goodwill in all units are tested annually for impairment. In addition, Guardian reviews goodwill for indications of impairment at the end of each reporting period, and if indications of impairment exist, the goodwill is then assessed for impairment in that period.

NON-IFRS MEASURES**EBITDA, EBITDA attributable to shareholders and EBITDA attributable to shareholders per share**

Guardian defines EBITDA as net earnings before interest, income tax, amortization, stock-based compensation, and net gains or losses. EBITDA attributable to shareholders as EBITDA less amounts attributable to non-controlling interests. EBITDA 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. 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 available to shareholders per share, diluted", which are disclosed in Guardian's Consolidated Statements of Operations.

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

For the periods ended September 30, (\$ in thousands)	Three months		Nine months	
	2022	2021	2022	2021
Net earnings (loss)	\$ (6,548)	\$ 8,597	\$ (68,957)	\$ 126,289
Add (deduct):				
Income tax expense	2,760	4,028	3,582	23,477
Net (gains) losses	19,835	8,146	117,945	(90,292)
Stock-based compensation	1,112	771	2,893	2,199
Interest expense	1,496	351	2,944	1,047
Amortization	5,755	5,456	17,965	15,613
EBITDA	24,410	27,349	76,372	78,333
Non-controlling interests	(2,014)	(2,646)	(7,088)	(7,711)
EBITDA attributable to shareholders	\$ 22,396	\$ 24,703	\$ 69,284	\$ 70,622

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 and net of changes in non-cash working capital items. 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 periods ended September 30, (\$ in thousands)	Three months		Nine months	
	2022	2021	2022	2021
Net cash from operating activities	\$ 25,954	\$ 38,058	\$ 52,935	\$ 70,477
Add (deduct):				
Net change in non-cash working capital items	(8,211)	(14,839)	3,242	(4,906)
Adjusted cash flow from operations	17,743	23,219	56,177	65,571
Non-controlling interests	(1,863)	(2,424)	(6,324)	(7,083)
Adjusted cash flow from operations attributable to shareholders	\$ 15,880	\$ 20,795	\$ 49,853	\$ 58,488

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

From a global macroeconomic perspective, not much has changed since we last reported to shareholders. Inflation and the conflict in Ukraine continue to persist and tensions are running high in other parts of the world, notably in East Asia. Monetary tightening continues apace, with guidance indicating that further tightening is coming in the months ahead and rates will remain elevated for longer. No more zero rates or gradual tightening can be expected any time soon. These factors have combined to further constrain growth momentum, which was already on track to slow as the economic cycle graduated from last year's strong recovery to the "expansion" phase. As a result, there have been increasingly sharp downgrades to growth forecasts for this year and, more notably, 2023. Embedded in the waning growth expectations are rising odds that policymakers will be unable to navigate a soft landing, an outcome where inflation would be tamed and growth sustained, instead piloting a harder fall, where economic activity declines outright. The prospect of a broad and sustained downturn is clearly less than ideal, and the increasing prevalence of the word "recession" in commentaries and discussions no doubt has been a factor behind sentiment among both consumers and businesses falling sharply so far this year.

Despite the experiences of the last two decades, a downturn in growth does not necessarily have to represent a significant shock that carries lasting implications. Instead, it can just be a temporary lull in the cycle. Generally, recessions are the result of significant financial imbalances and excesses. In these scenarios, central bank-induced increases in costs of capital make overextended financial positions untenable and force an unwinding, which creates negative spillovers, with the extent of the hit a function of the magnitude of the imbalances. As things currently stand, central banks are for sure playing their role by aggressively tightening monetary policy, but there are limited indications of significant imbalances. There have absolutely been pockets of excess but no signs of the type of systemic misallocations of capital that preceded either the "Tech Wreck" or the "Global Financial Crisis". The apparent absence of significant imbalances could mean that things are not likely to result in a significant shock to the economy if growth gets pushed off track, mitigating the risk of a deep and long-lasting recession that weighs on markets.

It should be evident at this point that the road ahead is largely going to be determined by how consumers are able to manage in the months ahead. One positive for the outlook is that underlying cost pressures are showing signs of subsiding. Commodity prices, while remaining elevated, have fallen more than 20% in aggregate from the highs hit in the second quarter. Especially positive for Europeans, who were facing enormous energy bills this winter, is that energy prices have fallen sharply in recent months after governments met their commitment to build inventories early to protect against Russia-related supply shutdowns ahead of times of peak usage. There are growing indications that the pressures on other links within the global supply chain are easing as well. Production is increasingly able to run at higher capacity as public health restrictions are scaled back globally, and goods are flowing more freely as shipping bottlenecks subside (easing shipping costs) and transportation hubs face less congestion. The aggregate gauge of global supply chain pressures compiled by the Federal Reserve Bank of New York has moderated notably in recent months and is within reach of historically "normal" levels. These trends support the view that inflation is either at its peak or past it and appears likely to trend lower to something more broadly consistent with central bank inflation targets through the next year.

Housing is one area where the impact of rising interest rates has been most evident, but most indicators of current business activity and profits outside of real estate have proven surprisingly resilient to this point. However, forward-looking gauges may indicate growing concerns for the road ahead. Business sentiment has declined from their peaks and purchasing managers' indexes across sectors and regions have taken notable turns for the worse in recent months, pointing to a considerable loss of momentum. Considering that central banks are trying to tap the brakes on the economy, this slowing is not inherently a negative development, as much as an indication that things are going according to plan so far.

Guardian's results are significantly affected by the level and performance of global stock and bond markets. We were able to benefit from the strong markets generated from worldwide government support of their citizens and economies while the pandemic was at its worst. Likewise, we are adversely affected by market declines resulting from recent monetary tightening. Inflation fears are a significant issue, and it is vital that inflation expectations are brought to heel before they start to become entrenched but, despite the tumultuous last couple of years, corporations are generally in good shape. They have been generating record earnings which have been used to strengthen balance sheets, while also taking advantage of the previously benign financial conditions to raise funds at low rates for extended terms. The net result is that firms in aggregate have high liquidity, low leverage and negligible interest burdens, positive fundamentals that suggest capacity to weather a potential hit to profitability without setting off a particularly harsh downswing in the credit cycle which would cause firms to aggressively scale back investment intentions or employment. While it may take a while to reach the goal of crushing inflation, we are heartened to see signs that previous tightening seems to be reducing it. A continuing slowdown in inflation pressures should put a floor under the equity and bond markets, ready for a strong rebound when the need for tight monetary conditions abate. In the meantime, even if markets remain at levels lower than a year ago, Guardian's strong balance sheet, combined with the diversity in our sources of profitability, allow us the comfort of making long-term plans that are not necessarily reliant on the cooperation of events outside our control.

We will continue upon our long-held path of innovating new product lines created from existing teams at Guardian, in addition to identifying new capabilities we wish to add and bringing in human and technological assets that will permit us to execute on those capabilities. Success in creating new products that can be sold through our existing platforms gives us an efficient way to grow Guardian's assets under management, generating revenue and profitability. We have a number of organic initiatives that fit well with this strategy, but we will continue to evaluate potential acquisition opportunities that can strengthen aspects of our business or accelerate our growth plans. We continue to believe in our strategy of combining organic initiatives with acquisitions, to create ongoing growth. Over the long term, shareholders can expect to experience the benefits of both strategies.



Our history. Your future.

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