

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

GUARDIAN SHORT DURATION BOND FUND

DECEMBER 31, 2020

This annual management report of fund performance contains financial highlights, but does not contain either the annual financial report or annual financial statements of the investment fund. You can obtain a copy of the annual financial report or annual financial statements at your request, and at no cost, by calling 1-866-718-6517, by writing to us at Guardian Capital LP, Commerce Court West, 199 Bay Street, Suite 3100, P.O. Box 201, Toronto, Ontario, M5L 1E8, or by visiting our website at www.guardiancapitallp.com or SEDAR at www.sedar.com.

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



GUARDIAN CAPITAL

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

Guardian Short Duration Bond Fund (the “Fund”) seeks current interest income while at the same time preserving capital and seeking opportunities for capital appreciation, while maintaining relatively short portfolio duration. This is accomplished through investment in bonds, debentures, notes or other evidence of indebtedness. The Manager uses a proactive, disciplined management approach while employing various analytical tools to identify investments that offer value on a relative basis. The risk management process is designed to limit total exposure to individual issuers, diversify exposure to various credit risks, and maintain portfolio liquidity.

Risk

The risks associated with investing in the Fund remain as discussed in the prospectus. The Fund may be suitable for investors with a low tolerance for risk, particularly those who are looking for a core Canadian fixed-income fund, but who are concerned about the risk of rising interest rates and will accept lower interest income in exchange for the lower volatility of shorter-term bonds.

Results of Operations

(This commentary is based on the performance of Series I units of the Fund. Returns for other Series of units may vary, largely due to differences in fees and expenses. Please refer to the Past Performance section for specific Series level performance details.)

The Fund’s net asset value decreased by 12.0% to \$48.9 million at December 31, 2020 from \$55.6 million at December 31, 2019. Of this change, a \$3.2 million increase was provided by investment performance and a decrease of \$10.0 million came from net redemptions.

Series I units of the Fund posted a return of +7.0% in 2020. The Fund’s benchmark, the FTSE Canada Short Term Bond Index (the benchmark), returned +5.3% (Net C\$) for the same period. The Fund’s return is after

the deduction of fees and expenses, where applicable for the Series, unlike the benchmark’s return.

Throughout the decade-long economic recovery that followed the global credit crisis of 2008, many market commentaries described their outlook as being cautious yet optimistic. This optimism was justly correct as stock markets rose from 2009 to all-time highs, with record low government borrowing rates fueling economic and stock market growth. However, caution again returned in early 2020, and this sentiment quickly turned to fear when the COVID-19 viral outbreak turned into a full-blown global pandemic. Volatility was rampant, as late February’s severe market sell-off was soon followed by a rapid market rebound. Stocks jumped as investors looked past risks and uncertainties and instead focused on massive government and central bank stimulus programs that which were introduced to combat the economic impact of the pandemic.

A major market catalyst in the fall of 2020 was the approval of several COVID-19 vaccines. Equity investors responded with broad-based stock buying worldwide, with most sectors rising late into the year. The most cyclically depressed groups of Energy and Financial stocks led the way in most markets while returns of the more defensive sectors, such as Consumer Staples and Health Care were quite staid in comparison. These groups performed more admirably earlier in the year, given their more economically-resilient business characteristics. Investors had been concerned about choppy markets going into the U.S. Presidential election; however, stock markets quickly embraced a contested outcome that produced a balance of power between Republicans and Democrats, diminishing the odds of major policy shifts.

Despite stock markets venturing into bear territory during the first quarter of 2020, the spring and early summer rally, along with very strong fourth quarter returns, had most major stock markets ending the year with solid gains. Canada’s S&P/TSX Composite Index gained for the year, despite a steep fall during the first three months. Five of the eleven sectors had positive returns in 2020 and beat the benchmark: Information Technology, Materials, Consumer Discretionary, Industrials and Utilities. The negative-performing sectors were: Communication Services, Real Estate,

Health Care, and Energy.

For the Fixed-Income markets, both the Canadian and U.S. Treasury yield curves began 2020 mildly inverted, whereby shorter-term bonds offered more all-in yield than longer-dated issues. Both yield curves were more normally-sloped finishing 2020, with longer-term bonds offering higher all-in yields. Both the Bank of Canada and the Fed began 2020 with their overnight lending rates set at 1.75% and, in response to the economic upheaval caused by COVID-19 disruptions, both central banks quickly dropped their overnight lending rates to near-zero in an attempt to stimulate economic activity.

During 2020, Canadian Long-Term Bonds returned 11.9%, Mid-Term Bonds returned 10.1% and Short-Term Bonds returned 5.3%. In this low rate environment, 91-Day Treasury Bills gained 0.86%. From a sector perspective, Provincial bonds outperformed, returning 9.9% in 2020, investment grade Corporate bonds returned 8.7% and Government of Canada bonds gained 7.3%.

The Bank of Canada left its overnight target rate at 0.25% at the end of 2020. The Bank of Canada discontinued the Bankers Acceptance Purchase Facility and Canada Mortgage Bond Purchase Program in October, and reduced the Government of Canada Bond Purchase program. The Bank continued with monetary policy actions to provide direct liquidity to fixed-income markets, predominantly through the Government of Canada Bond Purchase program that targets a purchase pace of \$4 billion per week. The Government of Canada 10-year bond opened the year yielding 1.70% and ended the year at 0.68%.

The U.S. Federal Reserve Board left the Federal funds target range between 0.00% and 0.25%. The Fed has continued with a number of monetary policy actions to provide direct liquidity to fixed-income markets. The most recent U.S. Federal Open Market Committee (FOMC) dot plot median projection indicates, with a near consensus, that the Federal Funds Target rate will remain unchanged until the end of 2023. U.S. Treasury 10-year yields began the period at 1.92% and ended at 0.90%.

The Canadian dollar outperformed the U.S. dollar,

beginning the year at just under \$1.30 CAD per USD and ending the year over \$1.27 CAD per USD. Gold rose +25.1% to \$1,898/oz., mostly through the first 7 months of the year, reflecting its appeal as a hedge with respect to the economic and pandemic-related uncertainty, the historically low-rate environment, a falling U.S. dollar, and rising inflation expectations. The Fund underperformed the benchmark during the start of the year, as its overweight to corporate bonds underperformed the Canadian short-term bond market overall. The Fund's overweight to these higher-rated corporate bonds helped later in the period, as higher rated issues and financial corporate bonds outperformed. During the first part of the year the Fund added bonds issued by Manulife Financial and John Deere Financial.

The Fund continued to add value during the year, as its overweight in financials was the main driver. The Fund added to this segment of the market, with purchases of additional short-term bonds issued by Manulife Financial, CIBC, TD Bank and Sun Life. To fund these purchases, the Fund sold bonds issued by Caisse Desjardins, John Deere and the Province of Ontario. A drag on performance were the relatively strong gains by the lesser-quality BBB bonds versus higher-quality bonds. Within specific industries, the Fund's underweight to telcos, pipelines and REITs hurt, as these industries rebounded as part of the economic recovery that occurred in the back half of 2020.

Recent Developments

Global economic expectations for growth have improved with the implementation of vaccination rollouts. Continued significant monetary and fiscal stimulus have also contributed to an increase of inflation expectations, as seen in developed world inflation-linked fixed-income markets. With these factors, combined with impressive performance of riskier segments of capital markets, longer-term Treasury and Government of Canada Yields have been pushed higher, steepening yield curves in the process. Massive fiscal and monetary stimulus remain material drivers of capital markets and major supports of fragile economies. Uncertainties remain regarding the timing of a recovery and possible economic structural issues, post-pandemic. Shorter-term interest rates are very likely to remain lower for longer.

Fixed-Income markets will continue to be subject to headline/event risk, economic fundamentals, geopolitical tensions, and safe haven flows. Policy action by major central banks will continue to distort global developed bond markets. Uncertainty regarding the magnitude and/or timing of North American, European, Japanese and Asian central bank direct market intervention will continue to impact capital market volatility.

Many North American corporate credit fundamentals have recently eroded and remain uncertain. However, significant central bank liquidity policies have contributed to materially tighter spreads relative to wider levels during late March. The decrease in expected net corporate issuance also represents a major factor contributing to tighter spreads. Although not materially involved to date, the Bank of Canada is a buyer of a subset of eligible Canadian corporate bonds if deemed necessary, at the discretion of the Bank. The Fund is currently maintaining its higher-quality corporate weighting, and the duration of its corporates.

Related Party Transactions

Guardian Capital LP, the Manager of the Fund, is considered to be a “related party” of the Fund. The Manager is responsible for the day-to-day operations of the Fund and also acts as the portfolio manager, managing the investment portfolio of the Fund. These services are in the normal course of operations and the Fund pays a management fee to the Manager for these services, as detailed in the Management Fees section below. The Manager also receives an Administration Fee from the Fund, amounting to 0.04% of the average daily net asset value of the Fund, in return for the payment by the Manager of all the variable operating expenses of the Fund. The Independent Review Committee (“IRC”) has approved the Manager’s Policy for this item and the Manager relies on this approval as a standing instruction from the IRC. The Manager received the Administration Fee and paid Fund expenses in accordance with this Policy during the year. The Manager is a wholly-owned subsidiary of Guardian Capital Group Limited, a publicly traded firm listed on the Toronto Stock Exchange.

The Fund may invest some of its available short-

term cash in units of Guardian Canadian Short-Term Investment Fund, another investment fund managed by Guardian Capital LP, which invests its assets in high-quality short-term fixed-income securities. As at December 31, 2020, the Fund had invested \$700,307 or 1.4% of its net assets, in units of the Guardian Canadian Short-Term Investment Fund. This activity is consistent with standing instructions from the IRC.

Management Fees

No management fees are payable or collected for Series I units of the Fund. Series W units are subject to a management fee which is based on a percentage of the average Series NAV during each month, calculated and accrued daily, and payable monthly. The Series W management fee is 1.00% per annum. The table below provides a breakdown of services received in consideration of the management fees, as a percentage of the management fees, for the year.

	Series I	Series W
Investment management and other general administration	n/a	50.0%
Trailer Commission	n/a	50.0%

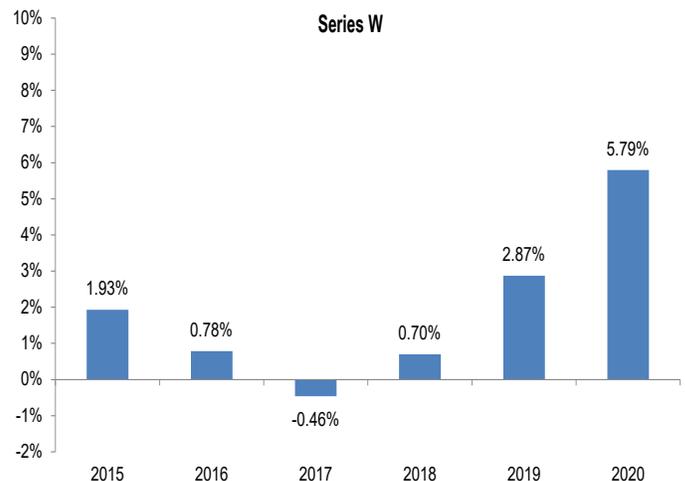
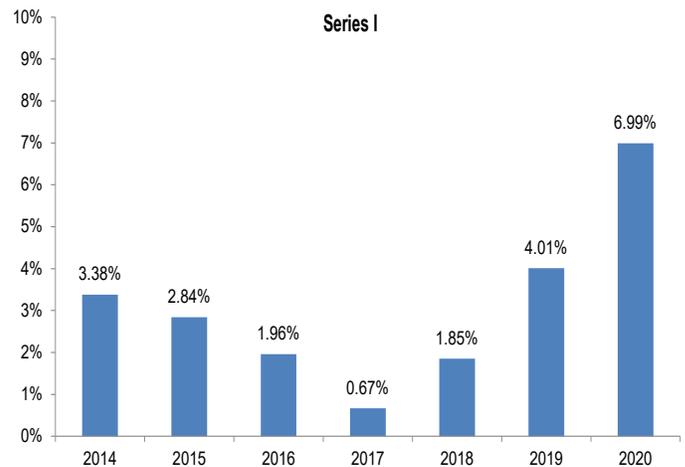
Past Performance

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

The performance shown below includes results prior to April 11, 2014, when the Fund was not a reporting issuer. Had the Fund been subject to the additional regulatory requirements applicable to a reporting issuer during such period, the expenses of the Series I units of the Fund would likely have been higher. The financial statements for the period when the Fund was not a reporting issuer, are available on the Manager's website at www.guardiancapital.com or upon request.

Year-by-Year Returns

The bar charts show the Fund's performance for the period from January 1, 2020 to December 31, 2020, and annual performance for each of the prior years shown, and illustrates how the Fund's performance has changed from year to year. The chart shows in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of that financial year.



Annual Compound Returns

The tables below shows the historical compound returns of the Fund's Series I and Series W units for the periods indicated, as at December 31, 2020. The returns of a broad based market index are also shown.

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
Series I (%)	6.99	4.26	3.07	n/a	3.13
FTSE Canada Short-Term Bond Index (%)	5.29	3.42	2.26	n/a	2.47

* Inception date - August 29, 2013.

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
Series W (%)	5.79	3.10	1.91	n/a	1.85
FTSE Canada Short-Term Bond Index (%)	5.29	3.42	2.26	n/a	2.35

* Inception date - May 1, 2014.

The FTSE Canada Short-Term Bond Index is designed to be a broad measure of the Canadian investment grade short-term fixed income market.

FINANCIAL HIGHLIGHTS

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

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

	12 months ended Dec. 31, 2020	12 months ended Dec. 31, 2019	12 months ended Dec. 31, 2018	12 months ended Dec. 31, 2017	12 months ended Dec. 31, 2016
Net Assets per unit, Beginning of Year ^[1]	\$10.01	\$9.84	\$9.86	\$10.01	\$10.07
Increase (decrease) from operations per unit: ^[1]					
Total revenue	0.24	0.22	0.21	0.22	0.27
Total expenses	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Realized gains (losses)	0.17	0.13	(0.14)	(0.07)	(0.01)
Unrealized gains (losses)	0.26	0.05	0.11	(0.10)	(0.08)
Total increase (decrease) from operations per unit	0.67	0.40	0.18	0.05	0.18
Distributions per unit from: ^{[1][2]}					
Income (excluding dividends)	(0.24)	(0.22)	(0.21)	(0.21)	(0.26)
Canadian dividends	-	-	-	-	-
Capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total Distributions per unit	(0.24)	(0.22)	(0.21)	(0.21)	(0.26)
Net Assets per unit, End of Year ^[1]	\$10.46	\$10.01	\$9.84	\$9.86	\$10.01

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

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

Ratios and Supplemental Data (Series I)

	12 months ended Dec. 31, 2020	12 months ended Dec. 31, 2019	12 months ended Dec. 31, 2018	12 months ended Dec. 31, 2017	12 months ended Dec. 31, 2016
Total net asset value (000's) ^[1]	\$48,784	\$55,564	\$67,780	\$61,048	\$44,371
Number of units outstanding ^[1]	4,661,697	5,551,965	6,887,341	6,189,830	4,434,762
Management expense ratio ^[2]	0.05%	0.05%	0.04%	0.05%	0.05%
Management expense ratio before waivers and absorptions	0.05%	0.05%	0.04%	0.05%	0.05%
Trading expense ratio ^[3]	0.00%	0.00%	0.00%	0.00%	0.00%
Portfolio turnover rate ^[4]	84.17%	87.19%	141.16%	90.52%	98.98%
Net asset value per unit ^[1]	\$10.46	\$10.01	\$9.84	\$9.86	\$10.01

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

[2] The management expense ratio is based on total expenses (excluding commissions, other portfolio transaction costs and withholding taxes) of the Fund and its proportionate share of the total expenses of the Underlying Funds, where applicable, for the stated period and is expressed as an annualized percentage of daily average net asset value during the year.

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

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

FINANCIAL HIGHLIGHTS

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

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

	12 months ended Dec. 31, 2020	12 months ended Dec. 31, 2019	12 months ended Dec. 31, 2018	12 months ended Dec. 31, 2017	12 months ended Dec. 31, 2016
Net Assets per unit, Beginning of Year ^[1]	\$9.86	\$9.70	\$9.71	\$9.84	\$9.91
Increase (decrease) from operations per unit: ^[1]					
Total revenue	0.24	0.22	0.21	0.22	0.27
Total expenses	(0.12)	(0.11)	(0.11)	(0.12)	(0.12)
Realized gains (losses)	0.16	0.12	(0.14)	(0.07)	(0.00)
Unrealized gains (losses)	0.29	0.05	0.07	(0.08)	(0.06)
Total increase (decrease) from operations per unit	0.57	0.28	0.03	(0.05)	0.09
Distributions per unit from: ^{[1][2]}					
Income (excluding dividends)	(0.12)	(0.11)	(0.08)	(0.09)	(0.15)
Canadian dividends	-	-	-	-	-
Capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total Distributions per unit	(0.12)	(0.11)	(0.08)	(0.09)	(0.15)
Net Assets per unit, End of Year ^[1]	\$10.31	\$9.86	\$9.70	\$9.71	\$9.84

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

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

Ratios and Supplemental Data (Series W)

	12 months ended Dec. 31, 2020	12 months ended Dec. 31, 2019	12 months ended Dec. 31, 2018	12 months ended Dec. 31, 2017	12 months ended Dec. 31, 2016
Total net asset value (000's) ^[1]	\$69	\$69	\$67	\$112	\$140
Number of units outstanding ^[1]	6,704	6,993	6,913	11,553	14,239
Management expense ratio ^[2]	1.17%	1.14%	1.18%	1.18%	1.18%
Management expense ratio before waivers and absorptions	1.17%	1.14%	1.18%	1.18%	1.18%
Trading expense ratio ^[3]	0.00%	0.00%	0.00%	0.00%	0.00%
Portfolio turnover rate ^[4]	84.17%	87.19%	141.16%	90.52%	98.98%
Net asset value per unit ^[1]	\$10.31	\$9.86	\$9.70	\$9.71	\$9.84

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

^[2] The management expense ratio is based on total expenses (excluding commissions, other portfolio transaction costs and withholding taxes) of the Fund and its proportionate share of the total expenses of the Underlying Funds, where applicable, for the stated period and is expressed as an annualized percentage of daily average net asset value during the year.

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

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

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2020

Portfolio Allocation	% of Net Asset Value	Top 25 Holdings	% of Net Asset Value
Canadian Federal and Guaranteed Bonds	14.7%	Canada Housing Trust No. 1	14.3%
Canadian Provincial and Guaranteed Bonds	1.1%	Toronto-Dominion Bank	9.3%
Canadian Corporate Bonds	80.1%	Sun Life Financial Inc.	9.1%
United States Corporate Bonds	2.2%	Toyota Credit Canada Inc.	9.1%
Short-Term Securities	1.4%	Bank of Montreal	9.0%
Other Net Assets	0.5%	Royal Bank of Canada	8.9%
		Bank of Nova Scotia	8.7%
		Canadian Imperial Bank of Commerce	8.2%
		Manulife Financial Corp.	6.6%
		CARDS II Trust	3.3%
		Bank of America Corp.	2.2%
		Manulife Bank of Canada	2.1%
		Saputo Inc.	2.0%
		Caterpillar Financial Services Ltd.	1.6%
		Guardian Canadian Short-Term Investment Fund, Series I	1.4%
		Province of Ontario	1.1%
		ENMAX Corp.	1.1%
		Bell Canada Inc.	1.0%
		Government of Canada	0.5%
		Top 25 Holdings as a percentage of net asset value	99.5%
		Total Net Asset Value	\$ 48,852,674

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly update is available. If the Fund has invested in other investment funds, the prospectus and other information about the underlying investment funds are available on the internet via www.sedar.com.



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This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts, but rather represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements, as a number of factors could cause actual future results, conditions, actions or events to differ materially from the expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments and the effects of competition in the geographic and business areas in which the Fund may invest. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, Guardian Capital LP does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.