

GUARDIAN DIRECTED EQUITY PATH PORTFOLIO Q4 2025 COMMENTARY

Market Overview

Global financial markets capped on a strong year with further gains in Q4 as focus shifted away from the persistent political uncertainty and toward the signs of positive and broadening economic momentum supported by monetary and fiscal easing and the implications for corporate earnings. The resulting improvement in investor sentiment saw major equity benchmarks close the year at or near record highs.

In equities, the MSCI World Index rose 1.59% (in CAD) for the three months ended December to close out its third consecutive year of gains in excess of 15% (+15.9% in CAD for 2025). In contrast to the previous two years, 2025 saw gains extend beyond the artificial intelligence-related company stock gains in the U.S. — the American benchmark S&P 500 Index recorded a further 1.0% increase in the final three months of the year to bring its total return for the year to 11.9% (in CAD), however, that lagged the gains in Canada (S&P/TSX Composite Index +6.2% in Q4, +31.7% for the year) and Europe, Australasia & the Far East (MSCI EAFE Index +3.3% in Q4, +25.1% in 2025 in CAD) for both the quarter and the year as a whole.

Performance Attribution

The Guardian Directed Equity Path Portfolio (the “Fund”) declined -0.97% over the fourth quarter of 2025 versus a gain of 1.59% for the MSCI World Index (C\$, net). The stocks within the Fund’s portfolio delivered a total return of negative 0.08% because of security selection in the Information Technology, Industrials and the Financials sectors. Option premiums earned from the covered calls amounted to 1.73% and the upside forfeited was -1.30% adding net 0.43% over the quarter, while the put options detracted 0.76% responding to the time decay in the put option values over the quarter. The Fund incurred operating expenses of 0.045.

We continue to cautiously balance the premium collected with selling further out of the money call options to protect against a sharp reversal to the upside while still collecting a moderate level of option premium. The protective put options benefit from weaker stock performance which will continue to contain the downside if market conditions deteriorate. We will continue to balance the trade-off between the premiums collected with the upside strike prices on the covered calls to provide a decent level of option premiums and upside participation.

Below is a summary of the key contributors to the stock performance within the Fund:

The largest positive contributor to the returns of the Fund during Q4 2025, with shares rising 36.1% was **illumina** (ILMN US). Illumina, the largest producer of gene sequencing machines and consumables in the world, has been pressured by geopolitical frictions and cuts to researching funding in the U.S., which have reduced the demand from academic customers. Recently, funding grants have begun to flow but still need predictability as researchers plan based on multiple grants. The long-term narrative remains intact - falling sequencing costs enable broader adoption across clinical applications and a large addressable market in cancer, reproductive health and genetic disease. Illumina is well positioned with their large installed base and leading technology in terms of the combination of cost, accuracy and informatics. Shares of **Waters** (WAT US) finished the period 24.8% higher. Waters is the leading supplier of high-precision analytical technologies for separation, analysis and purification of a broad range of materials. Shares were under pressure at the beginning of the year as the market reacted negatively to the announcement of a transformative acquisition of the Biosciences and Diagnostics business unit of Business

Development. However, recent results beat guidance and consensus, and the company displayed broad-based strength across geographies. Waters benefit from a large installed base and entrenched customers, resulting in high recurring sales of its market-leading technology. Shares of **Yum China** (YUMC US) rose 10.1% in Q4. Yum China is the largest restaurant company in China, operating iconic brands such as KFC, Pizza Hut, and Taco Bell, along with local concepts, and is known for its innovative digital and delivery capabilities. Despite a weak macro environment, the company has continued to open hundreds of new stores per year and keep cost discipline tight delivering operating profit growth. At its recent capital markets day in Shenzhen, the company announced plans to accelerate store expansion and guided to double-digit earnings per share (EPS) growth per annum for the period 2026-2028. Management is seeing early signs of improving consumer sentiment. **Accenture's** (ACN US) stocks ended 7.9% higher in Q4. Accenture is a leading global consulting and managed services business. Despite reporting solid results over 2025 and continuing to grow market share, the share price has been under pressure due to U.S. government spending cuts, macro-uncertainty and continued headwinds in the small, discretionary deal space. Spending on large, transformative deals continues and Accenture remains at the forefront of digital reinvention for businesses. In its most recent fiscal quarter, advanced AI bookings doubled year-on-year, and the company announced that it is nearing its target of 80,000 trained data and AI professionals.

The largest detractor to the Fund's returns over the quarter was the position in **Microsoft** (MSFT US), which ended -7.8% lower in Q4. Microsoft is a technology company that develops and supports software, services, devices, and solutions. Despite benefiting from AI-driven growth and accelerated demand for cloud migrations across industries, shares were down in the quarter due to a broader market rotation away from AI-related capex stories. The company reported strong growth in commercial booking, significantly ahead of expectations. Shares of **ADP** (ADP US) fell -13.1% in Q4. ADP is a leader in human resources technology, providing a range of human resources solutions to businesses of all sizes and processes payroll for one in six private sector employees in the U.S. Shares were down as the company announced fiscal year 2026 guidance expecting a slower pace of client hiring alongside moderating macro growth and wage growth. The business remains resilient as payroll and benefit administration are mandatory and switching providers is costly and time-consuming. **Nike** (NKE US) finished the quarter -9.4% lower. Nike, the market leader in athletic footwear and apparel, has suffered from strategic missteps during COVID, particularly its extreme shift toward direct-to-consumer (DTC) channels. This created openings for competitors like Hoka and On in specialty retail, intensifying competitive pressure. The company is focused on rebuilding relationships with the retailers it alienated with its DTC focus. Although they have been early signs of success, with North American revenue growing 10% in its most recent fiscal quarter, weak performance in China offset this success and disappointed the market. Shares of **EssilorLuxottica** (EL FP) fell -3.7% in Q4. EssilorLuxottica designs eyewear and optical lenses. The stock underperformed as the company increased investment in smart-eyewear innovation through a new partnership with Fondazione Chips and plans to partially open-source its wearable hardware. The added creation of a Scientific Advisory Committee highlights long-term ambition in AI-enabled eyewear, but rising R&D intensity and margin pressures in wearables weighed on near-term performance.

Portfolio Transactions

During the quarter, the Manager made some valuation-driven adjustments to existing positions, notably increasing weight to Adobe with the proceeds from trimming positions in MasterCard and EssilorLuxottica.

Portfolio Outlook & Positioning

Guardian Directed Outcomes™ strategies offer investment choices designed to address different priorities of investor objectives for either growth with enhanced downside protection through Guardian Directed Equity Path Portfolio or for tax-efficient cash flow¹ generation through Guardian Directed Equity Path Portfolio.

The guiding principles underlying the investment philosophy of the Guardian Directed Outcomes™ strategies rests on the following key tenets:

1. Employing the security analysis and selection process of the high-conviction, concentrated equity portfolios provided by Guardian Capital LP's U.K., U.S. and Canadian asset management businesses
2. Identifying short- to intermediate-term catalyst and stock price behavior, aligned with long-term quality growth intrinsic value estimates
3. Implementing varying option overlay strategies to tailor the return behaviour of the underlying positions to target the portfolio outcomes desired.

The premise of Guardian Capital LP's approach to managing the Directed Outcomes strategies is to apply the bottom-up fundamental research from our concentrated equity teams in the United Kingdom, the United States and Canada. In effect, the Directed Outcomes portfolios will hold a concentrated portfolio of global high-quality growth securities (20 to 30 stocks) with a managed options overlay, taking into account intrinsic value estimates and catalysts derived from the research. This information will be complemented with a short- to intermediate-term technical and fundamental review to assess prevailing trend strength and stock price behavior to exploit shorter horizon trading opportunities.

The **Guardian Directed Equity Path Portfolio** is engineered with the aim to manage volatility and provide downside protection, so that it is never exposed to the entire downside of any security position held. As a result, returns are expected to lag in a rising market environment (the sharper the rise, the larger the lag) and to help preserve capital in a declining market environment (the more severe the drawdown, the better the protection).

The portfolio continues to be positioned defensively with a high level of option protection implying that the portfolio will be well insulated on the downside if market conditions deteriorate in the near-term. The strategy is expected to continue to collect attractive option premiums and participate in the upside in a more gradual manner.

¹ Tax efficient cash flow is derived from the additional income earned from writing (selling) call options, known as "premium", which is taxed as capital gains and is more tax-efficient relative to dividend or interest income.

Returns are presented in CAD, unless otherwise stated.

This commentary is for general informational purposes only and does not constitute investment, financial, legal, accounting or tax advice or a recommendation to buy, sell or hold a security or be considered an offer or solicitation to deal in any product or security mentioned herein. It is only intended for the audience to whom it has been distributed and may not be reproduced or redistributed without the consent of Guardian Capital LP. This information is not intended for distribution into any jurisdiction where such distribution is restricted by law or regulation.

Please read the prospectus, Fund Facts or ETF Facts before investing. Important information, including a summary of the risks, about each Fund is contained in its respective offering documents. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund and exchange traded fund (ETF) investments. You will usually pay brokerage fees to your dealer if you purchase or sell units of an ETF on a stock exchange. If the units are purchased or sold on the stock exchange, investors may pay more than the current net asset value when buying units of the ETF and may receive less than the current net asset value when selling them. Mutual fund and ETF securities, including money market funds, are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. Mutual funds and ETFs are not guaranteed, their values change frequently and past performance may not be repeated.

There can be no assurance that the Fund's portfolio will continue to hold the same position in companies referenced here, and the portfolio may change any position at any time. The securities discussed may not represent the Fund's entire portfolio and in the aggregate may represent only a small percentage of portfolio holdings. It should not be assumed that any of the securities discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable, or will equal the investment performance of the securities discussed.

The opinions expressed are as of the published date and are subject to change without notice. Assumptions, opinions and estimates are provided for illustrative purposes only and are subject to significant limitations. Reliance upon this information is at the sole discretion of the reader. This commentary includes information concerning financial markets that was developed at a particular point in time. This information is subject to change at any time, without notice, and without update. This commentary may also include forward-looking statements concerning anticipated results, circumstances, and expectations regarding future events. Forward-looking statements require assumptions to be made and are, therefore, subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Investing involves risk. Equity markets are volatile and will increase and decrease in response to economic, political, regulatory and other developments. Investments in foreign securities involve certain risks that differ from the risks of investing in domestic securities. Adverse political, economic, social or other conditions in a foreign country may make the stocks of that country difficult or impossible to sell. It is more difficult to obtain reliable information about some foreign securities. The costs of investing in some foreign markets may be higher than investing in domestic markets. Investments in foreign securities also are subject to currency fluctuations. The risks and potential rewards are usually greater for small companies and companies located in emerging markets. Bond markets and fixed-income securities are sensitive to interest rate movements. Inflation, credit and default risks are all associated with fixed income securities. Diversification may not protect against market risk and loss of principal may result. Index returns are for information purposes only and do not represent actual strategy or fund performance. Index performance returns do not reflect the impact of management fees, transaction costs or expenses. Certain information contained in this document has been obtained from external sources, which we believe to be reliable, however, we cannot guarantee its accuracy.

Guardian Capital LP is the Manager of the Guardian Funds and also manages portfolios for defined benefit and defined contribution pension plans, insurance companies, foundations, endowments and investment funds. Guardian Capital LP is a wholly owned subsidiary of Guardian Capital Group Limited, a publicly-traded firm listed on the Toronto Stock Exchange. For further information on Guardian Capital LP, please visit our website. All trademarks, registered and unregistered, are owned by Guardian Capital Group Limited and are used under license.

Published: January 31, 2026