GUARDIAN i³ INTERNATIONAL QUALITY GROWTH FUND MANAGER COMMENTARY Q3 2025

Market Review

International developed markets, as represented by the MSCI EAFE Index, posted solid gain of almost 7% in the third quarter. While still trailing the U.S. and global markets indices, it marked the continuation of the robust year-to-date rally, with the index up more than 21% in 2025. Returns were driven by a combination of easing inflation and improving trade dynamics.

The international markets saw improved sentiment over the past three months, supported by easing inflation in regions like the Europe and Japan, which gave central banks more room to pause or reverse rate hikes. A healthy labor markets also helped sustain consumer spending and corporate earnings. Furthermore, a weaker U.S. dollar boosted returns for U.S.-based investors. On the geopolitical front, progress on trade agreements helped ease some tensions, though new tariffs and ongoing uncertainty remain. Europe showed signs of stabilizing growth despite energy and political challenges, while Japan benefited from continued monetary support and strong earnings.

In fact, a weaker yen and a U.S.-Japan trade deal, which lowered U.S. tariffs on almost all Japanese exports from 25.0% to 15.0% – combined with resilient domestic macro data, and ongoing corporate governance reforms, contributed to the outperformance of Japanese equities during the quarter.

Overall, international markets delivered a strong quarter, supported by improving fundamentals and a more stable macroeconomic backdrop. However, investors should remain mindful of ongoing geopolitical risks and the potential for volatility if trade negotiations falter or inflation reaccelerates. Diversification across regions and sectors remains key, especially as global markets continue to adjust to a new economic and policy landscape.

Performance Attribution

The Guardian i³ International Quality Growth Fund (the "Fund") underperformed its benchmark, the MSCI EAFE Index (net, CAD), in the third quarter of 2025 due to a negative stock selection, slightly offset by positive allocation.

The Materials sector was the largest contributor to relative performance this quarter, thanks to the Fund's overweight exposure and positive stock selection from CRH Public. The Fund's underweight exposure in the Consumer Staples sector also contributed to performance. On the other hand, the Industrials sector was the largest detractor due to a negative stock selection effect. Negative stock selection in the Financials sector also detracted from relative performance this quarter.

Top five contributing stocks:

- **ASML** contributed to relative performance given its strong growth prospects, resilient demand for AI and high-performance computing chips, and a valuation that became attractive after the stock's post-earnings dip. The adoption of AI, automation, and cloud infrastructure created sustained demand for ASML's EUV lithography equipment, which reassured investors of its long-term value even amid near-term uncertainty. The company recently strengthened its strategic position with a €1.3 billion investment in Mistral AI, boosting AI integration in its R&D and production. Despite some cyclical risks and geopolitical uncertainties

- **CRH Public** Ltd is a global leader in building materials, serving infrastructure, commercial, and residential markets across North America and Europe. In its most recent earnings report, the company reported revenues and adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) up 6% and 9% respectively, driven by strong demand, pricing power, and strategic acquisitions. The company's $40 billion financial capacity, aggressive M&A strategy, and exposure to U.S. infrastructure spending position it as a long-term compounder of shareholder value.
- **Banco Santander** is a global banking leader headquartered in Spain. In Q2 2025, the bank posted a record net profit of €3.4 billion, with Return on Tangible Equity (RoTE) rising to 16%, driven by strong performance in wealth management, payments, and disciplined cost control. The bank is executing a €10 billion share buyback program and continues to benefit from its digital transformation and expanding customer base, with over 8 million new clients added year-over-year. Overall, Santander's performance this quarter reflected strong execution across its core businesses and innovation strategy, positioning the company for sustained growth and positive market sentiment going forward.
- **MiZuho Financial Group** is one of Japan's leading megabanks, offering diversified financial services across banking, securities, asset management, and trust banking in Asia, Europe, and the Americas. In recent months, the company has delivered robust earnings, with Q2 net profits rising over 36% year-over-year, driven by strong fee income, strategic acquisitions (e.g., Greenhill), and cost discipline. the bank exceeded its FY2025 financial targets ahead of schedule and raised its dividend, reflecting confidence in its capital strength and profitability.
- **TSMC** is the world's largest pure-play semiconductor foundry, producing advanced chips for industry leaders like Apple, Nvidia, and AMD. In Q2 2025, the company posted record revenue of US$30.1 billion and EPS of US$2.47, up 44% and 61% year-over-year, driven by surging demand for AI and high-performance computing chips. With dominant market share, cutting-edge technology, and strong financials TSMC is perfectly positioned to capture long-term AI and semiconductor growth.

Bottom five detracting stocks:

- **Wolters Kluwer** detracted from relative performance. While recurring revenues remain resilient, weakness in non-recurring areas—particularly within Financial & Corporate Compliance—reflected softer demand, regulatory changes, and cautious client spending. However, management reaffirmed its 2025 outlook and highlighted a modest improvement in organic growth in July and August, supported by strength in the Health, Tax & Accounting divisions. The company also accelerated its share buyback program, now expected to conclude ahead of schedule, further signaling confidence in the business despite near-term share price volatility.
- **Novo-Nordisk** detracted from relative performance. The company lowered its full-year sales growth forecast and trimmed expected operating profit growth. This revision was mainly driven by slower-than-expected growth for Wegovy in the U.S. obesity market, lower penetration for Ozempic in the U.S. diabetes sector, as well as increased competition and ongoing challenges from unregulated compounded GLP-1 products. We exited Novo-Nordisk early in the quarter on rising probabilities of a dividend cut and slower earnings and dividend growth predictions.
- **Tokyo Electron** is a leading Japanese supplier of semiconductor manufacturing equipment. Its stock has faced pressure in recent months due to a slowdown in fab investments, overexposure to China, and cautious customer capex plans, leading to a sharp correction from its 2024 highs. However, the company has rebounded strongly in FY2025, posting record earnings and benefiting from renewed demand in AI-related applications. Earnings growth in the mid-single-digit over the next few years can be expected, given the company's leadership in advanced lithography and packaging tools.
- **ICICI Bank**, one of India's largest private sector lenders, has seen its stock under pressure recently, down nearly 8% from July highs, as investors digest softer-than-expected loan growth and margin compression. Despite the near-term consolidation, the bank continues to deliver double-digit profit

growth, stable asset quality, and industry-leading return metrics. The recent pullback can be seen as a healthy reset, with the bank well-positioned to benefit from India's structural credit expansion and digital banking tailwinds.

- **Hannover Re**, the world's third-largest reinsurer, has seen its stock underperform its peers in recent months, weighed down by valuation concerns and a softening reinsurance pricing cycle. Despite this, the company continues to deliver solid fundamentals, with Q2 net income up 27% YoY and a return on equity of 23%, supported by disciplined underwriting and low claims activity. The recent consolidation can be seen as a buying opportunity, with Hannover Re well-placed to benefit from improving sector profitability.

Portfolio Transactions

This quarter, the Manager exited **Accenture, Kerry Group, Keyence, Sika, and Novo-Nordisk**, on declining earnings and dividend growth predictions. Accenture was exhibiting declining earnings growth predictions that indicated softer demand due to macroeconomic uncertainties and geopolitical risks. The Manager is also cognitive of longer-term structural challenges in the consulting sector that will likely increase competitive pressures, despite strong growth in AI and digital transformation services. Novo-Nordisk lowered its full-year sales growth forecast and trimmed expected operating profit growth. This revision was mainly driven by slower-than-expected growth for Wegovy in the U.S. obesity market, lower penetration for Ozempic in the U.S. diabetes sector, as well as increased competition and ongoing challenges from unregulated compounded GLP-1 products.

With the proceeds from the sale, the Manager initiated positions **in Asics, National Grid, NTT, Shimamura Stockland, Compagnie Financiere Richemont and Eurofins Scientific**, on strong earnings and dividend growth predictions.

Portfolio Outlook & Positioning

The i³ Investments™ Team* has a core belief that successful asset management is focused on three pillars of investment: **G**rowth, **P**ayout and **S**ustainability of earnings and cash flows (or GPS). For outlook and positioning, the i³ Investments™ Team will address each of these core beliefs.

Growth — In positioning the portfolio to secular drivers of dividend growth, the Manager believes consistent earnings growth is critical for predictable and sustained dividend growth.

According to the Manager's proprietary AI model* forecast for Earnings-Per-Share (EPS) growth rates in Europe is still on the upward recovery path, but at a lower clip than the U.S. The mandate has exposure to the Energy sector, and in the old continent, it's the sector exhibiting the highest forecasted EPS growth. The Industrials and Financials sector are the next in line with higher EPS forecasts. Large spending increases in the defense industry is benefiting many European companies down the industrial supply chain. The Financials sector also shows stronger EPS growth forecast. In Asia there is much more dispersion between the sectors for earnings growth with the Financials sector exhibiting strong EPS growth forecasts.

In Europe there is more dispersion in dividend growth between the sectors with most sectors trending higher, but at lower levels than the U.S. The Industrials and Financials sectors exhibit the highest levels for dividend growth which is supported by the earnings growth forecasting from those sectors.

The Manager continues to position and focus on companies with positive earnings growth coupled with strong dividend growth. We believe the Fund's portfolio is positioned for secular dividend growth.

Payout – With the market quickly digesting the turmoil relating to the tariff announcements and geopolitical risks last quarter, it continued on its upward trajectory this quarter. With the U.S. Federal Reserve (Fed) beginning the rate cut cycle, stocks continue to move higher. Resiliency in the market is macro driven not micro driven with quality stocks lagging the rally. Long duration stocks, many non-dividend payers continue to benefit. The Manager believes that a diversified portfolio that includes quality dividend growth stocks with lower economic sensitivities can provide stability during the long-term investment horizon. Profitability and stability need to be embraced with the mandate focusing on strong earnings and cash flow growth which supports dividend growth.

The Manager believes that a diversified portfolio which includes high-quality, secular growth companies can provide stability during periods of elevated market volatility and continue to realize earnings growth and capital appreciation (itself a form of payout).

Sustainability (of cashflows) — According to its AI Model, the Manager continues to forecast strong dividend sustainability globally. This is backed by earnings and better credit conditions, as central banks continue cutting rates. In Europe and Asia, there appears to be more dispersion between the sectors with the overall forecasted probability of dividend cuts remaining higher than in the U.S. and Canada. In Europe, forecasted probability of dividend cuts in the Energy sector has come down, we are also forecasting a slow steady improvement in the Industrials sector.

The Fund is overweight in the Information Technology, Financials, Materials, and Real Estate sectors, while being underweight the Consumer Discretionary, Consumer Staples, Health Care and Communication Services sectors.

The Fund also holds secular growth stocks that provide thematic exposure to disruptive growth drivers and converging exponential technology, which the Manager believes offer long-term upside, meaning they should not be viewed through the short-term lens of market cycles. This includes companies the Manager sees as leaders in innovation in Big Data and AI, Robots, Biotechnology, and Smart Cities. The Manager believes these forward-thinking companies that innovate and influence our lives daily in multiple areas are positioned to prove their resilience over multiple economic cycles.

The Manager believes that leadership can still be captured in "quality growth" stocks by focusing on companies that can innovate and launch new products and that can sustain and grow their revenue and earnings. The Manager is consistently monitoring the Fund's exposures with respect to expected earnings growth and the probability of earnings disappointments, as well as aiming to avoid companies with high variability of cash flow and revenue growth.

The i³ Investments™ team believes our AI-powered GPS style offers a total return approach through owning companies that can continue to reward shareholders through capital appreciation, buybacks and debt reduction, ultimately combined with careful discretionary consideration of stock and sector allocations by the portfolio managers.

* The i³ Investments™ Team is a portfolio management team with Guardian Capital LP, a registered portfolio manager. The i³ Investments™ Team combines quantitative and fundamental analysis in managing investment portfolios. The quantitative component of the team's investment process has evolved as new tools and datasets have become available and, over time, new quantitative models which incorporate aspects of artificial intelligence have been incorporated. The i³ Investments™ Team provides a modern approach to portfolio construction, combining the advantages of quantitative analysis, big data, and artificial intelligence with the experience, perspective, and decision-making of our investment team. The application of quantitative investment analysis that incorporates artificial intelligence and machine learning in a forecast model is forward-looking, and the simulated results are subject to inherent limitations. Investment strategies which rely on predictive artificial intelligence and quantitative models may perform differently than expected, as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends and the limitations of technology in the construction and implementation of the models. There is no guarantee that the use of the quantitative model and artificial intelligence will result in effective investment decisions. There are no guarantees that dividend-paying stocks will continue to pay dividends. All investments are subject to risk, including loss. There is no assurance that any investment strategy will be successful.

Returns are presented in CAD unless otherwise stated.

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