

# Sustainable Funds Update

January 2023

## Solutions that make a difference

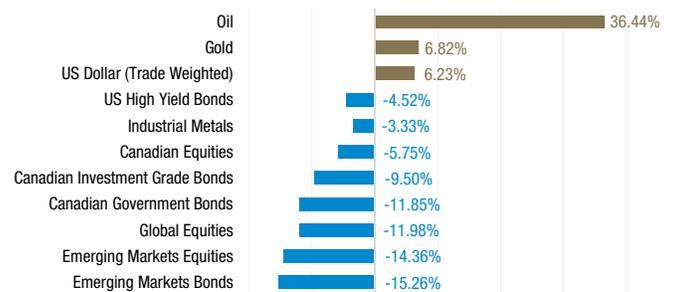
Guardian Capital's Sustainable Funds combine simplicity and ease-of-use with a purpose rooted in ESG (environmental, social, and governance) and professionally managed solutions. They were designed to help build and preserve wealth while contributing to a sustainable world. These multi-asset, innovative solutions aim to achieve their investment objectives primarily through investment in Guardian mutual funds and ETFs, and/or third-party mutual funds and ETFs.

### Economy and Markets

- 2022 was a weak year for all assets except commodities, as global central bank interest rate hikes hammered both bond and equity valuations.
- Economic data continue to defy bearish sentiment as the US consumer spends and the job market remains tight.
- However, the outlook for corporate earnings is generally negative, as the lagged impact of higher interest rates and oil prices likely begin to take a toll on profit margins.

Read the [latest macroeconomic views](#) from our Asset Mix Committee\*.

Select Asset Class Total Returns in CAD 2022



Source: Bloomberg, Guardian Capital. For the period January 1, 2022 to December 31, 2022.

### RECENT PORTFOLIO CHANGES

- In Q4, the emerging market equity exposure was increased on multi-decade valuation lows, improving relative growth and inflationary outlook, as well as China beginning to exit zero-COVID.
- Reduced US dollar exposure as the Fed nears the end of its hiking cycle with valuation and positioning very stretched.

Visit our [website](#) for the latest positioning and fund details.

Price to Book Discount of Emerging Markets Equities \*



Source: Bloomberg, Guardian Capital. For the period January 1, 2002 to December 21, 2022.

### RESPONSIBLE INVESTING UPDATE

- IQ Healthy Hearts ETF (HART) was added to the portfolios to increase the exposure to the health care sector, while also making efforts to improve social and health equity outcomes.
- As a thematic investing ETF, HART seeks to invest in companies that support heart health to combat heart disease. Its strategy was developed in alignment with the American Heart Association, and it makes contributions to the group's Social Impact Fund.
- New York Life, which manages HART, recently released its 2021 ESG report.

See how our ownership of HART is improving land access for Hmong farmers [here](#).



\* Guardian's Asset Mix Committee (AMC) consists of investment professionals and asset class specialists and is charged with overseeing the development and management of multi-asset investment portfolios, specifically addressing asset mix composition/allocation and areas for advice or communication to such clients as it relates to the makeup of their portfolio.

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Guardian's Sustainable Funds have ESG-related investment objectives, while other Guardian Mutual Funds and ETFs do not have ESG-related investment objectives. All Guardian Funds integrate ESG considerations into the investment analysis of all holdings within their respective portfolio. A Fund's ESG characteristics and performance may change from time to time. Please review the Fund's prospectus for details on how the Fund's investment strategy incorporates responsible investing considerations and the associated risks and consult your financial professional prior to investing.

Guardian Capital LP is a signatory of the United Nations-supported Principles of Responsible Investment (UN PRI). The UN PRI does not prescribe the exclusion of any particular type of company or industry; rather it requires that, as the Manager, we are informed on the ESG issues, and that we are comfortable with the activities and practices of the companies that we invest in. Guardian's approach to responsible investing is consistent with the framework provided by the UN PRI. Our Responsible Investing policies are publicly available on our website at <https://www.guardiancapital.com/investmentsolutions/responsible-investing>.

Responsible investing is an approach to investing that incorporates ESG considerations into investment decisions. This approach may incorporate considerations beyond traditional financial information into the investment selection process, which could result in investment performance deviating from other products with comparable objectives or from broad market benchmarks.

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