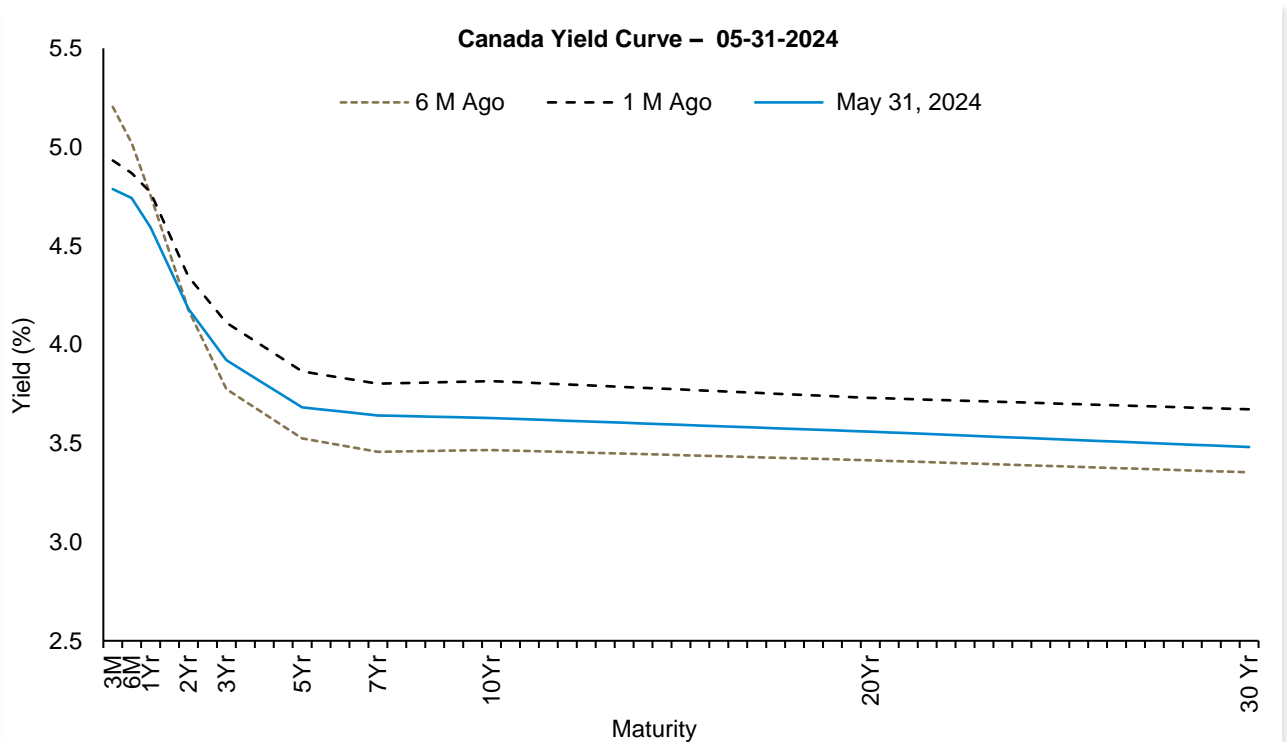


AHEAD OF THE CURVE

May 2024 BOND MARKET RECAP AND OUTLOOK

RECAP

- Bond markets were given a reprieve in May, as more cooperative inflation data, particularly in the US, reaffirmed expectations for rate cuts in the months ahead and underpinned a general decline in market yields across the curve.
- The FTSE Canada Universe Bond Index turned in its best month of the year so far by rising 1.8% in May. The more rate-sensitive areas of the market outperformed (FTSE Canada Long Term Overall Bond Index +3.2%; FTSE Canada All Government Bond Index +1.9%) while lower duration securities still managed to generate decent absolute returns in the month (FTSE Canada Short Term Bond Index +0.9%; FTSE Canada All Corporate Bond Index +1.4%).
- In Canada, the dataflow has proven especially amenable for policymakers. Measures of core inflation moved within the Bank of Canada’s (BoC) 1% to 3% target range for the first time in almost three years in April, while activity indicators flag below-potential (but positive) growth that points to growing slack in the economy, which should further help bring inflation down to more tolerable levels.
- Domestic government bond yields drifted lower across all tenors along the curve, resulting in a decrease in slope or “re-inversion”. Spreads on Canadian investment-grade bonds ended the month slightly wider, however spreads on higher quality (i.e., AA/AAA) credits were slightly narrower.



Source: Guardian Capital based on data for the FTSE Canada Universe Bond Index from PC Bond, Bloomberg as at May 31, 2024

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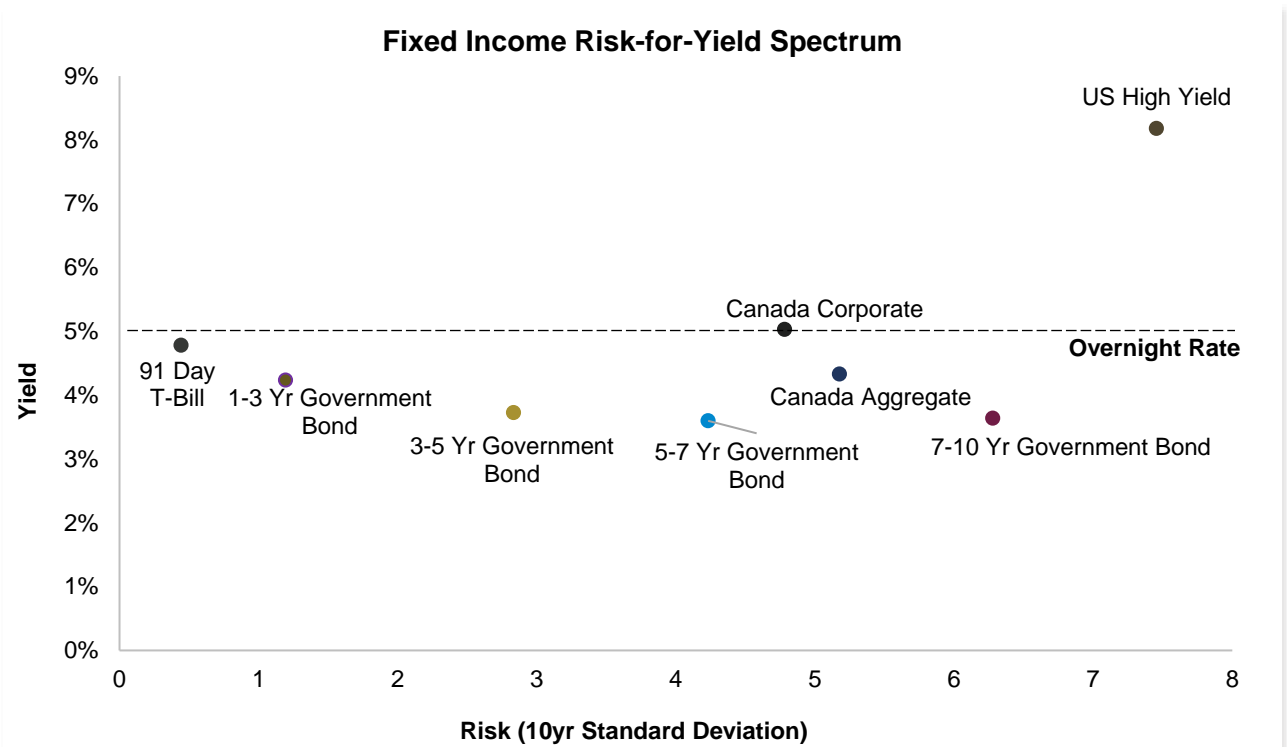
THE LOOK AHEAD

- The start to the easing cycle in Canada looks to serve as a tailwind for bonds, however, volatility is likely to continue in the near-term until there is greater clarity on the path for policy rates in the US and the degree of divergence in monetary policy elsewhere.
- The Fixed Income Team at Guardian Capital LP believes that we are moving from a regime of “restrictive” monetary policy to “less restrictive”, as the BoC may not be in a rush to be accommodative, given the risk of inflation to potentially remain “sticky” for some time.

POSITIONING OPPORTUNITIES

For investors with a shorter-term investment horizon that may be concerned about money market rates drifting lower, GuardBonds™, our suite of Target Maturity Funds, provide attractive yields and offer the potential for greater tax efficiency because of the capital gains potential embedded in purchasing of discount bonds. Additionally, GuardBonds™ are able to provide daily liquidity to investors while keeping the gains they’ve earned to date, unlike non-redeemable GICs, which may penalize investors for early redemption.

For investors seeking absolute returns, higher cash flows, and less fluctuations to equity and bond markets, the Guardian Strategic Income Fund*, seeks to generate stable income while preserving capital with lower volatility by investing in a diverse portfolio that aims to provide a superior risk adjusted return profile across all market environments.



Source: Guardian Capital based on data for the FTSE Canada Universe Bond Index from PC Bond, Bloomberg as at May 31, 2024
**Details of the Indexes used in the chart can be found on page 5.

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May 2024 BOND MARKET RECAP AND OUTLOOK

GUARDIAN FIXED INCOME FUNDS | Current Positioning

Guardian Ultra-Short Canadian T-Bill Fund

- Largely invested in Provincial T-Bills, given their current attractive yield premium (10-20 bps)
- Slightly added to the overall duration of the Fund's T-bill holdings this month to help optimize yield
- Excellent cash equivalent option providing attractive yield and liquidity

GuardBonds™ Investment Grade Bond Funds

- A suite of actively managed, defined maturity bond funds, that can be used to efficiently construct customized bond ladders
- Mostly invested in Investment Grade bonds purchased at a discount, to take advantage of potential capital gains²
- Excellent GICs alternative, more liquid¹ and tax efficient²

Guardian Canadian Bond Fund

- Lengthened duration profile of the Fund's bond holdings, now slightly longer positioning relative to its benchmark, the FTSE Canada Universe Bond Index (7.05 vs. 7.01 years)
- Added long-term Federal bonds, but still underweight its benchmark
- Added Provincials in 3- and 10-year key rates, continue its overweight exposure relative to the benchmark
- Reduced Financials in 5- and 7-year key rates, but still overweight its benchmark
- Remains overweight corporate bonds to collect higher coupon income

Guardian Strategic Income Fund (Alternative Fund)*

- Profit taking in select shorter term and recent new issue positions while opportunistically adding to existing positions on market weakness. The portfolio reduced its risk exposure, while adding hedges and increasing overall portfolio quality.
- Although defaults on high yield issues have ticked up year-to-date, their proportion in the market is well within expectations for this year and is concentrated in a couple of highly levered sectors (e.g. Technology, Media, and Telecom) . The risk-reward trade-off for high-yield more broadly and corporate hybrid bonds remains intact (albeit a bit less than earlier this year) given generally healthy fundamentals, in addition to the relatively elevated levels of absolute yields. We continue to maintain this focus for companies held in the portfolio.
- While high yield bonds in the Energy sector have continue to outperform with resilient oil prices, we have made some adjustments to our holdings, selling some outperformers and moving into less risky parts of the value-chain since we are still constructive on the sector as issuers are maintaining capital discipline.

¹ Each GuardBonds™ fund, despite having a specified maturity date, is fully liquid (intra-day liquidity on the ETF versions, daily liquidity on the mutual fund versions). GICs – even those of the redeemable variety – do not offer the same option for liquidity should it be needed.

² Each GuardBonds™ fund prioritizes holding bonds trading at a discount with the intention of holding them until maturity. When a discount bond matures at par value, the price appreciation is treated as a capital gain. Total return on a GuardBonds™ fund is expected to consist of bond interest income and capital gains. GICs, on the other hand, are always fully taxed as interest income.

AHEAD OF THE CURVE

May 2024 BOND MARKET RECAP AND OUTLOOK

FUND DETAILS

	FUND NAME	FUND CODE/ TICKER	CURRENT YIELD	CHARACTERISTICS OF PORTFOLIO HOLDINGS				
				DURATION (YRS)	YTM†	COUPON	AVERAGE PRICE	AVG QUALITY
MONEY MARKET	Guardian Ultra-Short Canadian T-Bill Fund	GCTB	-	0.16	4.93	-	98.52	R-1(H)
	Guardian Ultra-Short U.S. T-Bill Fund (USD)	GUTB.U	-	0.17	5.27	-	98.26	A-1+
	FTSE Canada 91-Day T-Bill Index		-	-	4.78	-		
TARGET MATURITY	GuardBonds™ 2024 Investment Grade Bond Fund	GBFA	2.85	0.35	5.06	2.83	99.24	A
	GuardBonds™ 2025 Investment Grade Bond Fund	GBFB	2.08	1.16	4.88	2.02	96.74	A
	GuardBonds™ 2026 Investment Grade Bond Fund	GBFC	2.10	2.09	4.81	1.98	94.24	A
	GuardBonds™ 2027 Investment Grade Bond Fund	GBFD	2.56	2.98	4.56	2.42	93.76	A
	GuardBonds™ 1-3 Year Laddered Investment Grade Bond Fund	GBLF	2.35	1.20	4.91	2.28	96.74	A
SHORT DURATION	Guardian Short Duration Bond Fund	GCG603	3.56	2.72	4.81	3.47	96.69	A
	Guardian Strategic Income Fund*	GCG602	6.54 ^{^^}	3.23	7.38 [^]	5.92	99.64	BB
	FTSE Canada Short Term Overall Bond Index		3.24	2.52	4.40	3.20	97.50	AAA
UNIVERSE	Guardian Fixed Income Select Fund	GCG601	3.40	4.13	4.59	3.25	89.51	A
	Guardian Investment Grade Corporate Bond Fund	GCG694	4.13	5.39	4.80	3.99	87.70	BBB
	Guardian Canadian Bond Fund	GCG654	3.50	7.11	4.31	3.34	92.95	AA
	FTSE Canada Mid Term Corporate Bond Index		4.59	5.81	5.08	4.63	97.80	BBB
	FTSE Canada Universe Bond Index		3.48	7.06	4.33	3.34	94.21	AA

Source: Guardian Capital based on data from PC Bond, Bloomberg as at May 31, 2024

The Duration, Yield to Maturity, Coupon, Average Price and Average Quality shown are based on the weighted average of the securities held in the respective Funds' portfolio, and for the comparative benchmarks they are based on the weighted average of the Index constituents.

YTM: The Yield to Maturity (YTM) shown is the current yield-to-maturity, gross of fees, based on underlying portfolio holdings as at the date indicated. These yields will fluctuate regularly. YTM represents the expected annual rate of return earned on a bond under the assumption that the debt security is held until maturity.

†Note: For the T-Bill Funds, the YTM shown is the Yield to Maturity at Cost or **YTM (at Cost)**, which is the weighted average YTM (at Cost) of each of the underlying T-Bill securities in the portfolio, net of cash. YTM (at Cost) means the percentage rate of return paid if the T-Bill security is held to its maturity date from the original time of purchase. The calculation is based on the coupon rate, length of time to maturity, and original price of the underlying T-Bill securities. This is not the yield, distribution rate or performance return of the Fund and is not intended to represent the distribution or return experience of any unitholder. It is only intended to give investors an idea a particular portfolio characteristic of the underlying securities held in the Fund's portfolio.

Current Yield: The Current Yield is an annualized historical yield based on actual net income of the Fund for the seven-day period ended on the date specified and does not represent an actual one-year return.

For more information on the financial terms used in this document, please refer to the **Glossary of Financial Terms** on our website at: <https://www.guardiancapital.com/investmentsolutions/glossary-of-terms/>

AHEAD OF THE CURVE

May 2024 BOND MARKET RECAP AND OUTLOOK

*The Guardian Strategic Income Fund is an alternative mutual fund. It is permitted to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds. The specific strategies that differentiate this Fund from other types of mutual funds include borrowing cash, engaging in short selling and investing in specified derivatives. While these strategies will be used in accordance with the Fund's objectives and strategies, during certain market conditions they may accelerate the pace at which your investment changes in value. This Fund also pays the Manager a Performance Fee equal to 15% of the amount by which the Investment Performance of the applicable series of Units exceeds the aggregate of the High Water Mark and the cumulative Hurdle Amount during the Performance Period. Please refer to the Fund's prospectus for additional details.

**Fixed Income Risk-for-Yield Spectrum chart

91 Day T-Bill: FTSE Canada 91 Day T-Bill Index, which tracks Canadian Treasury Bills with maturities of 91 days.

1-3yr Government Bond: FTSE Canada 1-3 Government Bond Index, which tracks Government of Canada Bonds with maturities of 1-3 years.

3-5yr Government Bond: FTSE Canada 3-5 Government Bond Index, which tracks Government of Canada Bonds with maturities of 3-5 years.

5-7yr Government Bond: FTSE Canada 5-7 Government Bond Index, which tracks Government of Canada Bonds with maturities of 5-7 years.

7-10yr Government Bond: FTSE Canada 7-10 Government Bond Index, tracks Government of Canada Bonds with maturities of 7-10 years.

Canada Aggregate: FTSE Canada Universe Bond Index, which tracks all Canadian Bonds.

Canada Corporate: FTSE Canada All Corporate Bond Index, which tracks corporate bonds within Canada.

US High Yield: ICE BofA US High Yield Index, which tracks high-yield bonds within the US.

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