

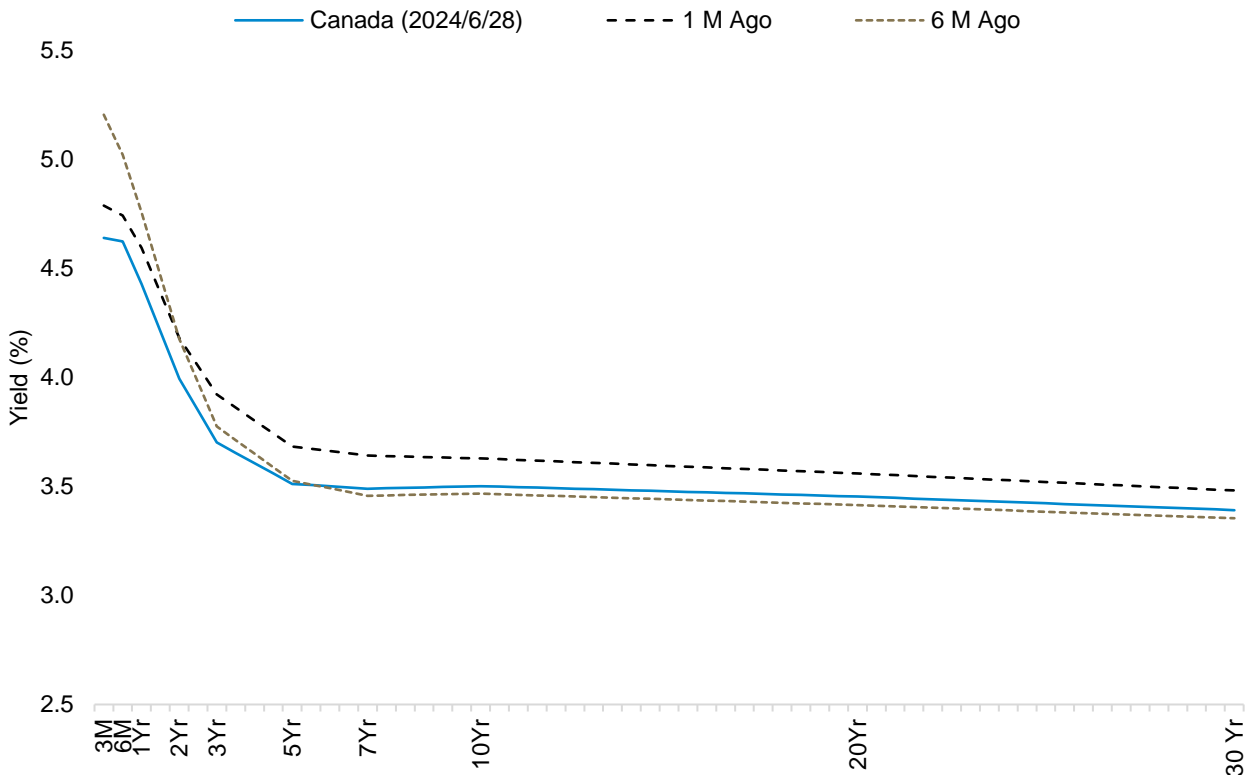
AHEAD OF THE CURVE

JUNE 2024 BOND MARKET RECAP AND OUTLOOK

RECAP

- Bond markets continued their upward momentum in June, as cooperative inflation data (notwithstanding the surprise in the May Consumer Price Index (CPI) report) and signs of further moderation in economic growth momentum prompted the Bank of Canada (BoC) to cut interest rates by 0.25% - becoming the first G7 member central bank to do so.
- Yields moved lower across all tenors of the yield curve in relative tandem, with minimal affect to slope (+0.06%, measured by the 10y minus the 2y) as the yield curve remains inverted.
- In corporates, credit spreads on Canadian investment grade (IG) bonds moved slightly wider (+0.02%) over the month while spreads on AA and AAA bonds moved marginally tighter (-0.03% and -0.02%, respectively).
- Decomposing the FTSE Canada Universe Bond Index, which rose 1.13% in June, Government bonds (+1.18%) outperformed Corporate bonds (+0.96%), as Provincials bonds (+1.35%) provided a tailwind to the overall index.
- The FSTE Canada Short-Term Overall Bond Index moved 0.75% higher over the month while the FTSE Canada Mid-Term Overall Bond Index and Long-Term Overall Bond Index returned 1.19% and 1.60%, respectively.

Canada Yield Curve - 06-28-2024



Source: Guardian Capital based on data for the FTSE Canada Universe Bond Index from PC Bond, Bloomberg as at June 28, 2024

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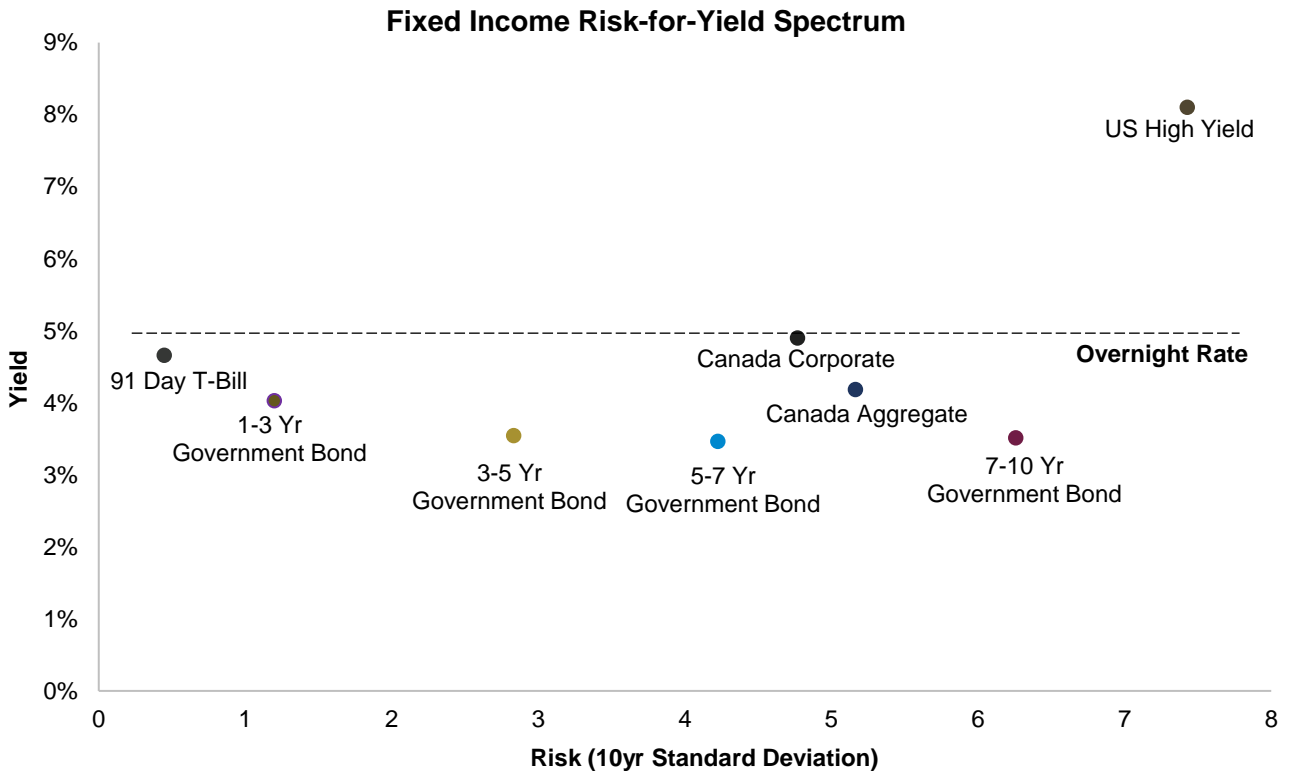
THE LOOK AHEAD

- The policy guidance in Canada suggests that the BoC will continue to exercise caution in normalizing rates as 'sticky' inflation concerns remain top of mind, particularly as the CPI June release came in higher than expected.
- From an interest rate perspective, the market consensus is that the yield curve will gradually steepen, which is evident on a year-to-date basis.
- From a credit perspective, while yield spreads remain relatively tight on a historical basis, catalysts for additional spread compression may be limited.

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 June 28, 2024

**Details of the Indexes used in the chart can be found on page 5.

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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 (10-20bps)
- 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

- Shorter duration profile relative to its benchmark, the FTSE Canada Universe Bond Index (7.57 vs. 7.20 years, respectively).
- Higher concentration in the 7-year key rate and lower concentration in the 10-year and 20-year key rates, relative to the benchmark.
- Continue to overweight corporate bonds (Financials) and underweight government bonds.

Guardian Strategic Income Fund (Alternative Fund)*

- Profit taking in select shorter-term and recent new issue bond positions, while opportunistically adding to existing positions on market weakness. The portfolio is focused on reducing its risk exposure, by adding hedges and increasing overall portfolio quality.
- Although defaults on high yield bond 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. The Manager continues to maintain this focus for companies held in the Fund's portfolio.
- While high yield bonds in the Energy sector have continue to outperform with resilient oil prices, the Fund made some adjustments its Energy holdings, selling some strong performers and moving into less risky parts of the value-chain, since the Manager is 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.

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JUNE 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	4.80	-	98.51	R-1(H)
	Guardian Ultra-Short U.S. T-Bill Fund (USD)	GUTB.U	-	0.18	5.28	-	98.29	A-1+
	FTSE Canada 91-Day T-Bill Index		-	-	4.69	-		
TARGET MATURITY	GuardBonds™ 2024 Investment Grade Bond Fund	GBFA	2.89	0.28	4.98	2.87	99.42	A
	GuardBonds™ 2025 Investment Grade Bond Fund	GBFB	2.05	1.08	4.73	2.00	97.10	A
	GuardBonds™ 2026 Investment Grade Bond Fund	GBFC	2.09	2.02	4.62	1.98	94.78	A
	GuardBonds™ 2027 Investment Grade Bond Fund	GBFD	2.51	2.90	4.38	2.39	94.32	A
	GuardBonds™ 1-3 Year Laddered Investment Grade Bond Fund	GBLF	2.05	1.13	4.78	2.28	97.10	A
SHORT DURATION	Guardian Short Duration Bond Fund	GCG603	3.57	2.80	4.75	3.50	97.20	A
	Guardian Strategic Income Fund*	GCG602	6.60^^	3.30	7.35^	5.92	99.97	BB
	FTSE Canada Short Term Overall Bond Index		3.31	2.65	4.19	3.29	98.11	AA
UNIVERSE	Guardian Fixed Income Select Fund	GCG601	3.98	4.99	4.97	3.84	96.33	A
	Guardian Investment Grade Corporate Bond Fund	GCG694	4.80	6.00	5.36	4.74	98.78	BBB
	Guardian Canadian Bond Fund	GCG654	3.60	7.40	4.18	3.47	93.91	AA
	FTSE Canada Mid Term Corporate Bond Index		4.60	5.81	4.96	4.67	98.67	BBB
	FTSE Canada Universe Bond Index		3.50	7.21	4.19	3.39	95.01	AA

Source: Guardian Capital based on data from PC Bond, Bloomberg as at June 30, 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.

^YTM reported for the Guardian Strategic Income Fund is **Yield to Worst (YTW)**, given the Fund mostly holds high yield securities. YTW represents the expected annual rate of return earned on a bond under the assumption that the debt security is repaid in full ahead of schedule by the issuer. YTW is lower than YTM given the bond would be held over a shorter period, and is more commonly used for high yield securities like the majority of securities in the Guardian Strategic Income 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.

Note: ^^Current Yield reported for the Guardian Strategic Income Fund is its **Distribution Yield**. Distribution Yield is based on Series F distributions per unit over the trailing 12 month period, divided by the end of period unit price. This is a more appropriate measure of the rate of income an investor may expect from the Fund than Current Yield because the Fund may invest in non-coupon paying securities (i.e., futures, option spreads, forwards, etc.) compared to traditional fixed income funds.

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*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. Statistics only reflect bond segment.

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

**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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