GUARDIAN CAPITAL

GUARDIAN i³ GLOBAL DIVIDEND GROWTH FUND
MANAGER COMMENTARY – Q2 2026

Market Review

Global equities delivered strong returns during the second quarter; the MSCI World Index rose 15.7% and the S&P 500 Index gained 17.1%, its best quarterly return since the second quarter of 2020, led by exceptional semiconductor earnings. The advance was not without volatility, as a June selloff in technology, compounded by concerns over inflation and Federal Reserve (Fed) hawkishness, gave way to a sharp recovery in the final week of trading. Semiconductors, which had led the market higher, came under pressure after Broadcom's results and guidance fell short of elevated expectations, then rebounded on an enthusiastic response to standout results from Micron, as investors reassessed the durability and valuation of Artificial Intelligence(AI)-related earnings across the value chain.

Although technology drove much of the benchmark's return, market strength showed signs of broadening; the equal-weight S&P 500 Index rose 11.4% (in US dollar terms) and small caps rallied hard, with the S&P SmallCap 600 Index up almost 20% (in US dollar terms). Semiconductors posted their best quarter on record, with the PHLX Semiconductor Sector Index (SOX) up 88%, memory names led on tight supply as Micron and Sandisk surged, and software recovered up 13% after its first-quarter drawdown. The S&P factor indices told the same risk-on story; momentum rose 44.4% and high beta 34.4%, while the defensive dividend aristocrats (6.7%), high dividend (6%), and low volatility (3.1%) lagged well behind (all in US dollar terms). The AI capex cycle shows no sign of fatigue, with compute demand and capital spending robust and the picks-and-shovels names tied to data center construction, cooling, and power still well positioned; the market is nonetheless scrutinizing monetization and return on that spending, token commoditization, memory constraints, open-source competition from China, an uncertain regulatory backdrop, and a still-concentrated index vulnerable to pullbacks.

International markets rallied alongside the U.S. In Europe, the S&P Europe 350 ended the quarter up 11% (in US dollar terms), with similarly lopsided sector leadership, led by Information Technology against a decline in Energy. Asian markets advanced largely on AI supply-chain positioning; South Korea led the world, soaring 74% in the quarter, followed by Taiwan at 47% and Japan at 12% (all in US dollar terms). Commodities moved in the opposite direction, with crude oil down 22% for the quarter as Middle East tensions eased, and gold sliding 14%, its worst quarter in thirteen years, on a hawkish repricing of Fed expectations, higher real yields, and a firmer dollar, with the geopolitical risk premium unwinding as those tensions eased and capital rotated into risk assets.

The macro narrative shifted decisively during the quarter, away from Fed easing and toward pricing a 25bps hike by year end; above-target inflation, concern over rising energy prices, and a still-stable labor market pushed the median dot into hike territory at the June meeting. Outside the AI theme, the other major support for returns was a standout Q1 earnings season, with growth of roughly 28% against expectations near 13% at the start of the quarter; all sectors posted growth, led by technology (consistent with our earnings predictions), and sentiment into Q2 reporting remains constructive given the investment cycle and a solid economic backdrop.

Performance Attribution

The Guardian i^3 Global Dividend Fund ("The Fund") underperformed its benchmark, the MSCI World Index (Net CAD), during the quarter, on both a gross and net-of-fee basis, driven by a combination of negative sector allocation and stock selection effects.

The Communication Services sector was the Fund's largest contributor to relative performance this quarter, driven by positive stock selection from Alphabet. Royal bank of Canada and Allianz added to relative performance in the in the Financials sector. The Materials and Utilities sectors contributed to relative performance, thanks to the Fund's underweight allocation. On the flip side, the Information Technology sector was the Fund's largest detractor despite solid performance from ASML and Nvidia. The Energy sector also detracted from this quarter, due to the Fund's overweight allocation, which was partially offset by positive stock selection from Williams.

Micron and **Advanced Micro Devices (AMD)** were the two of the largest detractors from relative returns during the quarter, a direct consequence of their absence from the strategy; neither pays a dividend, so both sit outside the strategy's investable universe, yet each rallied hard on the memory and compute theme that dominated the quarter. Micron's stock price rose 242% as the memory up-cycle accelerated on explosive high-bandwidth memory demand and tight Dynamic Random Access Memory (DRAM) supply, inclusion in the S&P 100 Index, and a large multi-year memory supply and investment agreement with Anthropic, while record results reported late in the quarter confirmed sharply higher revenue and margins; binding contracts that effectively sold out HBM capacity through 2026 provided rare earnings visibility for a historically cyclical business, carrying the stock to record highs. AMD advanced on record Data Center revenue, up 57% year over year, led by server processors and Instinct AI accelerators, and second-quarter guidance implying about 46% growth; the shares rallied further on an expanded partnership with Meta to deploy up to six gigawatts of Instinct GPUs alongside the existing OpenAI relationship, which gave multi-year visibility into AI deployments. **Importantly: these were positions not held in the strategy that lagged, as they are non-dividend-payers the strategy deliberately excludes; and their surge is the clearest measure of the gap that opened between high-quality dividend compounders and the more speculative memory and compute leadership that led the market.**

Top 5 stocks that contributed to relative performance:

Williams had the strongest contribution to relative performance. The stock outperformed on record first-quarter results, with adjusted EBITDA up 13% year over year, and adjusted EPS up 22%, driven by Transco expansions, incremental Gulf volumes, and higher storage revenues; management reaffirmed a fully contracted growth backlog tied to rising natural gas demand from power generation and LNG, and a 5% dividend increase reinforced the durability of the payout.

ASML Holding is a Dutch technology company that manufactures the highly specialized lithography machines used to produce the world's most advanced semiconductor chips. The company contributed to relative performance during the quarter, as strong AI-driven demand supported robust orders, while the company reported €8.8 billion in first-quarter sales, €2.8 billion in net income, and raised its 2026 revenue outlook to €36–40 billion. The Manager remains bullish, as ASML holds a unique leadership position in extreme ultraviolet (EUV) lithography, a technology that is essential for manufacturing leading-edge AI and high-performance computing chips. As chipmakers continue investing heavily in AI infrastructure and expanding capacity, they believe the company is well positioned to benefit from strong demand, a large order backlog, and significant barriers to entry that few competitors can match.

Nvidia added to relative performance during the quarter given its meaningful underweight allocation. We added this name late in the quarter after a material dividend increase. The stock lagged the sector despite record fiscal

first-quarter results, with revenue of up 85% year over year; the shares retreated from their mid-May high as capital rotated into memory and other semiconductor peers, a softening GPU rental-price backdrop raised questions about near-term pricing, and investors grew wary of multiple compression in a name carrying the market's largest capitalization, causing a muted reaction on a record print.

Royal Bank of Canada (RBC) is Canada's largest bank and provides a broad range of banking, wealth management, insurance, and capital markets services to millions of clients around the world. The stock contributed to relative performance during the quarter as RBC delivered strong financial results, reporting C$5.5 billion in net income, up 25% year over year, while earnings per share increased 27%, supported by growth across its banking, wealth management, and capital markets businesses. the Manager remains bullish, as RBC benefits from a diversified business model, a strong balance sheet, and leading market positions across Canada. They also believe continued loan growth, expanding wealth management assets, and disciplined risk management position the bank to deliver attractive earnings and dividend growth over the long term.

Alphabet contributed to relative returns following first-quarter results, with revenue up 22% year over year, the fastest growth in several years; Search revenue rose 19% as AI Overviews and AI Mode lifted query volumes, Google Cloud grew 63% with backlog nearly doubling, with a 5% dividend increase, lifting the shares to a record high.

Bottom 5 stocks detracting from relative performance:

Microsoft detracted from relative performance despite fiscal third-quarter results that exceeded expectations, with revenue up 18% year over year, and Azure growth of 40%; the shares rallied through May before the mid-June technology selloff, driven by mounting concern over the scale of AI capital expenditure and competition from lower cost AI models, erased the gains, with elevated fiscal 2026 capital spending weighing on sentiment around near-term margins.

Broadcom detracted from relative returns following fiscal second-quarter results; although the company posted record revenue, up 48% year over year, with AI semiconductor revenue up 143%, the shares fell sharply as revenue narrowly missed the consensus estimate and management left the full-year AI revenue target unchanged rather than raising it, disappointing investors positioned for a further guidance increase against an elevated valuation

Republic Services detracted from relative returns, trailing the broad market as its defensive profile lagged a growth led advance; first-quarter results were solid, with strong adjusted EPS and 50 basis points of adjusted EBITDA margin expansion, but revenue growth of 2.6% was modest, the environmental solutions segment faced a difficult prior year comparison, and commodity and fuel headwinds tempered the top line.

McDonald's detracted from relative performance given investor concerns over a softening consumer backdrop; first-quarter results beat expectations, with revenue up 9% and global comparable sales up 3.8%, but management cautioned that second-quarter comparable sales would decelerate meaningfully against tough prior-year comparisons, and characterized the low-income consumer environment as challenging and possibly worsening, which capped enthusiasm for the shares within a market favoring higher growth exposures.

Costco Wholesale is a membership-based retailer known for offering a wide range of products at competitive prices through its warehouse club model. The stock detracted from relative performance during the quarter as investors became concerned that the company's lofty valuation left little room for error, despite a strong operating performance and continued growth in sales and earnings. Even so, Costco reported 11.6% sales growth, 15% growth in net income, and a 21.5% increase in e-commerce sales, demonstrating the resilience of its business model. Costco continues to benefit from a highly loyal membership base, strong renewal rates, and a reputation for value that resonates with consumers in a wide range of economic environments. The Manager believes the

company's consistent execution, growing digital business, and long runway for international expansion position it well for continued long-term growth.

Portfolio Transactions

During the quarter, the Manager initiated a position in **Nvidia**, funded by the sale of Motorola Solutions. The purchase reflects Nvidia's transition toward a more balanced Growth Payout and cash flow Sustainability profile of reasonable beta, strong earnings and dividend growth, and fair valuation. The name has consistently ranked a buy in the Manager's AI-powered model framework, with forecast earnings growth above 40% since April 2023, and its recent dividend increase improved its sustainable yield profile, now a yield near 0.45%, a forecasted probability of dividend cut of just 1.4%, and strong historical and forward dividend growth. While the market broadly frames Nvidia as a growth and momentum name, the Manager's analysis points to a more balanced picture; the stock's valuation ranks 7 out of 10 at a reasonable price to earnings multiple near 34x, and its beta and volatility profile have shown signs of stabilizing. The Manager believes Nvidia is transitioning out of an aggressive growth regime toward balanced valuation and stable dividend growth, underpinned by a strong business model at the center of the emerging AI economy, which makes it suitable on GPS grounds.

The Manager funded the Nvidia's purchase by exiting **Motorola Solutions. I**ts AI-forecast EPS growth was slowing and ranked in the second decile, compounded by low linear growth, and its announced intent to acquire D-Fend Solutions for $1.5 billion added integration risk. With Motorola's forward earnings prospects weakening, the Manager preferred to redeploy the proceeds into the dividend and growth opportunity in Nvidia.

Portfolio Outlook & Positioning

The i^3 Investments™ team believes that successful asset management should be focused on three core pillars, which are **G**rowth, **P**ayout and **S**ustainability of cash flows (GPS). For outlook and positioning, we will address each of these core pillars.

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

Forecasts from the Manager's proprietary AI-powered model* indicate that forecasted EPS growth is slightly moderating in the U.S., though it remains in double-digit territory across all sectors. The Energy sector, which experienced a sharp acceleration in the first quarter, has retraced modestly but continues to exhibit elevated forecasted EPS growth. The Information Technology sector has maintained consistently strong forecasted EPS momentum over the past year, with only a slight deceleration emerging in recent periods.
The Materials sector remains the third-strongest sector in terms of forecasted EPS growth, though its trajectory is also flattening after previously higher levels. A second cluster comprised of the Industrials, Consumer Discretionary, Healthcare and Real Estate sectors show similarly steady but moderating forecasted growth profiles.
At the lower end of the spectrum, the Consumer Staples sector continues to post the slowest forecasted EPS growth, followed by Utilities and Financials sectors.
Overall, the model reflects a broad-based normalization: forecasted EPS growth rates are leveling off from prior peaks yet remain robust. With all sectors still forecasted to have a strong earnings growth.

European earnings forecasts continue to reflect a more subdued backdrop than in the U.S. The AI model forecasts a moderation in EPS growth for the Energy sector, while Energy, Materials and Information Technology remain the strongest contributors, with relatively robust forecasted earnings growth expectations.

A second tier of sectors, such as Communication Services, Utilities, Financials, Industrials, and Health Care, continues to exhibit positive, albeit more moderate, forecasted EPS growth trajectories.

In contrast, the European consumer appears to be showing early signs of strain. Both Consumer Discretionary and Consumer Staples sectors are characterized by very modest earnings growth expectations, suggesting a weakening consumer demand environment. Real Estate sector remains the weakest segment, as it is forecasted to deliver negative EPS growth.

Overall, the European forecasted earnings growth outlook remains constructive but notably less dynamic than that of the U.S., with aggregate EPS growth forecasts lagging their American counterpart.

In Canada, the earnings growth outlook for cyclical sectors remains broadly constructive. The Energy and Materials sectors continue to lead the market in terms of forecasted EPS growth, although the model suggests some modest moderation from previously elevated growth rates.

By contrast, the Communication Services sector remains a notable laggard, as the forecasted EPS growth remains negative. This divergence highlights the ongoing strength in commodity-linked sectors relative to more challenged areas of the Canadian equity market.

Overall, the Canadian earnings profile continues to be supported by the cyclical and resource-oriented segments of the economy, with the Energy and Materials sectors serving as the primary drivers of aggregate forecasted EPS growth.

In Asia, the model forecasts an acceleration in forecasted EPS growth expectations for the Information Technology sector. This strengthening earnings outlook is consistent with the robust demand environment observed this quarter across the compute /memory segments, where ongoing investment in AI infrastructure, data center expansion, and next-generation semiconductor technologies continues to support revenue and margin growth.

The improvement in technology earnings expectations underscores the region's leverage to the global semiconductor and hardware supply chain, positioning the sector as a key driver of earnings growth within the Asian equity markets. As a result, the Information Technology sector remains one of the most attractive areas from an earnings growth momentum perspective, with forecasted revisions continuing to trend positively.

The Manager continues to position and focus on companies with positive forecasted earnings growth coupled with strong forecasted dividend growth. They believe the strategy's portfolio is positioned for secular dividend growth. Over the past 12 months, 100% of the companies in the portfolio have increased their dividends[1].

Payout – 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

[1] As at June 30, 2026

to be embraced with the mandate focusing on strong earnings and cash flow growth which supports dividend growth.
The Manager's proprietary model forecasts broad-based dividend growth across all sectors globally, reflecting a supportive backdrop of earnings expansion and cash flow generation. Among all sectors, Information Technology stands out as the strongest contributor, with forecasted dividend growth reaching high levels across multiple regions. This outlook is underpinned by the sector's robust earnings growth profile, driven by sustained demand for semiconductors, compute infrastructure, memory, and AI-related technologies. The combination of strong earnings momentum, healthy balance sheets, and significant free cash flow generation provides technology companies with substantial capacity to increase shareholder distributions.
As a result, the model continues to forecast the Information Technology sector as the one having the most compelling dividend growth trajectory globally, reinforcing its leadership from both an earnings and capital-return perspective.

Sustainability (of cashflows) — According to the Manager's proprietary model forecasts, the forecasted probability of dividend cuts in the U.S. has increased modestly within the Consumer Discretionary and Communication Services sectors. However, these increases remain from a low base, and the model does not indicate any meaningful signs of stress within either sector. Overall, forecasted dividend sustainability across the U.S. market remains strong, supported by healthy earnings and cash flow fundamentals.
In Europe, the model indicates somewhat higher forecasted probabilities of dividend cuts relative to the U.S.. Nevertheless, the risk remains broadly dispersed and does not point to any sectors experiencing elevated levels of financial stress. Dividend forecasts therefore remain generally stable across the region, even as the operating environment continues to be more challenging than in North America.
Similarly, in Canada, the model continues to signal a healthy dividend outlook, with no sectors exhibiting stress levels that would suggest a heightened risk of widespread dividend reductions. Overall, Canadian companies appear well positioned to maintain their current dividend policies, supported by resilient earnings expectations and balance sheet strength.

Taken together, the model suggests that dividend risk remains contained across all major regions, with only isolated pockets of modestly elevated risk and no evidence of broad-based stress emerging within sector-level dividend forecasts.

The strategy has an overweight allocation to the Energy and Financials sectors and an underweight allocation to the Materials, Communication Services, Consumer Discretionary, and Information Technology sectors. Regionally, the strategy has approximately 27% weight in Europe, 72% weight in North America and 1% weight in Asia.

The i^3 Investments™ team believes their AI-powered GPS investment style offers a total return approach through owning companies that it identifies as being able to reward shareholders through dividends, buybacks and debt reduction, ultimately combined with careful discretionary consideration of stock and sector allocations by the i^3 Investments™ team's portfolio managers.

* The i^3 Investments™ Team is a portfolio management team with Guardian Capital LP, a registered portfolio manager. The i^3 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 i^3 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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