

GUARDIAN i³ CANADIAN DIVIDEND GROWTH FUND MANAGER COMMENTARY – Q3 2026

Market Review

Canadian equities delivered modest gains during the third quarter, with the S&P/TSX Composite Index rising 1.6% (net, CAD). The market enjoyed two months of calm and strength, before volatility emerged in August following rising geopolitical risk.

Ongoing conflict in the Middle East contributed to volatility in the Energy sector and heightened investor uncertainty. At the same time, trade relations between Canada and the United States deteriorated, with the U.S. imposing tariffs on certain Canadian goods and Canada responding with retaliatory measures, raising concerns about the outlook for trade-sensitive sectors. We expect the direct impact of trade disputes to be concentrated in export-oriented industries, such as steel, aluminum, lumber and auto parts. In the overall Canadian market, the sectors most negatively affected following the breakdown in trade negotiations were Consumer Discretionary and Industrials. The tariff escalation resulted in a mild pullback of about 2% at the beginning of September. Since then, market attention has shifted from tariff to other important narratives, such as inflation, Fed rate uncertainty and concerns on latest progress of artificial intelligence (AI). These factors have since moved the market beyond their directly exposed sectors and countries through correlation.

A combination of factors explains the subsequent pullback: concerns around the slowdown of AI-related Capex spending, cautionary remarks from Anthropic and OpenAI CEOs, higher energy prices resulting from prolonged geopolitical tensions, setbacks in drug development pipelines among Pharma leaders, and most importantly concerns surrounding inflation and Federal Reserve policy uncertainty. These important yet intertwined currents are neither isolated from the trade dispute between US and Canada, because the escalation of tariff is more likely to introduce higher inflation and rate hikes, slowing down growth.

Concerns that central banks may need to maintain higher interest rates for longer contributed to rising bond yields and weighed on interest rate-sensitive sectors such as Communication Services (-9.3%) and Utilities (-7.2%). Looking ahead, investors remain focused on the interest rates outlook, inflation, and global trade, with continued economic resilience expected to support equities, although elevated geopolitical tensions and policy uncertainty could contribute to ongoing market volatility.

Given the geopolitical and inflation backdrop, market leadership was narrow, with a small number of companies driving the majority of gains. The Materials sector was one of the largest contributors to performance during the quarter as rising gold prices and increased investor demand for defensive assets supported precious metals companies. The Information Technology sector also performed well, benefiting from continued enthusiasm surrounding artificial intelligence (AI) and digital infrastructure spending, with Shopify remaining one of the market's strongest contributors.

Performance Attribution

The Guardian i3 Canadian Dividend Fund (“The Fund”) outperformed its benchmark, the S&P/TSX Canadian Dividend Aristocrats Index (Net CAD), during the quarter, driven by a positive sector allocation, slightly offset by negative stock selection.

The Fund’s overweight allocation to the Materials sector, along with positive stock selection from DPM Metals, drove most of the returns this quarter. The Fund’s lack of exposure to the Communication Services sector also added value.

Conversely, the non-cyclical Industrials sector was the largest detractor this quarter, as low beta, high-quality stocks relinquished some of the multi-year gains since the second half of last year, namely negative stock selection from Exchange Income and Waste Connections. The Fund’s lack of exposure to the Information Technology sector was also a drag this quarter.

Top 5 stocks that contributed to relative performance:

DPM Metals (formerly Dundee Precious Metals) is a Canadian gold and copper producer with mining operations and development projects in Southeast Europe. The stock contributed positively to performance during the quarter as strong gold prices and robust operational execution supported investor sentiment. The company continued to deliver strong production from its existing operations while successfully advancing the ramp-up of the Vareš mine, strengthening its long-term growth profile. Investor confidence was further supported by DPM’s debt-free balance sheet, strong cash position, and commitment to returning capital to shareholders through dividends and share repurchases.

Aecon is a Canadian construction and infrastructure development company. The stock contributed positively to performance during the quarter, supported by strong revenue growth, improved profitability, and record share price levels reached in September. Investor sentiment remained favorable as the company continued to secure significant project awards and maintain a substantial backlog, reflecting robust demand across key infrastructure markets. Aecon’s involvement in major transportation, utilities, and civil infrastructure projects further reinforced confidence in its long-term growth prospects and ability to benefit from ongoing infrastructure investment across North America. Aecon’s strong project pipeline, substantial backlog, improving earnings profile, and exposure to long-term infrastructure spending trends are expected to support continued growth and value creation in the years ahead.

Canadian Natural Resources (CNQ) is one of Canada’s largest energy producers, with a diversified portfolio of oil sands, conventional oil, and natural gas assets. The stock contributed positively to performance during the quarter as strong operational execution, resilient energy prices, and robust free cash flow generation supported investor sentiment. The company continued to benefit from its low-cost, long-life asset base and disciplined capital allocation strategy, enabling it to maintain a strong balance sheet while returning significant capital to shareholders.

CES Energy Solutions provides specialty chemicals and technology solutions that help oil and natural gas producers drill, complete, and operate wells more efficiently. The stock contributed positively to performance during the quarter as the company continued to deliver strong financial results, gain market share, and generate robust free cash flow despite a mixed energy market backdrop. Investor sentiment was supported by record revenue and profitability, driven by strong demand for its production chemicals and drilling fluids businesses across both Canada and the United States. The company also continued to return capital to shareholders through dividends and share buybacks while maintaining a disciplined approach to growth.

Imperial Oil is one of Canada’s largest integrated energy companies, with operations spanning oil sands production, refining, and petroleum marketing. The stock contributed positively to performance during the quarter

as strong operational execution, resilient energy prices, and improving financial results supported investor sentiment. Energy markets were also supported by ongoing geopolitical tensions in the Middle East, which heightened concerns around global oil supply and contributed to a favorable price environment. The company benefited from robust production at its oil sands assets and its integrated business model, which helped generate strong cash flow and support continued shareholder returns.

Bottom 5 stocks detracting from relative performance:

Exchange Income Corporation is a diversified acquisition-oriented company operating across the aerospace & aviation and manufacturing sectors. The stock detracted from performance during the quarter despite the company delivering record financial results. Shares faced pressure as investors weighed broader economic uncertainty, trade-related concerns, and valuation considerations following a period of strong performance. While market sentiment remained cautious, the company's diversified and resilient business model continued to generate strong cash flow, support dividend growth, and deliver consistent operational execution.

Cameco is a global leader in uranium production, based in Canada. The stock negatively contributed to performance over the quarter despite supportive long-term fundamentals for the uranium market, as investors took profits following a strong period of outperformance and focused on near-term earnings variability and operational challenges that weighed on quarterly results. While production was temporarily impacted by disruptions at certain operations, the company maintained its 2026 production outlook and continued to benefit from strengthening uranium market fundamentals, growing global support for nuclear energy, and increasing demand for energy security and decarbonization solutions. Despite the near-term share price weakness, given Cameco's high-quality asset base, disciplined contracting strategy, strong balance sheet, and leading position across the nuclear fuel cycle, it is well supported for a positive long-term outlook.

Intact Financial Corporation (IFC) is the largest provider of property and casualty insurance in Canada, also operating globally. The stock detracted from performance during the quarter despite continued premium growth and a strong return on equity, as elevated catastrophe and large-loss claims weighed on underwriting results and investor sentiment. While the company reported solid growth in personal lines, maintained a strong balance sheet, and continued to generate attractive returns, earnings were impacted by higher-than-normal weather-related and large-loss events. The company's market-leading position, disciplined underwriting culture, strong capital generation, and ability to grow book value and earnings over the long term support an attractive long-term outlook.

Waste Connections is a leading North American waste management company that provides collection, recycling, disposal, and environmental services. The stock detracted from relative performance this quarter largely due to valuation pressure and investor rotation, despite the company delivering strong operating results and raising its full-year outlook. Revenue grew 6.4% year-over-year, while earnings and cash flow exceeded expectations, supported by disciplined pricing, acquisitions, and operational improvements. The Manager remains bullish on the stock because Waste Connections operates in an essential industry with resilient demand, strong pricing power, and attractive acquisition opportunities. The company's consistent cash generation, margin expansion, and long runway for growth support compelling long-term shareholder return.

Royal Bank of Canada (RBC) is Canada's largest bank, offering personal banking, wealth management, commercial banking, and capital markets services. The stock detracted this quarter as investors remained cautious about credit quality and rising provisions for potential loan losses, despite the bank delivering record earnings. RBC reported strong growth in wealth management, capital markets, and commercial banking, but these positives were overshadowed by concerns about the economic outlook and credit costs. However, RBC's market leadership, diversified business model, strong capital position, and consistent profitability should support attractive earnings growth and shareholder returns over the long term.

Portfolio Transactions

During the quarter, the Manager exited **Stantec** to reduce exposure to industries associated AI disruption. While Stantec remains a high-quality business, it trades at a premium valuation despite deteriorating earnings and dividend growth forecasts in the Manager's proprietary AI Model*. The proceeds were redeployed to add to **Waste Connections** within the same sector, following in a year-long consolidation of the quality factor, which has made the valuation of the company much more reasonable. Waste Connection has resilient earnings, strong cash-flow generation, and operates a non-cyclical business. With multiple forces shaping the market, we think its is very important to maintain a balanced and diversified exposure across both AI-driven opportunities and the traditional economy.

The overall adjustments reflect the Manager's commitment to optimize the Fund's portfolio by aligning it with positive growth outlooks, diversifying across sectors, and capitalizing on emerging opportunities. The overall adjustments reflect a focus on strong forecasted earnings growth across various sectors.

Portfolio Outlook & Positioning

The i³ Investment™ 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 earnings-per-share (EPS) growth in Canada has moderated from the previous high levels, particularly in the Energy and Material sectors. The Information Technology and Health Care sectors, which have had historically low dividend yields lead the pack, followed by the Energy, Consumer Discretionary, and Utilities sectors. Forecasted earnings growth is still robust for most sectors, except for Communication Services, where it is negative.

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, 93% of the companies in the portfolio have increased their dividends¹.

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 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 in Canada, reflecting a supportive backdrop of earnings expansion and cash flow generation. Among all sectors, Materials and Energy stands out as the strongest contributors, with forecasted dividend growth reaching high levels across.

The combination of strong earnings momentum, healthy balance sheets, and significant free cash flow generation provides Canadian Materials and Energy companies with substantial capacity to increase shareholder distributions.

¹ As at September 30, 2026

As a result, the model continues to forecast the Materials and Energy sectors as the ones having the most compelling dividend growth trajectory in Canada, reinforcing their leadership from both an earnings and capital-return perspective.

Sustainability (of cashflows) — According to the manager's proprietary model forecasts, Canada, continues to signal a healthy dividend outlook, with no sectors exhibiting stress levels that would suggest a heightened risk of widespread dividend reductions. The dividend cut prediction for Communication sectors has moderated. The probability of dividend cut remains elevated for the Real Estate sector, and flat for the rest. Overall, most of the Canadian companies appear well positioned to maintain their current dividend policies, supported by resilient earnings expectations and balance sheet strength.

The Manager continues to evaluate the investment opportunities under the structural frame of GPS – Growth, Payout and Sustainability. Through the latest insights of the Manager's AI-powered model, the Energy and Information Technology sectors continue to exhibit the strongest forecasted earnings and dividend growth outlook globally. The Manager also starts to observe early signs of normalization toward slower growth in their model. The Manager continues to leverage AI for scale and use the AI-powered model to detect potential signals of growth, monitor valuation, detect quality and assess the risk to earnings growth and dividend sustainability.

The Fund has an overweight allocation to the Materials, Financials, and Energy sectors and an underweight allocation to the Consumer Discretionary, Consumer Staples and Real Estate sectors. The Fund doesn't have any exposure to the Communications Services and Information Technology sectors.

The i³ Investments™ team believes our 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 i³ Investments™ team's 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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