

GUARDIAN i³ U.S. CORE EQUITY FUND MANAGER COMMENTARY Q3 2026

Market Review

U.S. equity markets entered the third quarter facing a more challenging backdrop as renewed geopolitical tensions in the Middle East pushed energy prices higher and reignited concerns about inflation. At the same time, government bond yields moved higher as investors reassessed the outlook for monetary policy and increasingly expected interest rates to remain elevated for longer. Despite these headwinds, equity markets demonstrated resilience and rose 2.30% (net, CAD) as economic growth remained steady and corporate earnings continued to exceed expectations.

Investor sentiment remained supported by confidence in the durability of the U.S. economy and the ongoing benefits of investment in artificial intelligence, digital infrastructure, and productivity-enhancing technologies. While volatility in fixed income markets increased throughout the quarter, equity investors largely looked through these concerns and focused on companies that continued to deliver strong earnings growth despite a higher-rate environment.

Geopolitical developments were a key driver of market performance during the quarter. The re-escalation of the U.S.-Iran conflict and ongoing disruptions to energy supply routes contributed to a sharp increase in oil prices, raising inflation expectations and prompting a more hawkish stance from central banks. In September, the Federal Reserve raised its target range by a quarter point, its first hike since July 2023, and signaled that additional tightening could still be necessary.

Despite rising energy prices, higher Treasury yields, and uncertainty surrounding inflation and monetary policy, U.S. equities posted positive returns, as investors focused on resilient economic activity, healthy labour markets, and strong corporate profitability. Market leadership remained concentrated in areas tied to long-term growth themes such as artificial intelligence, with the Information Technology sector among the strongest-performing sectors, while energy stocks also benefited from the rise in oil prices. Broadly, Q3 2026 highlighted the market's confidence that earnings growth and structural technology trends could offset a more restrictive policy environment.

Performance Attribution

The Guardian i³ U.S. Core Equity Fund (the "Fund")¹ slightly underperformed its benchmark, the S&P 500 Index (CAD) this quarter, due to negative stock selection, partially offset by positive sector allocation.

The Consumer Discretionary sector was the greatest contributor to relative returns this quarter, thanks to positive stock selection, namely from Amazon. The Fund's overweight exposure to the Information Technology sector also contributed positively.

¹ On April 1, 2026, the Fund changed its name from Guardian i³ US Quality Growth Fund.

Conversely, the Industrials sector was the greatest detractor to performance due to negative stock selection effects from Vertiv, and the Fund's overweight exposure to the sector. Similarly, the Health Care sector lagged, namely due to Eli Lilly and Intuitive Surgical, and an underweight exposure to the sector. Negative stock selection effects from Cadence Design Systems and MKS in the Information Technology sector and an underweight in the Energy sector were also lags to performance.

Top 5 stocks that contributed to relative performance:

Palantir Technologies develops software that helps governments and businesses analyze data, improve decision-making, and deploy artificial intelligence in real-world operations. The stock contributed this quarter as the company delivered exceptionally strong results, driven by rapid adoption of its AI platform and accelerating demand from both commercial and government customers. Revenue grew 93% year-over-year, while U.S. commercial revenue surged 149%, prompting management to raise its full-year guidance. The portfolio managers are bullish in the long-term outlook because Palantir is emerging as a leader in enterprise AI, helping customers translate AI investments into measurable business value. The Manager believes strong customer demand, a growing backlog of contracts, and the company's expanding role in both commercial and government markets support continued growth over time.

Micron Technology is a leading memory and storage chip manufacturer whose products are essential for AI servers, data centres, PCs, and smartphones. The company was a contributor this quarter as strong demand for AI-related memory, particularly high-bandwidth memory (HBM), drove better-than-expected earnings and an improving outlook. Micron Technology also benefited from tight industry supply conditions, which supported pricing and profitability. The Manager remains bullish because they believe AI-driven demand for memory is still in its early stages, positioning Micron to benefit from years of growth ahead. The company's leadership in HBM, strong customer demand, and confidence in continued earnings growth support our positive long-term investment thesis.

Palo Alto Networks is a leading cybersecurity company that helps organizations protect their networks, cloud applications, and data from increasingly sophisticated cyber threats. The stock contributed to relative performance this quarter as the company delivered strong results, benefiting from growing demand for cybersecurity solutions as businesses expand their use of AI. Revenue and recurring subscription metrics continued to grow rapidly, supported by the company's strategy of offering customers a unified security platform rather than a collection of separate tools. The Manager continues to believe in the long-term outlook because cybersecurity remains a mission-critical spending priority, and AI is creating new security challenges that require more advanced protection. The Manager also believes Palo Alto's leadership position, growing recurring revenue base, and expanding AI security capabilities support durable growth over time.

Amazon contributed positively to performance over the quarter as the company continued to demonstrate strong execution across its cloud computing, advertising, and e-commerce businesses. While Amazon maintained elevated levels of capital investment to expand its AI and cloud infrastructure footprint, investors were encouraged by evidence that these expenditures were generating tangible returns through stronger Amazon Web Services (AWS) revenue growth and increasing demand for AI services. Therefore, Amazon was viewed more favorably than some other large-cap technology companies facing similar AI investment requirements, supporting share price performance throughout much of the quarter.

Microsoft is one of the world's largest technology companies, with leading positions in cloud computing, software, productivity tools, and artificial intelligence. The stock contributed to relative performance during the quarter as the company delivered strong financial results, supported by rapid growth in Azure cloud services and increasing adoption of AI products such as Microsoft 365 Copilot. Azure revenue surpassed US\$100 billion annually for the first time, highlighting the strength of demand for the company's cloud and AI offerings. Microsoft is uniquely positioned to benefit from the long-term adoption of AI across businesses and consumers. Moreover, the company's market leadership, growing AI ecosystem, and strong recurring revenue base support continued earnings growth and shareholder value creation.

Bottom 5 stocks detracting from relative performance:

Vertiv Holdings provides the power, cooling, and infrastructure systems that keep data centres running efficiently. The stock detracted during the quarter as investors took profits and reassessed valuations following a strong share-price run, despite continued strength in the company's end markets. Demand for AI-related data centre infrastructure remains robust, supporting growth expectations across the industry. Vertiv is a key beneficiary of the global buildout of AI and cloud computing infrastructure. The company's strong market position, expanding earnings potential, and critical role in powering next-generation data centres support an attractive long-term outlook.

Cadence Design Systems develops the specialized software and intellectual property used to design the advanced chips powering AI, cloud computing, smartphones, and data centers. The stock detracted from performance during the quarter despite strong operating results, as investors reassessed valuations across AI-related technology companies following a period of strong share price appreciation. While the company continued to benefit from growing demand for AI-driven chip design tools, delivered solid revenue and earnings growth, and raised its full-year guidance, these strengths were offset by valuation pressures and broader technology sector volatility. Despite the near-term weakness, its leadership in semiconductor design software, strong backlog, and critical role in enabling next-generation AI and advanced semiconductor development support a positive long-term outlook.

MKS Instruments provides critical technology, equipment, and components used in semiconductor manufacturing, advanced electronics, and industrial applications. The stock detracted from relative performance this quarter despite reporting strong financial results, as investors focused on near-term concerns around margin pressure, investment spending, and the company's debt profile. Revenue grew 28% year-over-year, supported by robust demand from semiconductor and AI-related markets. MKS is benefiting from growing investment in AI infrastructure, advanced packaging, and semiconductor manufacturing. The company's strong market position, improving profitability, growing order pipeline, and exposure to long-term technology trends support attractive growth potential over time.

Broadcom is a global technology company specializing in semiconductor and infrastructure software solutions. The stock detracted from performance during the quarter as investors reassessed valuations across AI-related technology companies following a period of strong share price appreciation. While Broadcom continued to deliver record financial results and exceptional growth in AI-related revenue, investor expectations remained extremely high and guidance fell slightly short of the most optimistic forecasts. Despite the near-term weakness, Broadcom's leadership in AI infrastructure, strong relationships with hyperscale customers, and significant long-term growth opportunities in custom silicon and next-generation networking technologies support long-term positive outlook.

Lam Research is a leading semiconductor equipment company that provides the advanced tools chip manufacturers use to produce the powerful chips found in AI, data centers, and consumer electronics. The stock detracted from performance this quarter as investors reassessed valuations across AI-related technology companies following a period of significant share price appreciation. While the company continued to deliver strong financial results, benefiting from robust demand for semiconductor equipment and ongoing investment in AI infrastructure, investor sentiment was tempered by concerns surrounding export controls, geopolitical uncertainty, and the sustainability of semiconductor capital spending. Despite the near-term weakness, its technology leadership, growing exposure to AI-driven semiconductor demand, and critical role in enabling next-generation chip manufacturing, should support a long-term positive outlook.

Portfolio Transactions

This Quarter, the Manager initiated positions in **Micron Technology** and **Coherent Corp.** Micron is uniquely positioned to benefit from surging AI-related memory demand. Moreover, record earnings, strong

HBM pricing, supply constrained market conditions, and newly signed long-term customer agreements are good signs of sustained revenue growth, expanding profitability and improved earning visibility relative to prior memory cycles.

To fund those purchases, the Manager exited **Oracle**, due to its increasing capital expenditure and debt levels driven by its aggressive AI and cloud infrastructure investments. While the business continues to generate strong operating cash flow and has significant contracted future revenue, free cash flow has come under pressure, weakening dividend coverage and raising concerns about the sustainability of shareholder returns if anticipated cash flows fail to materialize. Additionally, early signs of deteriorating dividend sustainability metrics contributed to Oracle no longer meeting our GPS (Growth, Payout & Sustainability) criteria.

Portfolio Outlook and 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 to secular drivers of earnings growth, the Manager believes consistency in earnings growth is critical for predictable and sustained cash flow growth and capital appreciation.

Forecasts from the Manager's proprietary AI-powered model* indicate that forecasted earnings-per-share (EPS) growth is slightly moderating in the U.S., though it remains high across most of the sectors. The Energy sector is reaccelerating and is ranked highest for forecasted EPS growth. The Information Technology sector has maintained strong forecasted EPS momentum over the past year. These are the two sectors exhibiting clear signs of growth. There are also some signs of recovery in Health Care sector. A cluster comprised of Material, Industrials, Real Estate, Consumer Discretionary, and Financials sectors show similarly steady but moderating forecasted growth profiles, particularly very recently as bond yields backed up aggressively.

At the lower end of the spectrum, the Consumer Staples, Communication Services, and Utilities sectors continue to exhibit the slowest forecasted EPS growth.

Overall, the model appears to indicate a broad-based normalization: forecasted EPS growth rates are leveling off from prior peaks yet remain robust.

The Manager continues to position and focuses on companies with positive earnings growth coupled with strong cash flow growth, and relatively higher predicted earnings surprises.

Payout – The Manager believes that a diversified portfolio, which includes high-quality, secular growth companies, can provide stability during periods of elevated market volatility and continue to realize earnings growth and capital appreciation (itself a form of payout).

After a strong forecasted dividend growth last quarter, the Manager's proprietary model once again forecasts a robust dividend growth in the U.S. that is slightly moderating compared to Q2. Among all sectors, Information Technology stands out as the strongest contributor, with forecasted dividend growth reaching high levels.

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 sector with the most compelling dividend growth trajectory, reinforcing its leadership from both an earnings and capital-return perspective.

Sustainability (of earnings and cashflows) — According to the Manager's proprietary model forecast, the forecasted earnings sustainability is strong in the U.S. despite recent geopolitical risks and potentially higher oil prices. The Fund's holdings also exhibit a low probability of earnings decrease according to the Manager's proprietary earnings surprise forecast model. The forecasted probability of dividend cuts in the U.S. has increased modestly within the Consumer Discretionary and Communication Services sectors. Overall, forecasted dividend sustainability across the U.S. market remains strong, supported by healthy earnings and cash flow fundamentals.

The Fund is overweight in the Information Technology, Communication Services, and Industrials sectors, while underweight the Financials, Energy, and Health Care sectors, while not having any weight in the Real Estate and Materials sectors.

The Fund also holds secular growth stocks that provide thematic exposure to disruptive growth drivers and converging exponential technology, which the Manager believes offer long-term upside, meaning they should not be viewed through the short-term lens of market cycles. This includes companies the Manager sees as leaders in innovation in Big Data and AI, Robots, Biotechnology, and Smart Cities. The Manager believes these forward-thinking companies that innovate and influence our lives daily in multiple areas are positioned to prove their resilience over multiple economic cycles.

The Manager believes that leadership can still be captured in "quality growth" stocks by focusing on companies that can innovate and launch new products and that can sustain and grow their revenue and earnings. The Manager is consistently monitoring the Fund's exposures with respect to expected earnings growth and the probability of earnings disappointments, as well as aiming to avoid companies with high variability of cash flow and revenue growth.

The i³ Investments™ team believe our AI-powered GPS style offers a total return approach through owning companies that it identifies as being able to continue to reward shareholders through capital appreciation, 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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