



GUARDIAN CAPITAL

Guardpath Funds

GuardPath™ Managed Decumulation 2042 Fund
GuardPath™ Modern Tontine 2042 Trust

FINANCIAL
STATEMENTS

December 31, 2023

Managed by Guardian Capital LP



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Financial Statements and Schedule of Investment Portfolio for each of the Guardpath Funds, comprising the following:	
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GUARDIAN CAPITAL LP

March 27, 2024

The accompanying financial statements of the Guardpath Funds (collectively, the “Funds”) have been prepared by Guardian Capital LP (the “Manager”), in its capacity as Manager of the Funds. The Manager is responsible for the information and representations contained in these financial statements, which have been approved by the Board of Directors of the general partner of the Manager, Guardian Capital Inc.

The Manager maintains appropriate procedures and controls to ensure that reliable financial information relating to the Funds is produced. The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and include certain amounts based upon estimates and judgments. The significant accounting policies which the Manager believes are appropriate for the Funds are described in the notes to the financial statements.

(signed) "Donald Yi",
Chief Financial Officer



Independent auditor's report

To the Unitholders and Trustee of

GuardPath™ Managed Decumulation 2042 Fund
GuardPath™ Modern Tontine 2042 Trust

(individually, a Fund)

Our opinion

In our opinion, the accompanying December 31, 2023 financial statements of each Fund present fairly, in all material respects, the financial position of each Fund, its financial performance and its cash flows as at and for the periods indicated in note 1 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The financial statements of each Fund comprise:

- the statements of financial position as at the period-end dates indicated in note 1;
- the statements of comprehensive income for the periods indicated in note 1;
- the statements of changes in net assets attributable to holders of redeemable units for the periods indicated in note 1;
- the statements of cash flows for the periods indicated in note 1; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of each Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.



Other information

Management is responsible for the other information of each Fund. The other information comprises the Annual Management Report of Fund Performance of each Fund.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of each Fund, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of each Fund or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of each Fund in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of each Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate any Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of each Fund.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole for each Fund are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements of each Fund.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of each Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of each Fund.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each Fund to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of each Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause any Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of each Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Sameet Batavia.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 27, 2024

December 31, 2023

GuardPath™ Managed Decumulation 2042 Fund

Statements of Financial Position

As at December 31	2023	2022
Assets		
Current assets		
Investments	\$ 1,111,606	\$ 985,217
Cash, net	4,637	7,699
Due from brokers	—	—
Short-term securities	56,751	—
Subscriptions receivable	—	—
Interest and dividends receivable	855	821
Unrealized appreciation on foreign currency contracts	—	—
Option contract assets	15,523	21,009
	1,189,372	1,014,746
Liabilities		
Current liabilities		
Bank overdraft	—	—
Due to brokers	—	3,585
Redemptions payable	—	—
Distributions payable	—	—
Accrued expenses due to Manager	708	634
Unrealized depreciation on foreign currency contracts	—	—
Option contract liabilities	90	793
	798	5,012
Net assets attributable to holders of redeemable units (NAV)	\$ 1,188,574	\$ 1,009,734
NAV per series		
Series A	\$ 4,839	\$ 4,946
Series F	153,087	4,951
Series A Hybrid Tontine	56,621	4,953
Series F Hybrid Tontine	4,861	4,958
ETF Series	969,166	989,926
NAV per unit per series		
Series A	\$ 9.68	\$ 9.89
Series F	9.70	9.90
Series A Hybrid Tontine	9.88	9.93
Series F Hybrid Tontine	9.90	9.94
ETF Series	9.69	9.90
Closing market price		
ETF Series	\$ 9.69	\$ 9.89

The accompanying notes and their supplementary schedules are an integral part of these financial statements.

GuardPath™ Managed Decumulation 2042 Fund

Statements of Comprehensive Income

For the year ended December 31, 2023 and for the period from commencement of operations, September 7, 2022, to December 31, 2022

	2023	2022
Income		
Dividends	\$ 13,228	\$ 8,398
Interest for distribution purposes	19,931	2,780
Net realized gains (losses) on sale of investments	10,850	(1,513)
Change in unrealized appreciation (depreciation) in value of investments	58,271	11,909
Net gains (losses) on investments	102,280	21,574
Net realized gains (losses) on foreign currency contracts	—	—
Net realized gains (losses) on option contracts	(19,618)	(489)
Change in unrealized appreciation (depreciation) on foreign currency contracts	—	—
Change in unrealized appreciation (depreciation) on option contracts	(2,096)	(6,892)
Net gains (losses) on derivatives	(21,714)	(7,381)
Foreign exchange gains (losses)	(1,041)	(454)
Total income (loss)	79,525	13,739

Operating expenses (Note 4)

Administration fee	1,306	365
Management fee	8,098	2,224
Independent review committee costs	—	—
Interest charges	259	—
Transaction costs	925	892
Foreign withholding taxes	1,164	354
Total operating expenses	11,752	3,835
Expenses absorbed by the Manager (Note 4)	(1,123)	(209)
Net operating expenses	10,629	3,626

Increase (decrease) in NAV from operations	\$ 68,896	\$ 10,113
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Increase (decrease) in NAV from operations per series

Series A	\$ (431)	\$ 37
Series F	7,153	51
Series A Hybrid Tontine	2,595	38
Series F Hybrid Tontine	299	51
ETF Series	59,280	9,936

Increase (decrease) in NAV from operations per unit per series (Note 3)

Series A	\$ (0.12)	\$ 0.07
Series F	0.53	0.10
Series A Hybrid Tontine	1.93	0.08
Series F Hybrid Tontine	0.60	0.10
ETF Series	0.59	0.10

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GuardPath™ Managed Decumulation 2042 Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the year ended December 31, 2023 and for the period from commencement of operations, September 7, 2022, to December 31, 2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Series A	Series A	Series F	Series F	Series A Hybrid Tontine	Series A Hybrid Tontine	Series F Hybrid Tontine	Series F Hybrid Tontine	ETF Series	ETF Series	Total	Total
NAV, beginning of period	\$ 4,946	\$ –	\$ 4,951	\$ –	\$ 4,953	\$ –	\$ 4,958	\$ –	\$ 989,926	\$ –	\$ 1,009,734	\$ –
Increase (decrease) in NAV from operations	(431)	37	7,153	51	2,595	38	299	51	59,280	9,936	68,896	10,113
Distributions to unitholders from:												
Income	(441)	(22)	(2,676)	(34)	(152)	(22)	(111)	(34)	(21,863)	(6,550)	(25,243)	(6,662)
Capital gains	(31)	(8)	(103)	(8)	(8)	(6)	(3)	(6)	(693)	(1,604)	(838)	(1,632)
Return of capital	(2,589)	(61)	(8,501)	(58)	(627)	(44)	(208)	(41)	(57,484)	(11,856)	(69,409)	(12,060)
	(3,061)	(91)	(11,280)	(100)	(787)	(72)	(322)	(81)	(80,040)	(20,010)	(95,490)	(20,354)
Redeemable unit transactions:												
Proceeds from issuance of units	92,539	5,000	156,306	5,000	50,000	5,000	–	5,000	–	1,000,000	298,845	1,020,000
Reinvested distributions	557	–	–	–	–	–	–	–	–	–	557	–
Redemption of units	(89,711)	–	(4,043)	–	(140)	(13)	(74)	(12)	–	–	(93,968)	(25)
	3,385	5,000	152,263	5,000	49,860	4,987	(74)	4,988	–	1,000,000	205,434	1,019,975
Net increase (decrease) in NAV	(107)	4,946	148,136	4,951	51,668	4,953	(97)	4,958	(20,760)	989,926	178,840	1,009,734
NAV, end of period	\$ 4,839	\$ 4,946	\$ 153,087	\$ 4,951	\$ 56,621	\$ 4,953	\$ 4,861	\$ 4,958	\$ 969,166	\$ 989,926	\$ 1,188,574	\$ 1,009,734
Change in units (Note 3)	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022		
	Series A	Series A	Series F	Series F	Series A Hybrid Tontine	Series A Hybrid Tontine	Series F Hybrid Tontine	Series F Hybrid Tontine	ETF Series	ETF Series		
Units issued and outstanding, beginning of period	500	–	500	–	499	–	499	–	100,000	–		
Number of units issued	9,219	500	15,700	500	5,246	500	–	500	–	100,000		
Number of units reinvested	56	–	–	–	–	–	–	–	–	–		
	9,775	500	16,200	500	5,745	500	499	500	100,000	100,000		
Number of units redeemed	(9,275)	–	(416)	–	(14)	(1)	(8)	(1)	–	–		
Units issued and outstanding, end of period	500	500	15,784	500	5,731	499	491	499	100,000	100,000		

The accompanying notes and their supplementary schedules are an integral part of these financial statements.

GuardPath™ Managed Decumulation 2042 Fund

Statements of Cash Flows

For the year ended December 31, 2023 and for the period from commencement of operations, September 7, 2022, to December 31, 2022

	2023	2022
Cash flows from operating activities		
Increase (decrease) in NAV from operations	\$ 68,896	\$ 10,113
Adjustments for:		
Unrealized foreign exchange (gains) losses on cash	(6)	6
Net realized (gains) losses on sale of investments	(10,850)	1,513
Net realized gains (losses) on option contracts	19,618	489
Change in unrealized (appreciation) depreciation in value of investments	(58,271)	(11,909)
Change in unrealized (appreciation) depreciation in foreign currency contracts	—	—
Change in unrealized (appreciation) depreciation in option contracts	2,096	6,892
Distributions received from underlying funds	(18,711)	(8,088)
Purchases of investments	(776,344)	(1,130,840)
Proceeds from sale of investments	717,289	140,095
(Increase) decrease in short-term securities, net	(56,769)	—
(Increase) decrease in interest and dividends receivable	(34)	(821)
Increase (decrease) in accrued expenses due to Manager	74	634
Net cash from (used in) operating activities	(113,012)	(991,916)
Cash flows from (used in) financing activities		
Distributions paid, net of reinvested distributions	(94,933)	(20,354)
Proceeds from issuance of units	298,845	1,020,000
Redemption of units	(93,968)	(25)
Net cash from (used in) financing activities	109,944	999,621
Foreign exchange		
Net effect of unrealized foreign exchange gains (losses) on cash	6	(6)
Net increase (decrease) in cash	(3,062)	7,699
Cash, net (bank overdraft), beginning of period	7,699	—
Cash, net (bank overdraft), end of period	\$ 4,637	\$ 7,699
Cash activity included in operating activities:		
Interest received	\$ 19,931	\$ 2,780
Interest paid	259	—
Dividends received, net of withholding taxes	12,030	7,223

The accompanying notes and their supplementary schedules are an integral part of these financial statements.

GuardPath™ Managed Decumulation 2042 Fund

Schedule of Investment Portfolio

As at December 31, 2023

Number of Shares/ Units/ Par Value	Security	Average Cost	Fair Value
INVESTMENT FUNDS - 93.5%			
14,857 **	Guardian Canadian Bond Fund, ETF Series	\$ 262,020	\$ 269,803
977 **	Guardian Canadian Equity Income Fund, Series I	20,792	21,016
762 **	Guardian Fundamental Global Equity Fund, Series I	20,310	24,337
844 **	Guardian i3 Global Dividend Growth Fund, Series I	20,576	24,208
16,423 **	Guardian Investment Grade Corporate Bond Fund, Series I	156,404	162,121
8,821 **	Guardian Strategic Income Fund, Series X	80,630	82,638
1,400	iShares MSCI EAFE ETF*	119,912	139,099
4,300	iShares S&P/TSX 60 Index ETF*	127,588	137,686
400	SPDR S&P 500 ETF Trust*	233,365	250,698
	Total Investment Funds	1,041,597	1,111,606
	Transaction costs	(189)	—
	Total investments - 93.5%	1,041,408	1,111,606
SHORT-TERM SECURITIES - 4.8%			
33,000	Government of Canada 4.99%, January 18, 2024	32,920	32,909
24,000	Government of Canada 5.03%, February 15, 2024	23,850	23,842
	Total short-term securities	56,770	56,751
	Option contracts, net - 1.3% (Schedule 1)		15,433
	Other net assets - 0.4%		4,784
	Net assets attributable to unitholders - 100.0%	\$	1,188,574

*Denotes securities pledged as collateral against option contracts.

**These Funds are managed by the Manager of these Fund

GuardPath™ Managed Decumulation 2042 Fund

Schedule 1 - Option Contracts Purchased

As at December 31, 2023

Underlying security	Option type	Number of contracts	Number of Shares	Expiration Date	Strike price (\$)	Strike price currency	Average cost	Fair Value
iShares MSCI EAFE ETF	Put	4	400	22-Jun-24	73	USD \$	1,923 \$	1,002
iShares MSCI EAFE ETF	Put	4	400	21-Sep-24	74	USD	1,802	1,479
iShares MSCI EAFE ETF	Put	3	300	16-Mar-24	73	USD	1,909	309
iShares MSCI EAFE ETF	Put	3	300	21-Dec-24	74	USD	1,546	1,278
iShares S&P/TSX 60 Index ETF	Put	28	2,800	21-Dec-24	31	CAD	3,836	2,968
iShares S&P/TSX 60 Index ETF	Put	15	1,500	22-Jun-24	30	CAD	2,040	623
SPDR S&P 500 ETF Trust	Put	2	200	21-Dec-24	470	USD	6,078	5,633
SPDR S&P 500 ETF Trust	Put	1	100	21-Sep-24	440	USD	2,886	1,365
SPDR S&P 500 ETF Trust	Put	1	100	22-Jun-24	440	USD	2,974	866
Option contracts purchased							\$ 24,994 \$	15,523

Schedule 1 - Option Contracts Written

As at December 31, 2023

Underlying security	Option type	Number of contracts	Number of Shares	Expiration Date	Strike price (\$)	Strike price currency	Average cost	Fair Value
SPDR S&P 500 ETF Trust	Call	(4)	(400)	6-Jan-24	484	USD \$	(573) \$	(90)
Option contracts written							(573)	(90)
Option contracts, net							\$ 24,421 \$	15,433

GuardPath™ Managed Decumulation 2042 Fund

Supplementary Schedules to the Notes to the Financial Statements

December 31, 2023

Note 1: Formation of the Fund

GuardPath™ Managed Decumulation 2042 Fund (the "Fund") was formed and commenced operations pursuant to an Amended and Restated Master Declaration of Trust (the "Declaration of Trust") on August 30, 2022. The commencement of operations is on September 7, 2022. Guardian Capital LP (the "Manager") is the manager and trustee of the Fund. The investment objective of the GuardPath™ Managed Decumulation 2042 Fund is to make consistent, high monthly distributions over a twenty (20) year period by investing the Guardian Fund's assets in a well-diversified portfolio of assets selected to achieve income generation and preservation of capital while minimizing overall volatility of returns. The address of the Fund's and the Manager's principal business office is Suite 2700, 199 Bay Street, Toronto, Ontario, M5L 1E8.

Note 3: Increase (decrease) in NAV from operations per unit per series

The weighted average number of units outstanding during the period used to calculate the increase (decrease) in NAV from operations per unit per series is as follows:

For the year ended December 31, 2023 and for the period from commencement of operations, September 7, 2022, to December 31, 2022	2023	2022
Series A	3,717	500
Series F	13,444	500
Series A Hybrid Tontine	1,342	500
Series F Hybrid Tontine	495	500
ETF Series	100,000	100,000

As at December 31, 2023 and December 31, 2022, there were no unitholders that held a significant portion of the fund's NAV.

Note 4: Operating expenses

The Manager currently charges to the Fund management fees and administration fees, based on the NAV and the annual rates of these fees are as follows:

As at December 31	2023	2022
Annual management fee rate		
Series A	1.35%	1.35%
Series F	0.60%	0.60%
Series A Hybrid Tontine	1.35%	1.35%
Series F Hybrid Tontine	0.60%	0.60%
ETF Series	0.60%	0.60%
Annual administration fee rate		
Series A	0.10%	0.10%
Series F	0.10%	0.10%
Series A Hybrid Tontine	0.10%	0.10%
Series F Hybrid Tontine	0.10%	0.10%
ETF Series	0.10%	0.10%

During the period the Manager has waived a portion of the management fees charged to the Fund to partially offset expenses incurred by the Underlying Funds, which include Management fees paid to the Manager by the Underlying Funds for Funds they manage. The amounts waived are presented on the Statement of Comprehensive Income as Expenses absorbed by the Manager.

GuardPath™ Managed Decumulation 2042 Fund

Supplementary Schedules to the Notes to the Financial Statements

December 31, 2023

Note 5: Income taxes

The Fund has the following tax losses available to be carried forward and applied against capital gains or income in the current and future years:

As at December 31		2023	2022
Capital losses	\$	– \$	–
Non-capital losses		–	1

Capital losses may be carried forward indefinitely. The non-capital losses expire on the following dates:

		Amount expiring	Date of expiry
Non-capital losses	\$	1	2042

Note 8 (a) (i): Currency risk:

The table below summarizes the Fund's direct net exposure to currency risk from monetary items and non-monetary items.

As at December 31, 2023	Financial Assets and Liabilities	Forward Contracts	Net **	% of NAV
USD	\$ 402,525	\$ –	\$ 402,525	33.9%
Other currencies	–	–	–	–
Net currency exposure	\$ 402,525	\$ –	\$ 402,525	33.9%

As at December 31, 2022	Financial Assets and Liabilities	Forward Contracts	Net **	% of NAV
USD	\$ 305,318	\$ –	\$ 305,318	30.2%
Other currencies	–	–	–	–
Net currency exposure	\$ 305,318	\$ –	\$ 305,318	30.2%

** Includes both monetary and non-monetary items, as applicable

If the foreign currencies increased or decreased by 5% in relation to the Canadian dollar, with all other variables held constant, the approximate increase or decrease in the Fund's NAV are as follows:

As at December 31	2023	2022
Change in NAV	\$ 20,000	\$ 15,000
% of NAV	1.7%	1.5%

In practice, the actual trading results could differ, and the difference could be material.

Note 8 (a) (ii): Interest rate risk:

The table below summarizes the Fund's direct exposure to interest rate sensitive investments:

As at December 31	2023	% of NAV	2022	% of NAV
Term to maturity:				
Less than one month	\$ 32,909	2.8%	–	0%
One to three months	23,842	2.0%	–	0%
Three months to one year	–	0.0%	–	0%
One to five years	–	0.0%	–	0%
Over five years	–	0.0%	–	0%
Total interest rate sensitive investments	\$ 56,751	4.8%	–	0%

GuardPath™ Managed Decumulation 2042 Fund

Supplementary Schedules to the Notes to the Financial Statements

December 31, 2023

Note 8 (a) (ii): Interest rate risk: (continued)

If interest rates increased or decreased by 0.25%, assuming a parallel shift in the yield curve and with all other variables held constant, the decrease or increase in the Fund's NAV would amount to approximately:

As at December 31		2023	2022
Change in NAV	\$	– \$	–
% of NAV		0.0%	0.0%

In practice, the actual trading results could differ, and the difference could be material.

Note 8 (a) (iii): Other price risk:

The table below summarizes the Fund's exposure to other price risk through its holding of investments:

As at December 31		2023	2022
Total equity investments	\$	1,111,606 \$	985,217
Option contract assets		15,523	21,009
Option contract liabilities		(90)	(793)
Other price risk	\$	1,127,039 \$	1,005,433
% of NAV		94.8%	99.6%

If the prices for the investments held by the Fund increased or decreased by 5%, with all other variables held constant, the approximate increase or decrease in the Fund's NAV are as follows:

As at December 31		2023	2022
Change in NAV	\$	56,000 \$	50,000
% of NAV		4.7%	5.0%

In practice, the actual trading results could differ, and the difference could be material.

Note 8 (b): Concentration risk:

Concentration risk arises as a result of the concentration of financial instruments within the same category, geographical location, asset type or industry sector, as applicable. Below is a summary of the Fund's concentration risk by carrying value as a percentage of net assets.

Investment sectors, as at December 31	2023	2022
Bond funds	43.3%	52.8%
Canadian equity funds	13.5%	12.8%
Global equity funds	36.7%	32.0%
Short-term securities	4.8%	–
Option contracts, net	1.3%	2.0%
Other net assets (liabilities)	0.4%	0.4%
Total	100.0%	100.0%

Note 8 (d): Credit risk:

The table below summarizes the Fund's credit risk exposure, as a percentage of fixed-income securities, grouped by credit ratings:

Rating, as at December 31	2023	2022
Bonds:		
AAA	–	–
AA	–	–
A	–	–
BBB	–	–
BB	–	–

GuardPath™ Managed Decumulation 2042 Fund

Supplementary Schedules to the Notes to the Financial Statements

December 31, 2023

Note 8 (d): Credit risk: (continued)

Rating, as at December 31	2023	2022
B	—	—
CCC	—	—
D	—	—
Unrated	—	—
Short-term securities:		
R-1 High	100.0%	—
R-1 Mid	—	—
Total	100.0%	—

Note 9: Classification of financial instruments for fair value measurement

The summary of the Fund's investments, classified based upon a fair value hierarchy, is as follows:

As at December 31, 2023	Level 1	Level 2	Level 3	Total
Equity investments	\$ —	\$ —	\$ —	—
Fixed-income investments	—	—	—	—
Short-term securities	—	56,751	—	56,751
Investment funds	1,111,606	—	—	1,111,606
Derivatives - assets	15,523	—	—	15,523
Derivatives - liabilities	(90)	—	—	(90)
Total	\$ 1,127,039	\$ 56,751	\$ —	\$ 1,183,790
Percentage of total investments	95.2%	4.8%	—	100.0%

As at December 31, 2022	Level 1	Level 2	Level 3	Total
Equity investments	\$ —	\$ —	\$ —	—
Fixed-income investments	—	—	—	—
Investment funds	985,217	—	—	985,217
Derivatives - assets	21,009	—	—	21,009
Derivatives - liabilities	(793)	—	—	(793)
Total	\$ 1,005,433	\$ —	\$ —	\$ 1,005,433
Percentage of total investments	100.0%	—	—	100.0%

The summary of significant transfers between levels during the periods are as follows:

For the year ended December 31, 2023	Level 1 to Level 2	Level 2 to Level 1	Level 2 to Level 3	Level 3 to Level 2
Equity investments	\$ —	\$ —	\$ —	—
Fixed-income investments	—	—	—	—
Short-term securities	—	—	—	—
Investment funds	—	—	—	—
Derivatives - assets	—	—	—	—
Derivatives - liabilities	—	—	—	—
Total	\$ —	\$ —	\$ —	—

For the period from commencement of operations, September 7, 2022, to December 31, 2022	Level 1 to Level 2	Level 2 to Level 1	Level 2 to Level 3	Level 3 to Level 2
Equity investments	\$ —	\$ —	\$ —	—
Fixed-income investments	—	—	—	—
Short-term securities	—	—	—	—
Investment funds	—	—	—	—
Derivatives - assets	—	—	—	—
Derivatives - liabilities	—	—	—	—
Total	\$ —	\$ —	\$ —	—

GuardPath™ Managed Decumulation 2042 Fund

Supplementary Schedules to the Notes to the Financial Statements

December 31, 2023

Note 10: Related party unitholders

Units of the Fund held by the Manager, its affiliates, their officers, and funds it manages are as follows:

As at December 31	2023	2022
Series A - number of units	500	500
Series A - percentage of issued units	100.0%	100.0%
Series F - number of units	1,000	500
Series F - percentage of issued units	6.3%	100.0%
Series A Hybrid Tontine - number of units	491	499
Series A Hybrid Tontine - percentage of issued units	8.6%	100.0%
Series F Hybrid Tontine - number of units	491	499
Series F Hybrid Tontine - percentage of issued units	100.0%	100.0%
ETF Series - number of units	1,501	400
ETF Series - percentage of issued units	1.5%	0.4%

Note 11: Investments in unconsolidated structured entities

The Fund has invested in unconsolidated structured entities ("SE"). Details of these investments are as follows:

	Total net assets of the SE	Fair value of Fund's investment in SE
As at December 31, 2023		
Guardian Canadian Bond Fund	\$ 291,173,209	\$ 269,803
Guardian Canadian Equity Income Fund	187,081,655	21,016
Guardian Fundamental Global Equity Fund	714,165,008	24,337
Guardian i3 Global Dividend Growth Fund	404,076,889	24,208
Guardian Investment Grade Corporate Bond Fund	121,585,475	162,121
Guardian Strategic Income Fund	151,364,405	82,638
iShares MSCI EAFE ETF	67,561,748,010	139,099
iShares S&P/TSX 60 Index ETF	12,343,333,064	137,686
SPDR S&P 500 ETF Trust	655,354,524,638	250,698

	Total net assets of the SE	Fair value of Fund's investment in SE
As at December 31, 2022		
Guardian Canadian Bond ETF	\$ 61,680,192	\$ 151,536
Guardian Canadian Equity Income Fund	199,086,840	16,882
Guardian Fundamental Global Equity Fund	729,797,496	18,255
Guardian i3 Global Dividend Growth Fund	356,942,947	17,966
Guardian Investment Grade Corporate Bond Fund	112,739,331	137,964
Guardian Short Duration Bond Fund	56,482,842	175,343
Guardian Strategic Income Fund	129,433,324	67,514
iShares MSCI EAFE ETF	61,954,850,279	80,045
iShares S&P/TSX 60 Index ETF	10,486,696,000	112,442
SPDR S&P 500 ETF Trust	483,265,274,340	207,270

December 31, 2023

GuardPath™ Modern Tontine 2042 Trust

Statements of Financial Position

As at December 31	2023	2022
Assets		
Current assets		
Investments	\$ 1,412,764	\$ 967,793
Cash, net	39,092	66,106
Due from brokers	—	—
Short-term securities	—	—
Subscriptions receivable	—	—
Interest and dividends receivable	2,606	874
Unrealized appreciation on foreign currency contracts	—	—
Option contract assets	—	—
	1,454,462	1,034,773
Liabilities		
Current liabilities		
Bank overdraft	—	—
Due to brokers	—	—
Redemptions payable	—	—
Distributions payable	—	—
Accrued expenses due to Manager	1,152	926
Unrealized depreciation on foreign currency contracts	—	—
Option contract liabilities	—	—
	1,152	926
Net assets attributable to holders of redeemable units (NAV)	\$ 1,453,310	\$ 1,033,847
NAV per series		
Series A	\$ 643,077	\$ 510,837
Series F	810,233	523,010
NAV per unit per series		
Series A	\$ 11.31	\$ 10.22
Series F	11.43	10.25

The accompanying notes and their supplementary schedules are an integral part of these financial statements.

GuardPath™ Modern Tontine 2042 Trust

Statements of Comprehensive Income

For the year ended December 31, 2023 and for the period from commencement of operations, September 7, 2022, to December 31, 2022

	2023	2022
Income		
Dividends	\$ 19,264	\$ 3,279
Interest for distribution purposes	1,074	—
Net realized gains (losses) on sale of investments	36,806	784
Change in unrealized appreciation (depreciation) in value of investments	125,764	23,131
Net gains (losses) on investments	182,908	27,194
Net realized gains (losses) on foreign currency contracts	—	—
Net realized gains (losses) on option contracts	—	—
Change in unrealized appreciation (depreciation) on foreign currency contracts	—	—
Change in unrealized appreciation (depreciation) on option contracts	—	—
Net gains (losses) on derivatives	—	—
Foreign exchange gains (losses)	(44)	719
Total income (loss)	182,864	27,913

Operating expenses (Note 4)

Administration fee	1,469	365
Management fee	14,782	3,891
Independent review committee costs	—	—
Interest charges	7	—
Transaction costs	925	421
Foreign withholding taxes	955	275
Other expenses	68	36
Total operating expenses	18,206	4,988
Expenses absorbed by the Manager (Note 4)	(3,479)	(897)
Net operating expenses	14,727	4,091

Increase (decrease) in NAV from operations	\$ 168,137	\$ 23,822
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Increase (decrease) in NAV from operations per series

Series A	\$ 72,202	\$ 10,824
Series F	95,935	12,998

Increase (decrease) in NAV from operations per unit per series (Note 3)

Series A	\$ 1.38	\$ 0.22
Series F	1.47	0.26

The accompanying notes and their supplementary schedules are an integral part of these financial statements.

GuardPath™ Modern Tontine 2042 Trust

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the year ended December 31, 2023 and for the period from commencement of operations, September 7, 2022, to December 31, 2022	2023	2022	2023	2022	2023	2022
	Series A	Series A	Series F	Series F	Total	Total
NAV, beginning of period	\$ 510,837	– \$	\$ 523,010	– \$	\$ 1,033,847	–
Increase (decrease) in NAV from operations	72,202	10,824	95,935	12,998	168,137	23,822
Distributions to unitholders from:						
Income	–	–	(3,221)	–	(3,221)	–
Capital gains	(16,636)	–	(20,806)	–	(37,442)	–
	(16,636)	–	(24,027)	–	(40,663)	–
Redeemable unit transactions:						
Proceeds from issuance of units	60,038	500,013	191,288	510,012	251,326	1,010,025
Reinvested distributions	16,636	–	24,027	–	40,663	–
Redemption of units	–	–	–	–	–	–
	76,674	500,013	215,315	510,012	291,989	1,010,025
Net increase (decrease) in NAV	132,240	510,837	287,223	523,010	419,463	1,033,847
NAV, end of period	\$ 643,077	\$ 510,837	\$ 810,233	\$ 523,010	\$ 1,453,310	1,033,847

Change in units (Note 3)	2023	2022	2023	2022
	Series A	Series A	Series F	Series F
Units issued and outstanding, beginning of period	50,001	–	51,009	–
Number of units issued	5,405	50,001	17,767	51,009
Number of units reinvested	1,471	–	2,102	–
	56,877	50,001	70,878	51,009
Number of units redeemed	–	–	–	–
Units issued and outstanding, end of period	56,877	50,001	70,878	51,009

The accompanying notes and their supplementary schedules are an integral part of these financial statements.

GuardPath™ Modern Tontine 2042 Trust

Statements of Cash Flows

For the year ended December 31, 2023 and for the period from commencement of operations, September 7, 2022, to December 31, 2022

	2023	2022
Cash flows from operating activities		
Increase (decrease) in NAV from operations	\$ 168,137	\$ 23,822
Adjustments for:		
Unrealized foreign exchange (gains) losses on cash	34	(34)
Net realized (gains) losses on sale of investments	(36,806)	(784)
Net realized gains (losses) on option contracts	—	—
Change in unrealized (appreciation) depreciation in value of investments	(125,764)	(23,131)
Change in unrealized (appreciation) depreciation in foreign currency contracts	—	—
Change in unrealized (appreciation) depreciation in option contracts	—	—
Distributions received from underlying funds	(6,116)	(252)
Purchases of investments	(954,473)	(962,157)
Proceeds from sale of investments	678,188	18,531
(Increase) decrease in short-term securities, net	—	—
(Increase) decrease in interest and dividends receivable	(1,732)	(874)
Increase (decrease) in accrued expenses due to Manager	226	926
Net cash from (used in) operating activities	(278,306)	(943,953)
Cash flows from (used in) financing activities		
Distributions paid, net of reinvested distributions	—	—
Proceeds from issuance of units	251,326	1,010,025
Redemption of units	—	—
Net cash from (used in) financing activities	251,326	1,010,025
Foreign exchange		
Net effect of unrealized foreign exchange gains (losses) on cash	(34)	34
Net increase (decrease) in cash	(27,014)	66,106
Cash, net (bank overdraft), beginning of period	66,106	—
Cash, net (bank overdraft), end of period	\$ 39,092	\$ 66,106
Cash activity included in operating activities:		
Interest received	\$ 1,074	\$ —
Interest paid	7	—
Dividends received, net of withholding taxes	16,577	2,130

The accompanying notes and their supplementary schedules are an integral part of these financial statements.

GuardPath™ Modern Tontine 2042 Trust

Schedule of Investment Portfolio

As at December 31, 2023

Number of Shares/ Units/ Par Value	Security	Average Cost	Fair Value
EQUITY INVESTMENTS - 51.6%			
COMMUNICATION SERVICES - 1.9%			
154	Alphabet Inc., Class 'A'	\$ 21,263	\$ 28,366
		21,263	28,366
CONSUMER DISCRETIONARY - 9.5%			
6	Booking Holdings Inc.	16,287	28,064
273	Coloplast A/S, ADR	4,227	4,151
80	Dollarama Inc.	6,439	7,639
247	Essilor International SA, ADR	25,223	32,729
187	L'Oreal SA, ADR	18,072	24,512
145	NIKE Inc., Class 'B'	21,046	20,758
185	Pet Valu Holdings Limited	6,250	5,324
271	Yum China Holdings Inc.	18,131	15,162
		115,675	138,339
CONSUMER STAPLES - 4.5%			
145	Alimentation Couche-Tard Inc.	9,411	11,314
217	Colgate-Palmolive Company	22,120	22,808
104	Nestle SA, ADR	15,663	15,857
827	Reckitt Benckiser Group PLC, ADR	16,092	14,983
		63,286	64,962
ENERGY - 2.5%			
100	Cameco Corporation	5,983	5,713
155	Canadian Natural Resources Limited	11,567	13,456
230	Suncor Energy Inc.	9,878	9,764
115	Tourmaline Oil Corporation	8,290	6,853
		35,718	35,786
FINANCIALS - 10.1%			
95	Bank of Montreal	11,684	12,456
220	Brookfield Corporation	10,208	11,693
117	CME Group Inc., Class 'A'	30,225	32,491
75	iA Financial Corporation Inc.	5,520	6,775
35	Intact Financial Corporation	6,838	7,135
55	MarketAxess Holdings Inc.	19,231	21,238
48	Mastercard Inc., Class 'A'	21,236	26,995
138	Royal Bank of Canada	16,898	18,492
115	The Toronto-Dominion Bank	9,765	9,846
		131,605	147,121
HEALTH CARE - 6.0%			
62	Illumina Inc.	15,402	11,383
160	Jamieson Wellness Inc.	5,496	5,077
260	Novo Nordisk A/S, ADR	19,333	35,466
30	UnitedHealth Group Inc.	20,194	20,826
34	Waters Corporation	12,100	14,760
		72,525	87,512
INDUSTRIALS - 5.6%			
95	ATS Corporation	4,401	5,425
50	Automatic Data Processing Inc.	15,525	15,360
150	Canadian Pacific Kansas City Limited	14,818	15,726
375	Element Fleet Management Corporation	7,701	8,085
25	Thomson Reuters Corporation	4,256	4,843
45	Verisk Analytics Inc., Class 'A'	11,185	14,173
45	Waste Connections Inc.	8,299	8,904
45	WSP Global Inc.	7,126	8,358
		73,311	80,874

Number of Shares/ Units/ Par Value	Security	Average Cost	Fair Value
INFORMATION TECHNOLOGY - 6.0%			
62	Accenture PLC, Class 'A'	\$ 23,290	\$ 28,688
40	CGI Inc., Class 'A'	4,297	5,678
2	Constellation Software Inc.	3,871	6,571
24	Kinaxis Inc.	3,619	3,569
36	Microsoft Corporation	12,200	17,851
110	Open Text Corporation	5,290	6,126
122	Shopify Inc., Class 'A'	5,975	12,586
55	The Descartes Systems Group Inc.	5,248	6,123
		63,790	87,192
MATERIALS - 4.1%			
105	Agnico Eagle Mines Limited	8,105	7,628
275	Barrick Gold Corporation	5,797	6,584
488	Chr Hansen Holding A/S, ADR	9,675	13,462
278	Novozymes A/S, ADR	19,566	20,127
100	Teck Resources Limited, Class 'B'	4,643	5,601
90	Wheaton Precious Metals Corporation	4,150	5,883
		51,936	59,285
REAL ESTATE - 0.3%			
30	Colliers International Group Inc.	4,361	5,028
		4,361	5,028
UTILITIES - 1.1%			
140	Boralex Inc., Class 'A'	5,763	4,715
165	Brookfield Infrastructure Partners Limited Partnership	7,656	6,890
160	Northland Power Inc.	6,573	3,851
		19,992	15,456
Total Equity Investments			
INVESTMENT FUNDS - 45.6%			
4,475	* Guardian Canadian Sector Controlled Equity Fund, ETF Units	87,340	100,598
2,868	* Guardian Fundamental Emerging Markets Equity ETF	40,033	41,815
8,289	* Guardian i3 US Quality Growth ETF	186,783	207,391
655	* Guardian Ultra Short Canadian T-Bill Fund	32,954	32,776
9,070	Horizons Active Global Dividend ETF	263,918	280,263
	Total Investment Funds	611,028	662,843
	Transaction costs	(621)	–
	Total investments - 97.2%	1,263,869	1,412,764
Other net assets - 2.8%			
	Net assets attributable to unitholders - 100.0%	\$	1,453,310

*These Funds are managed by the Manager of the Fund

GuardPath™ Modern Tontine 2042 Trust

Supplementary Schedules to the Notes to the Financial Statements

December 31, 2023

Note 1: Formation of the Fund

GuardPath™ Modern Tontine 2042 Trust (the "Fund") was formed and commenced operations pursuant to an Amended and Restated Master Declaration of Trust (the "Declaration of Trust") on August 30, 2022. The commencement of operations is on September 7, 2022. The commencement of operations is on September 7, 2022. Guardian Capital LP (the "Manager") is the manager and trustee of the Fund. The investment objective for the Tontine Trust will be to provide long term capital appreciation by investing the Tontine Trust's assets in equities and fixed income securities. The Tontine Trust will, for the final four quarters of its operation, commencing with the quarter ended March 31, 2042 and ending with the quarter ended December 31, 2042, redeem one-quarter (25%) of each unitholder's Units outstanding as of the applicable quarter end (the Tontine Payout)." The address of the Fund's and the Manager's principal business office is Suite 2700, 199 Bay Street, Toronto, Ontario, M5L 1E8.

Note 3: Increase (decrease) in NAV from operations per unit per series

The weighted average number of units outstanding during the period used to calculate the increase (decrease) in NAV from operations per unit per series is as follows:

For the year ended December 31, 2023 and for the period from commencement of operations, September 7, 2022, to December 31, 2022	2023	2022
Series A	52,384	50,000
Series F	65,362	50,533

As at December 31, 2023, one unitholder held approximately 80% of the Fund's NAV (December 31, 2022 - one unitholder, approximately 99%). The investment activity of this unitholder could have a material impact on the operations and returns of the Fund.

Note 4: Operating expenses

The Manager currently charges to the Fund management fees and administration fees, based on the NAV and the annual rates of these fees are as follows:

As at December 31	2023	2022
Annual management fee rate		
Series A	1.60%	1.60%
Series F	0.60%	0.60%
Annual administration fee rate		
Series A	0.10%	0.10%
Series F	0.10%	0.10%

During the period the Manager has waived a portion of the management fees charged to the Fund to partially offset expenses incurred by the Underlying Funds, which include Management fees paid to the Manager by the Underlying Funds for Funds they manage. The amounts waived are presented on the Statement of Comprehensive Income as Expenses absorbed by the Manager.

Note 5: Income taxes

The Fund has the following tax losses available to be carried forward and applied against capital gains or income in the current and future years:

As at December 31	2023	2022
Capital losses	\$ —	\$ —
Non-capital losses	—	—

Capital losses may be carried forward indefinitely. The non-capital losses expire on the following dates:

	Amount expiring	Date of expiry
Non-capital losses	\$ —	—

GuardPath™ Modern Tontine 2042 Trust

Supplementary Schedules to the Notes to the Financial Statements

December 31, 2023

Note 8 (a) (i): Currency risk:

The table below summarizes the Fund's direct net exposure to currency risk from monetary items and non-monetary items.

As at December 31, 2023	Financial Assets and Liabilities	Forward Contracts	Net **	% of NAV
USD	\$ 481,525	\$ –	481,525	33.1%
Other currencies	–	–	–	–
Net currency exposure	\$ 481,525	\$ –	481,525	33.1%

As at December 31, 2022	Financial Assets and Liabilities	Forward Contracts	Net **	% of NAV
USD	\$ 334,521	\$ –	334,521	32.4%
Other currencies	–	–	–	–
Net currency exposure	\$ 334,521	\$ –	334,521	32.4%

** Includes both monetary and non-monetary items, as applicable

If the foreign currencies increased or decreased by 5% in relation to the Canadian dollar, with all other variables held constant, the approximate increase or decrease in the Fund's NAV are as follows:

As at December 31	2023	2022
Change in NAV	\$ 24,000	\$ 17,000
% of NAV	1.7%	1.6%

In practice, the actual trading results could differ, and the difference could be material.

Note 8 (a) (ii): Interest rate risk:

The majority of the Fund's financial instruments were non-interest bearing as at December 31, 2023 and 2022. Accordingly, the Fund is not directly subject to significant risk due to fluctuations in the prevailing levels of market interest rates. The Fund has indirect exposure to interest rate risk through its investments in underlying funds, to the extent that the underlying funds invest in bonds and debentures, money market instruments or preferred shares.

Note 8 (a) (iii): Other price risk:

The table below summarizes the Fund's exposure to other price risk through its holding of investments:

As at December 31	2023	2022
Other price risk	\$ 1,412,764	\$ 967,793
% of NAV	97.2%	93.6%

If the prices for the investments held by the Fund increased or decreased by 5%, with all other variables held constant, the approximate increase or decrease in the Fund's NAV are as follows:

As at December 31	2023	2022
Change in NAV	\$ 71,000	\$ 48,000
% of NAV	4.9%	4.6%

In practice, the actual trading results could differ, and the difference could be material.

GuardPath™ Modern Tontine 2042 Trust

Supplementary Schedules to the Notes to the Financial Statements

December 31, 2023

Note 8 (b): Concentration risk:

Concentration risk arises as a result of the concentration of financial instruments within the same category, geographical location, asset type or industry sector, as applicable. Below is a summary of the Fund's concentration risk by carrying value as a percentage of net assets.

Countries, as at December 31	2023	2022
Canada	18.7%	18.6%
China	1.0%	1.6%
Denmark	5.0%	5.2%
France	3.9%	3.7%
Ireland	2.0%	1.3%
Japan	—	1.0%
Switzerland	1.1%	1.3%
United Kingdom	1.0%	1.1%
United States of America	18.9%	18.0%
Other countries	—	—
Canadian equity funds	6.9%	9.9%
Global equity funds	36.4%	31.9%
Money market funds	2.3%	—
Other net assets (Liability)	2.8%	6.4%
Total	100.0%	100.0%
Investment sectors, as at December 31	2023	2022
Communication services	1.9%	1.5%
Consumer discretionary	9.5%	10.6%
Consumer staples	4.5%	4.0%
Energy	2.5%	3.0%
Financials	10.1%	8.7%
Health care	6.0%	5.8%
Industrials	5.6%	4.9%
Information technology	6.0%	7.4%
Materials	4.1%	4.2%
Real estate	0.3%	0.4%
Utilities	1.1%	1.3%
Canadian equity funds	6.9%	9.9%
Global equity funds	36.4%	31.9%
Money market funds	2.3%	—
Other net assets (Liability)	2.8%	6.4%
Total	100.0%	100.0%

Note 8 (d): Credit risk:

The Fund did not have significant direct exposure to bonds and debentures, money market instruments or preferred shares as at December 31, 2023 and December 31, 2022. The Fund has indirect exposure to credit risk through its investments in underlying funds, to the extent that the underlying funds invest in bonds and debentures, money market instruments or preferred shares or conducts derivative trading.

GuardPath™ Modern Tontine 2042 Trust

Supplementary Schedules to the Notes to the Financial Statements

December 31, 2023

Note 9: Classification of financial instruments for fair value measurement

The summary of the Fund's investments, classified based upon a fair value hierarchy, is as follows:

As at December 31, 2023	Level 1	Level 2	Level 3	Total
Equity investments	\$ 749,921	\$ –	\$ –	\$ 749,921
Fixed-income investments	–	–	–	–
Short-term securities	–	–	–	–
Investment funds	662,843	–	–	662,843
Derivatives - assets	–	–	–	–
Derivatives - liabilities	–	–	–	–
Total	\$ 1,412,764	\$ –	\$ –	\$ 1,412,764
Percentage of total investments	100.0%	–	–	100.0%

As at December 31, 2022	Level 1	Level 2	Level 3	Total
Equity investments	\$ 535,782	\$ –	\$ –	\$ 535,782
Fixed-income investments	–	–	–	–
Short-term securities	–	–	–	–
Investment funds	432,011	–	–	432,011
Derivatives - assets	–	–	–	–
Derivatives - liabilities	–	–	–	–
Total	\$ 967,793	\$ –	\$ –	\$ 967,793
Percentage of total investments	100.0%	–	–	100.0%

The summary of significant transfers between levels during the periods are as follows:

For the year ended December 31, 2023	Level 1 to Level 2	Level 2 to Level 1	Level 2 to Level 3	Level 3 to Level 2
Equity investments	\$ –	\$ –	\$ –	\$ –
Fixed-income investments	–	–	–	–
Short-term securities	–	–	–	–
Investment funds	–	–	–	–
Derivatives - assets	–	–	–	–
Derivatives - liabilities	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

For the period from commencement of operations, September 7, 2022, to December 31, 2022

	Level 1 to Level 2	Level 2 to Level 1	Level 2 to Level 3	Level 3 to Level 2
Equity investments	\$ –	\$ –	\$ –	\$ –
Fixed-income investments	–	–	–	–
Short-term securities	–	–	–	–
Investment funds	–	–	–	–
Derivatives - assets	–	–	–	–
Derivatives - liabilities	–	–	–	–
Total	\$ –	\$ –	\$ –	\$ –

Note 10: Related party unitholders

Units of the Fund held by the Manager, its affiliates, their officers, and funds it manages are as follows:

As at December 31	2023	2022
Series A - number of units	51,336	50,001
Series A - percentage of issued units	90.3%	100.0%
Series F - number of units	51,845	50,001
Series F - percentage of issued units	73.1%	98.0%

GuardPath™ Modern Tontine 2042 Trust

Supplementary Schedules to the Notes to the Financial Statements

December 31, 2023

Note 11: Investments in unconsolidated structured entities

The Fund has invested in unconsolidated structured entities ("SE"). Details of these investments are as follows:

	Total net assets of the SE	Fair value of Fund's investment in SE
As at December 31, 2023		
Guardian Canadian Sector Controlled Equity Fund	\$ 8,635,530	\$ 100,598
Guardian Fundamental Emerging Markets Equity ETF	4,292,583	41,815
Guardian i3 US Quality Growth ETF	7,407,065	207,391
Guardian Ultra Short Canadian T- Bill Fund	119,808,294	32,776
Horizons Active Global Dividend ETF	304,291,413	280,263

	Total net assets of the SE	Fair value of Fund's investment in SE
As at December 31, 2022		
Guardian Canadian Sector Controlled Equity Fund	\$ 5,896,971	\$ 102,798
Guardian Fundamental Emerging Markets ETF	6,987,181	63,657
Guardian i3 Global Quality Growth ETF	9,755,012	218,081
Guardian i3 Global REIT ETF	5,536,475	47,475

Guardpath Funds
NOTES TO FINANCIAL STATEMENTS

1. The Funds:

These notes accompany and form part of the attached financial statements of each of the GuardPath Funds (a “Fund”, or the “Funds”). The Funds are governed by a Master Declaration of Trust (the “Declaration of Trust”), and Guardian Capital LP (the “Manager”) is the manager and trustee of each Fund. The GuardPath Funds are expected to terminate on or about December 31, 2042, (the “Termination Date”), but may be terminated earlier at the discretion of the Manager in accordance with the terms of the Declaration of Trust.

Information regarding each Fund’s formation, and certain other supplementary information pertaining to each Fund, is contained in the Supplementary Schedules to the Notes to the Financial Statements of each Fund (“the Supplementary Schedules”) which accompany and form part of each Fund’s financial statements.

The Schedule of Investment Portfolio, and where applicable option contracts of each Fund is as at December 31, 2023. The Statements of Financial Position are as at December 31, 2023, and December 31, 2022. The Statements of Comprehensive Income, Changes in Net Assets Attributable to Holders of Redeemable Units and Cash Flows are for the year ended December 31, 2023, and the period from commencement of operations, September 7, 2022 to December 31, 2022.

Throughout this document, reference to the period or periods refers to the reporting periods described above.

Ticker	Name of Fund	Date of Formation	Date of Commencement of Operations
GPMD	GuardPath™ Managed Decumulation 2042 Fund	August 30, 2022	September 7, 2022
GMF	GuardPath™ Modern Tontine 2042 Trust	August 30, 2022	September 7, 2022

(collectively, the “Funds”, or respectively “Decumulation Fund” and “Tontine Trust”)

2. Material accounting policy information:

Effective January 1, 2023, the Funds adopted the IAS 1 amendment with regards to disclosure of material accounting policies. This amendment did not have a material impact on these financial statements.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on January 1, 2023 that have a material effect on the financial statements of the Funds.

a) Basis of presentation

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The financial statements are presented in Canadian dollars, which is the Funds’ functional currency.

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise indicated.

The financial statements have been prepared on a going concern basis and on the historical cost basis, except for financial instruments at Fair Value Through Profit and Loss (“FVTPL”), which are measured at fair value.

The financial statements have been authorized for issuance by the Manager on March 27, 2024.

b) Critical accounting estimates and judgements

The preparation of financial statements requires the Manager to use judgement in establishing and applying the Funds’ accounting policies, and to make estimates and assumptions which affect the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. The most material areas where the Manager has used estimates and applied judgement are as follows:

(i) Estimates

Determination of the fair value of investments which do not have quoted market prices:

Information about how the Funds determine fair value is described in Note 2 (e). Information about assumptions and estimates associated with the determination of fair value of financial instruments with significant unobservable inputs that have significant risks of actual values being materially different are included in Note 9.

Guardpath Funds
NOTES TO FINANCIAL STATEMENTS

2. Material accounting policy information (continued):

b) Critical accounting estimates and judgements (continued)

(ii) Judgements

In classifying and measuring financial instruments held by the Funds, the Manager is required to make material judgements in determining the most appropriate classification in accordance with IFRS 9 – Financial Instruments (“IFRS 9”). The Manager has assessed the Funds’ business models and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate classification of the Fund’s financial instruments. In reaching this conclusion, the Manager considered the manner in which all financial assets and financial liabilities are managed, and how performance is evaluated.

c) Subsidiaries

Each Fund is considered to be an investment entity and, as such, if it has subsidiaries or joint ventures it will account for them at FVTPL.

The Funds currently do not have any subsidiaries or joint ventures.

d) Financial instruments

The Funds classify and measure financial instruments in accordance with IFRS 9. The Funds’ investments and derivative assets and liabilities are measured at FVTPL.

e) Fair value measurement

Fair value is the price that would be received on the sale of an asset or paid to retire a liability in an orderly transaction between market participants at the measurement date. When available, the Funds determine the fair value of financial instruments, such as securities listed upon a recognized public stock exchange including exchange traded funds, at the last traded market price, where the last traded price falls within the bid-ask spread. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm’s length and orderly basis.

In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value, based on the specific facts and circumstances.

Over the counter securities, for example fixed-income securities, forwards, options, swaps, futures, and other derivative financial instruments, or foreign currency contracts are valued at the mean of the bid and ask prices received from recognized investment dealers.

Investments in other investment funds that are not exchange traded funds, are valued at the closing net asset value per unit reported by the administrators of such funds. Investment funds, including exchange traded funds are termed “Underlying Funds” in these financial statements.

If a security is not listed upon a recognized stock exchange or a market for a financial instrument is not active, the Funds establish fair value using valuation techniques. Valuation techniques include using recent arm’s length transactions between knowledgeable, willing parties, reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and other models. The selected technique makes maximum use of market inputs, relies as little as possible on estimates provided by the Manager, incorporates all factors that market participants would consider in setting a price and is consistent with accepted methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of risk-return factors inherent in the financial instruments.

The carrying values of cash, subscriptions receivable, interest receivable, payable for investments purchased, redemptions payable, distributions payable, and accrued liabilities substantially equal their fair values due to their short-term nature.

f) Net assets attributable to unitholders (“NAV”)

NAV of each Fund represents the fair value of the Fund’s assets minus the Fund’s liabilities, and is equal to the various series of redeemable units issued by the Fund (“Units”).

The Units are presented at their redemption amount, and are considered to be a liability of the Fund, as they impose an obligation on the Fund to pay distributions on the Units in cash if requested by the unitholder.

A different NAV is calculated for each series of Units of a Fund. The NAV of a particular series of Units is computed by calculating the value of the series’ proportionate share of the assets and liabilities of the Fund common to all series less the liabilities of the Fund attributable only to that series. Expenses directly attributable to a series are charged to that series. Other expenses are allocated proportionately to each series based upon the relative NAV of each series. Expenses are accrued daily.

The Funds’ accounting policies for measuring fair value of their portfolio investments are identical to those used in the calculation of their NAV for transactions with unitholders, except where the last traded market price for financial assets and liabilities are not within the bid-ask spread. As at all dates presented, there were no differences between the Funds’ net assets attributable to holder of redeemable units and the NAV for transactions with unitholders

Guardpath Funds
NOTES TO FINANCIAL STATEMENTS

2. Material accounting policy information (continued):

g) Income recognition

Total income (loss) includes dividends, interest for distribution purposes, net realized gains (losses) on sale of investments, changes in unrealized appreciation (depreciation) in value of investments, net realized gains (losses) on foreign currency contracts, net realized gains (losses) on option contracts, swaps and futures, change in unrealized appreciation (depreciation) on foreign currency contracts, net gains (losses) on derivatives, foreign exchange gains (losses), other income, and securities lending income.

Dividend income is recognized on the ex-dividend date. The interest for distribution purposes represents the coupon interest received by the Funds, accounted for on an accrual basis. The Funds do not amortize premiums paid or discounts received on the purchase of fixed income securities, except for zero coupon fixed income securities which are amortized on a straight line basis over the term to maturity. Net realized gains (losses) on sale of investments and change in unrealized appreciation (depreciation) in investments are determined on an average cost basis. Net realized gains (losses) on foreign currency contracts represent the amount realized on closing out such derivative contracts. Changes in unrealized appreciation (depreciation) in foreign currency contracts represents the gains (losses) which would result if such contracts were closed out on the valuation date. Securities lending income is accrued daily over the period the securities are loaned.

Distributions received from Underlying Funds and other flow through entities are recorded as dividends, interest for distribution purposes, net realized gains (losses) on sale of investments or a return of capital, based on the best information available to the Manager. Due to the nature of those investments, actual allocations could vary from this information. Amounts recorded as a return of capital reduce the tax cost of those investments to the Funds.

h) Expenses

All expenses are recognized in the Statements of Comprehensive Income on an accrual basis. Brokerage commissions and other transaction costs are expensed in the year incurred, and are reported as "Transaction costs" in the Comprehensive Income.

i) Foreign currency balances and transactions

The fair values of investments and other assets and liabilities denominated in foreign currencies are converted into each Fund's functional currency at the rates of exchange prevailing on each valuation date. Purchases and sales of investments, income and expenses are converted at the rates of exchange prevailing on the respective dates of such transactions. Foreign exchange gains (losses) on completed transactions and cash balances are included in net realized gains (losses) on sale of investments and unrealized gains (losses) are included in change in unrealized appreciation (depreciation) in value of investments.

j) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Funds may also enter into various master netting agreements or other similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts.

k) Future changes in accounting policies

The Manager has determined that there are no IFRS Accounting Standards which have been issued but not yet effective which could materially impact the Funds' financial statements.

3. Units:

The Decumulation Fund is authorized to issue an unlimited number of Series A, Series F, Hybrid Tontine Series A, Hybrid Tontine Series F, and ETF Units (each a "Series").

The Tontine Trust is authorized to issue an unlimited number of Series A and Series F (each a "Series").

Each series of The Decumulation Fund and Tontine Trust may have specific characteristics such as minimum investment requirement, the compensation payable to dealers, distributions, expenses and currency hedging overlay strategies. The Units are redeemable at NAV per unit for the Series on demand. There are minimum purchase amounts for each Series of Units. The changes in the number of issued Units of each Series are disclosed in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units.

Guardpath Funds NOTES TO FINANCIAL STATEMENTS

3. Units (continued):

Exchange and redemption of ETF Units

Exchange of ETF Units of the Decumulation Fund at NAV per ETF Unit for Baskets of Securities and/or Cash Holders of ETF Units of the Decumulation Fund may exchange the applicable PNU (or an integral multiple thereof) of the Decumulation Fund any Trading Day for Baskets of Securities and cash, subject to the requirement that a minimum PNU be exchanged. To effect an exchange of ETF Units of the Decumulation Fund, a Unitholder must submit an exchange request in the form and at the location prescribed by the Decumulation Fund from time to time at or before the applicable cut-off time, or such other time prior to the Valuation Time on such Trading Day as the Manager may permit. The exchange price will be equal to the NAV of each PNU tendered for exchange determined at the Valuation Time on the effective date of the exchange request, payable by delivery of a Basket of Securities (constituted as most recently published prior to the effective date of the exchange request) and cash. The ETF Units will be redeemed in the exchange. The Manager will also make available to Dealers and the Designated Broker the applicable PNU to redeem ETF Units of the Decumulation Fund on each Trading Day. The effective date of an exchange request is the Trading Day on which the Valuation Time that applies to such redemption request takes place.

Redemption of ETF Units of the Decumulation Fund for Cash

On any Trading Day, Unitholders of the Decumulation Fund may redeem (i) ETF Units of the Decumulation Fund for cash at a redemption price per ETF Unit equal to 95% of the closing price for the ETF Units on the Exchange on the effective day of the redemption, subject to a maximum redemption price per ETF Unit equal to the NAV per ETF Unit on the effective day of redemption, less any applicable Administrative Fee determined by the Manager, in its sole discretion, from time to time, or (ii) a PNU of the Decumulation Fund or a multiple PNU of the Decumulation Fund for cash equal to the NAV of that number of ETF Units of the Decumulation Fund less any applicable Administrative Fee determined by the Manager, in its sole discretion from time to time.

Each of the Series have a number of specific characteristics as described in the prospectus including the following:

1. The ETF Units of the Decumulation Fund are listed on the Toronto Stock Exchange (the "Exchange"), and investors can buy or sell ETF Units on the Exchange through registered brokers and dealers in the province or territory where the investor resides.
2. Units of the Tontine Trust and/or specific series of the Decumulation Fund have purchase restrictions based on the age of the investor.
3. Hybrid Tontine Units of the Decumulation Fund have a required switch feature whereby a fixed percentage of each investment will be sold, and the proceeds used to purchase units of the Tontine Trust monthly.

The Tontine Trust will initially be divided into two series of Units and the Decumulation Fund will initially be divided into five series of Units (each a Series). The ETF, Series A and Series F Units of the Decumulation Fund will be open for purchase by all individuals. Each of the Hybrid Tontine Series A and Hybrid Tontine Series F Units of the Decumulation Fund and the Series A and Series F Units of the Tontine Trust will be open for purchase by individuals born before a prescribed year.

The capital of each Fund consists of the NAV. In accordance with each Fund's investment objectives and the risk management policies stated in Note 8, each Fund invests its capital in appropriate investments.

The increase (decrease) in NAV from operations per Unit of a Series for each Fund is calculated by dividing the increase (decrease) in NAV from operations of the Series by the weighted average number of units of the Series outstanding during the year. The weighted average number of Units outstanding for each Series of a Fund is disclosed in such Fund's Supplementary Schedules.

Guardian Capital Group Limited as the initial investor in each fund may not, and has not redeemed any units issued until \$500,000 has been received from third party investors in that fund.

In respect of the Tontine Trust, the amount that unitholders will receive upon death or voluntary redemption will be an amount equal to the percentage of the then current NAV per Unit for their Units as specified below (the Redemption Price), less any costs associated with the redemption, including commissions, wire transfer fees and such other costs charged to the Tontine Trust by third parties (collectively, "Costs"):

2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
95%	95%	95%	95%	90%	85%	80%	75%	70%	60%	50%

For each subsequent year until December 31, 2042, a redeeming or redeemed unitholder of the Tontine Trust will receive a Redemption Price equal to 50% of the then current NAV per Unit for their Units of the Tontine Trust, less any Costs.

Units of the Decumulation Fund may be redeemed on a daily basis at the NAV per Unit of the Series of Units so redeemed as of such redemption date, less any costs associated with the redemption, including commissions, wire transfer fees and such other costs charged to the Decumulation Fund by third parties.

Guardpath Funds
NOTES TO FINANCIAL STATEMENTS

4. Operating expenses:

Each Fund's operating expenses consist of the management fee and administration fee paid to the Manager as described below, interest charges, fees and expenses of the Independent Review Committee, transaction costs, foreign withholding taxes when applicable, any new costs related to regulatory or legal requirements imposed upon the Fund, the HST on all of these expenses, and any income taxes to which the Fund may be subject. Management and administration fees as reported in the Statements of Comprehensive Income are due to the Manager and are considered to be related party transactions.

The NAV of each Fund attributable to Series A, Series F, Hybrid Tontine Series A, Hybrid Tontine Series F, and ETF Units, as applicable, is subject to a management fee charged to the Fund and payable to the Manager.

The Manager charges each Fund an administration fee at a fixed annual rate, based on the daily average NAV of the Fund. In return for the administration fee, the Manager pays certain variable operating expenses of the Fund, including audit, custody, transfer agency, fund accounting, filing, unitholder reporting, legal, other related expenses, and HST on these expenses. The administration fee and management fee rate paid by each Fund is disclosed in each Fund's Supplementary Schedules.

The management and administration fees are accrued daily and are payable monthly in arrears.

Any management fees charged on investments that are duplicative (charged on an investment, and charged a second time at the fund level) have been removed.

The Manager may, in its sole discretion, waive or absorb all or part of each Fund's Management Fee. The waiver or absorption of all or part of a Fund's Management Fee may change or cease to occur in the Manager's sole discretion.

The Staff of the International Ethics Standards Board for Accountants (IESBA) recently revised fee- related provisions of The International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) including greater transparency of audit fee related information. The fees paid or payable to PricewaterhouseCoopers LLP and other PwC Network firms for their services to these Funds for the period ended December 31, 2023 are: audit and audit related fees: \$28,308, and non-audit services fees: \$589.

5. Income taxes:

Each Fund qualify as mutual fund trusts under the provisions of the Income Tax Act (Canada) and, as such, each Fund is not subject to income taxes on its net taxable capital gains and its net income for the year, if it distributes such gains and income (less any applicable losses carried forward) to its unitholders. As required by the Declaration of Trust, the annual taxable income of each Fund is allocated and distributed to its unitholders so as to eliminate any income taxes otherwise payable by the Funds. As a result, each Fund does not record a provision for Canadian income taxes. In addition, each Fund does not record the benefit of any income tax losses carried forward. The amounts of any tax losses available to be carried forward and applied against future capital gains or income by each Fund are disclosed in each Fund's Supplementary Schedules.

Each Fund may incur foreign withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are disclosed separately as an expense in the Statements of Comprehensive Income.

For mutual fund trusts, income taxes payable on net realized capital gains are refundable on a formula basis when units of the Funds are redeemed. It is the intention of the Funds to pay out all net income and realized capital gains each year so that the Funds will not be subject to income taxes. Accordingly, no provision for income taxes is recorded.

If a Fund is not a mutual fund trust under the Tax Act throughout a taxation year, the Fund (i) may become liable for alternative minimum tax under the Tax Act in such year, (ii) would not be eligible for capital gains refunds under the Tax Act in such year, (iii) may be subject to the "mark-to market" rules and (iv) may be subject to a special tax under Part XII.2 of the Tax Act in such year.

As at December 31, 2023 the Funds have qualified as a Mutual Fund Trust for income tax purposes.

6. Soft dollar transactions:

Soft dollar transactions represent formal pre-arranged commitments whereby a portion of the brokerage commissions paid by a Fund are allocated according to a pre-determined formula as payment for certain products or services other than order execution.

There were no soft dollar transactions in any Fund during 2023 or 2022.

7. Distributions:

Distributions to unitholders by the Funds are made on a periodic basis, and are reported in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units.

Distributions of the Decumulation Fund have a fixed monthly distribution rate, as explained in the prospectus, which rates vary by Series, and are reset annually in January of each year. Distributions of the Tontine Trust are made solely to distribute taxable income of the Trust, and are expected to be reinvested into the Trust.

Guardpath Funds
NOTES TO FINANCIAL STATEMENTS

7. Distributions (continued):

If, for any taxation year, after the ordinary distributions, there would remain in the Decumulation Fund additional net income or net realized capital gains, the Fund will, after December 15 but on or before December 31 of that calendar year, be required to pay or make payable such net income and net realized capital gains as one or more special year-end distributions for such year to Unitholders as is necessary to ensure that the Decumulation Fund will not be liable for income tax on such amounts under Part I of the Tax Act (after taking into account all available deductions, credits and refunds). Such special distributions will be paid in the form of Units of the Decumulation Fund. Any special distributions payable in Units of the Decumulation Fund will increase the aggregate adjusted cost base of a Unitholder's Units. Immediately following payment of such a special distribution in Units, the number of Units held by a Unitholder will be automatically consolidated such that the number of Units outstanding after such distribution will be equal to the number of Units held by such Unitholder immediately prior to such distribution, except in the case of a non-resident Unitholder to the extent tax is required to be withheld in respect of the distribution.

8. Financial risk management:

Material market disruptions, such as those caused by pandemics, natural or environmental disasters, war, military conflicts, acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Any such disruptions could have an adverse impact on the value of the Funds' investments and Funds' performance.

The Manager seeks to minimize potential adverse effects of risk on the Funds' performance by employing professional, experienced portfolio advisors; by daily monitoring of the Funds' positions and market events; by diversifying the investment portfolio within the constraints of the investment objectives; and by periodically using derivatives to economically hedge certain risk exposures.

Each Fund's financial instruments consist principally of cash, short-term securities, derivative instruments and investments. Each Fund is exposed to various types of financial risks that are associated with its financial instruments. The most material financial risks include market risk (which includes currency risk, interest rate risk and other price risk), concentration risk, liquidity risk and credit risk.

Certain of the Funds invest in Underlying Funds. These Funds are indirectly exposed to market risk, credit risk, and liquidity risk to the extent these Underlying Funds invest in financial instruments that are subject to those risks.

A portion of the assets of a Fund which holds derivative financial instruments are held by broker as margin or collateral. Margin or collateral may be comprised of cash or securities pledged. Securities pledged as collateral or deposited to meet margin requirements follow the fair value policies outlined above and are identified in the Schedule of Investment Portfolio. In addition, these securities are included in "Investments" in the Statements of Financial Position if held by the Fund.

On a daily basis, the Manager reviews the credit risk of all counterparties with which the Funds transact, and the credit rating of all investments, and ensures that they remain within established ranges of exposure as outlined in the Funds' investment policies. The Funds' custodian is approved by Canadian Securities Administrators to act as a custodian.

These risks and related risk management practices employed by the Funds, and where applicable the Underlying Funds, are discussed below:

a) Market risk

Market risk consists of currency risk, interest rate risk and other price risk. The Manager monitors each Fund's overall market positions on a daily basis, and positions are maintained within established ranges as outlined in each Fund's investment policies. The market risk of each Fund is discussed below and further disclosed in each Fund's Supplementary Schedules.

(i) Currency risk

The Funds may hold monetary assets and liabilities that are denominated in currencies other than the functional currency of the Fund. Such Funds may therefore be exposed to currency risk, as the value of the net assets denominated in other currencies will fluctuate with changes in exchange rates. The risk of price fluctuations of non-fixed income securities resulting from the fluctuations of foreign currency exchange rates are discussed in other price risk. The currency risk of each Fund is disclosed in each Fund's Supplementary Schedules.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate in value with movements in future expected, or actual interest rates. The Manager moderates this risk through diversification of securities across various industry sectors and duration within specified limits as outlined in the investment policies of each Fund. The interest rate risk of each Fund is disclosed in each Fund's Supplementary Schedules.

(iii) Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to price risk is mainly in equities, Underlying Funds, derivatives and commodities. The maximum risk resulting from these financial instruments is equivalent to their fair value except for options on securities which might result in the forfeiture of the underlying security to satisfy the option. The other price risk of each Fund is disclosed in each Fund's Supplementary Schedules.

Guardpath Funds
NOTES TO FINANCIAL STATEMENTS

8. Financial risk management (continued):

a) Market risk (continued)

The Manager moderates this risk through a careful selection of securities within specified limits as outlined in the investment policies of each Fund, and through diversification of the investment portfolios.

b) Concentration risk

The Funds are exposed to the possible risks inherent in the concentration of the investment portfolios in a small number of industries, countries and other investment sectors. The Manager moderates this risk through diversification of investment sectors in which it invests, and a careful selection of securities in each investment sector within established ranges, as outlined in the investment policies of each Fund. The concentration risk of each Fund is disclosed in each Fund's Supplementary Schedules.

c) Liquidity risk

The Funds are exposed to daily cash needs related to the redemption of Units, and to the discharge of financial obligations related to their daily operations. The ability to meet these needs is managed, directly through Underlying Funds, by retaining sufficient cash within each Fund, and investing mainly in securities which are considered readily realizable and highly liquid. The Funds are subject to securities regulations which limit the amount of illiquid investments they may hold. In addition, the Funds may borrow from the Custodian on a short-term basis at the Canadian or United States bank prime rate plus 1.0%. All liabilities of the Funds are short-term in nature and are due within 60 days.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Funds may be exposed to credit risk through their holding of debt securities and Underlying Funds which hold debt securities, and their dealings with counterparties to the over-the-counter derivative instruments held by the Funds. On a daily basis, the Manager reviews the credit risk of all counterparties with which the Funds transact, and the credit rating of all investments, and ensures that they remain within established ranges of exposure as outlined in the Fund's investment policies. The Funds can also be exposed to credit risk to the extent that the custodian may not be able to settle trades for cash. Canadian securities regulations require that the Funds employ a custodian that meets certain capital requirements. The Fund's custodian is approved by Canadian Securities Administrators to act as a custodian. The credit risk of each Fund is disclosed in each Fund's Supplementary Schedules.

9. Classification of financial instruments for fair value measurements:

Each Fund's financial instruments which are recorded at fair value are categorized based upon a fair value hierarchy, which is as follows: Level 1 – quoted market prices; Level 2 – internal models using observable market information as inputs; and, Level 3 – internal models without observable market information inputs. The fair values of each Fund's financial instruments as categorized within the fair value hierarchy have been disclosed in each Fund's Supplementary Schedules, accompanied by a schedule of material transfers between these levels.

a) Underlying Funds

Each Fund's investments in Underlying Funds including exchange traded funds are classified as Level 1, as the Underlying Funds are actively traded and reliable prices are observable.

b) Equity investments and options

Each Fund's equity and option investments are classified as Level 1 when the investment is actively traded and a reliable quoted market price is observable. Certain of the Funds' investments do not trade frequently and, therefore, observable prices may not be available. In such cases, fair value is determined using observable market data, and the fair value is classified as Level 2, unless the determination of fair values requires significant unobservable data, in which case the measurement is classified as Level 3.

c) Bonds and short-term securities

Bonds include government and corporate bonds and mortgage-backed securities. These instruments do not have quoted market prices, but are valued using market bid and ask prices where available. Since the inputs that are significant to valuation are generally observable, the Funds' bonds and short-term securities are classified as Level 2.

d) Foreign currency contracts

Foreign currency contracts do not have quoted market prices, but are valued using foreign currency bid and ask quotations. Since the inputs that are significant to valuation are generally observable, they are classified as Level 2.

10. Related party unitholders:

Units of each Fund which are held by the Manager, its affiliates and officers are disclosed in each Fund's Supplementary Schedules.

Guardpath Funds
NOTES TO FINANCIAL STATEMENTS

11. Investments in unconsolidated structured entities:

From time to time, in accordance with their investment policies, each Fund may invest in Underlying Funds, exchange-traded funds, mortgage-related and other asset-backed securities, and other investments which are considered to be unconsolidated structured entities. The Fund's risk from structured entities is limited to the amounts invested by the Funds. The Fund's maximum exposure to loss from its interests in Investee funds is equal to the total fair value of its investments in investee funds. Details of investments in structured entities are provided in each Fund's Schedule of Investment Portfolio and supplementary schedules.

12. Reclassification of comparatives

The Funds reclassified certain comparative amounts for increased transparency and disclosure, and in order to maintain the comparability across periods. In the Statements of Cash Flows, the comparative amount for Purchases of Investments has been revised, to show separately the amount relating to distribution received from underlying funds.

These reclassifications do not result from a change in accounting policy.



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You can find more information about each Fund in the Fund's Prospectus, Fund Facts or ETF Facts, as applicable, and in its respective Management Report of Fund Performance. For a free copy of these documents, call us toll free at 1-866-383-6546 or ask your investment advisor. You can also find these documents and other information about the Funds, at www.guardiancapital.com or at www.sedarplus.ca.

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