

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

GUARDPATH™ MODERN TONTINE 2042 TRUST

DECEMBER 31, 2023

This annual management report of fund performance contains financial highlights, but does not contain either the annual financial report or annual financial statements of the investment fund. You can obtain a copy of the annual financial report or annual financial statements at your request, and at no cost, by calling 1-866-383-6546, by writing to us at Guardian Capital LP, Commerce Court West, 199 Bay Street, Suite 2700, P.O. Box 201, Toronto, Ontario, M5L 1E8, or by visiting our website at www.guardiancapital.com/investmentsolutions or SEDAR+ at www.sedarplus.ca.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The investment objective for the GuardPath™ Modern Tontine 2042 Trust (the “Fund”) is to provide long term capital appreciation by investing the Fund’s assets in equities and fixed income securities. The Fund will, for the final four quarters of its operation, commencing with the quarter ending March 31, 2042 and ending with the quarter ending December 31, 2042, redeem one-quarter (25%) of each Unitholder’s Units outstanding as of the applicable quarter end at NAV per Unit.

The Fund will seek to achieve the investment objective by following a “glidepath” approach to asset allocation, investing in a portfolio of securities, either directly or indirectly, that provides diversified exposure to different asset classes, geographies and strategies, providing different sources of returns, while mitigating risk measured by overall volatility of portfolio returns. As the scheduled Termination Date approaches, the Fund will seek to reduce volatility of returns by gradually shifting its asset mix to increase the percentage of its assets allocated to fixed income securities and/or money market investments, and add derivative strategies designed to preserve asset value.

Risk

The risks associated with investing in the Fund remain as discussed in the prospectus. The Fund may be suitable for investors with a medium tolerance for risk, particularly those who seek long term capital appreciation and plan to hold their investment for the long term period. Payments from the Fund are tied to the life of the unitholder and the amount that a unitholder will receive upon redemption (either voluntary or upon death) prior to the lump-sum payout in year 20, will be lower than the then current NAV per unit, as detailed in the prospectus. The long-term total return of the Fund will be impacted by actual redemption rates, and may increase or decline as mortality rates or voluntary redemptions increase or decline.

Results of Operations

This commentary is based on the performance of the Series F units of the Fund. Returns for other Series of units may vary, largely due to differences in fees and expenses. Please refer to the Past Performance section for specific Series level performance details. Please note that this Fund may invest all, or substantially all, of its assets in other investment funds [the “Underlying Funds”]. Individual securities referenced in this commentary may refer to the securities held in one of the Underlying Funds, and not necessarily as a direct holding of this Fund.

The Fund’s net asset value increased by 41% to \$1.5 million at December 31, 2023 from \$1.0 at December 31, 2022. Of this change, an increase of \$0.2 million was provided by investment performance and an increase of \$0.3 million was attributable to net subscriptions.

Series F units of the Fund posted a return of 14.9% for the year. The Fund’s blended benchmark, 70% MSCI World Index (Net, C\$) and 30% S&P/TSX Composite Index, returned 17.8% for the same period. The Fund’s return is after the deduction of fees and expenses, unlike the benchmark’s return.

At the overall index level, global equity markets delivered significantly positive returns in 2023, which were well ahead of initial expectations. Although material headwinds in the form of higher interest rates and tighter credit conditions did come to pass, significant fiscal spending and a strong labour market continued to underpin solid corporate earnings growth. Near the end of the year, easing inflationary pressures led many global central banks to pause their interest rate hiking cycles and investors to begin expecting interest rate cuts, which eased overall financial conditions and provided a lift to both equity and fixed income markets.

The Fund underperformed its benchmark largely as a result of its broad and diversified approach to portfolio construction, which contrasted in 2023 with the performance of the benchmark, which was

predominantly driven by a small subset of large capitalization Information Technology stocks.

The Fund benefited from its overall exposure to Information Technology stocks, as investors materially upwardly revised their expectations for artificial intelligence as a driver of future earnings growth and productivity gains. Also, the Fund's tilt towards defensive quality-growth equities provided some support to performance, as higher interest rates and cyclical economic weakness weighed more heavily on smaller capitalization and interest rate sensitive areas of the market.

On the negative, although the Fund was slightly overweight the Information Technology sector overall it did not mirror the highly concentrated nature of the underlying stock performance. Also, exposure to Emerging Markets and Real Estate dragged on overall performance as China's post-Covid recovery underwhelmed and higher interest rates negatively impacted the value of real assets.

The Fund's position in the Guardian i³ U.S. Quality Growth ETF was a positive contributor to performance as the underlying fund's overweight exposure to Information Technology stocks, such as Alphabet, Amazon and NVIDIA, helped to drive significant returns during the year.

The Fund's exposure to the Guardian Fundamental Emerging Markets Equity ETF dragged as China's consumer recovery from its strict Covid lockdowns was more than offset by continued regulatory actions and a weak real estate market.

The position in Horizons Active Global Dividend ETF was the largest addition to the Fund late in 2023, as the Manager chose to reduce the Fund's high-growth security bias in favour of more defensive quality-growth stocks, which are expected to outperform as economic growth slows.

The Fund also reduced its exposure to its more interest rate sensitive holdings, such as the Guardian i³ Global REIT ETF, as it became clearer that central banks would

need to raise interest rates further than initially expected.

The Fund continues to remain overweight defensive quality-growth equities as the Manager expects global growth to continue to slow and easing inflationary pressures to place pressure on the earnings of lower-quality cyclical equities, such as those in the Energy and Materials sectors, which the Fund is underweight. From a regional perspective, the Fund maintains a slight overweight to higher-quality U.S. equities and an underweight to more cyclical and commodity heavy Canadian equities.

The Manager integrates ESG considerations into its investment analysis and stewardship activities with the objective of enhancing long-term investment performance. Active engagement and proxy voting are a core part of the Manager's stewardship approach, and the Fund's investment team participates in these activities in a manner suitable to the asset class and Fund. Our investment teams focus on ESG and other factors which they believe could be financially material and/or impact the long-term sustainability of the company. The consideration of ESG issues is one of a number of elements in the portfolio construction process and, may or may not have a material influence on portfolio composition at any given time. Where the Fund invests in Underlying Funds, it does not directly engage in proxy voting or active engagement, this is conducted by the Manager of the Underlying Funds. Where the Underlying Fund is a related issuer, the Manager integrates ESG considerations into its investment analysis and stewardship activities with the objective of enhancing long-term investment performance. For more information, the Funds managed by Guardian post their annual proxy voting activities report, along with an annual Responsible Investing Report and its Responsible Investing Policies on the Manager's website:
<https://www.guardiancapital.com/investmentsolutions/>

Recent Developments

The Manager remains cautiously optimistic on the outlook for risk assets in 2024, as continued tight

labour markets and easing inflationary pressures help to drive real income gains and expectations for lower interest rates. However, there continue to be significant risks as the lagged impact of interest rate hikes has unlikely been fully realized, global economic growth is expected to slow and geopolitical risks remain elevated. Given this uncertainty, the Manager believes modest positioning is warranted and expects to shift allocations through the year as future data points provide greater clarity as to the trend for growth and inflation.

Related Party Transactions

Guardian Capital LP, the Manager of the Fund, is considered to be a “related party” of the Fund. The Manager is responsible for the day-to-day operations of the Fund and also acts as the portfolio manager, managing the investment portfolio of the Fund. These services are in the normal course of operations and the Fund pays a management fee to the Manager for these services, based on the average Net Asset Value of the Fund, as detailed in the Management Fees section below. The Manager is a wholly-owned subsidiary of Guardian Capital Group Limited, a publicly traded firm listed on the Toronto Stock Exchange.

The Manager also receives an Administration Fee from the Fund, amounting to 0.10% of the average daily net asset value of the Fund, in return for the payment by the Manager of all the variable operating expenses of the Fund. The Independent Review Committee (“IRC”) has approved the Manager’s Policy for this item and the Manager relies on this approval as a standing instruction from the IRC. The Manager received the Administration Fee and paid Fund expenses in accordance with this Policy during the period.

The Fund invests in assets in other Guardian Capital Funds (the “Underlying Funds”), which are related issuers. The Fund may also invest in other third-party funds which are not related. With respect to investments in related issuers, the Manager has relied on the approval that it has received from the Independent Review Committee (“IRC”). The approval requires the Manager to comply with its current policy and procedures regarding investments in related

issuers and to report periodically to the IRC. The Manager will not duplicate management fees paid to an Underlying Fund that is a related issuer and will not pay any performance fee in respect of any investment in the Guardian Strategic Income Fund.

Management Fees

Series A and Series F, units are subject to management fees which are based on a percentage of the average Series NAV during each month, calculated and accrued daily, and payable monthly. The Series A management fee is 1.60% per annum. The Series F management fee is 0.60% per annum. The table below provides a breakdown of services received in consideration of the management fees, as a percentage of the management fees, for the period.

In the event that the Fund invests in another investment fund to obtain exposure to the constituent securities, the Fund may pay the management fee on the portion of the Fund’s assets invested in the other fund, as long as this would not duplicate fees for the same service and the other fund is not a related issuer.

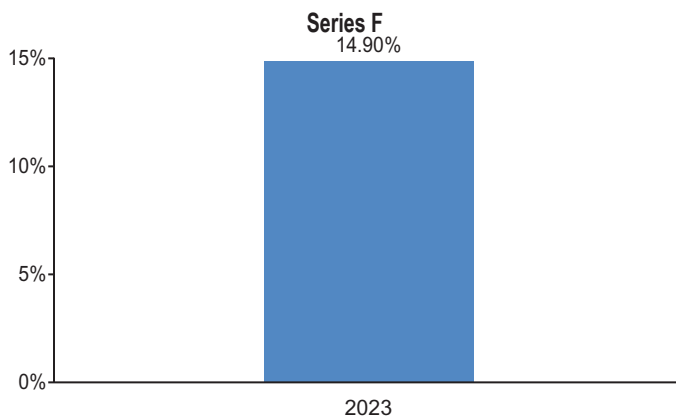
	Series A	Series F
Investment management and other general administration	37.5%	100.0%
Trailer Commission	62.5%	n/a

Past Performance

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. This performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Past performance of the Fund does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns

The bar charts show the Fund's performance for the annual period from January 1, 2023 to December 31, 2023, and illustrates how the Fund's performance has changed from year to year. The chart shows in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of that financial year.



Annual Compound Returns

The tables below shows the historical compound returns of the Fund's Units for the periods indicated, as at December 31, 2023. The returns of a broad based market index are also shown.

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
Series F (%)	14.90	n/a	n/a	n/a	15.72
Blended Benchmark (%)	17.84	n/a	n/a	n/a	17.68

* Inception date - October 28, 2022.

The Blended Benchmark is based on the target weighting of the Underlying Funds and their respective market indices.

The Blended Benchmark is comprised of the following:

- 70% MSCI World Index (Net, C\$) - a broad measure of both large and mid cap equities across Developed Countries.
- 30% S&P/TSX Composite Index - a broad measure of the Canadian equity markets. It includes common stocks and income trust units listed on the Toronto Stock Exchange.

For Series A units, please note that it has not yet been 12 consecutive months since the performance inception date of this Series, thus, in accordance with regulatory requirements, investment performance cannot be shown.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the periods indicated. The information is derived from the Fund's audited annual financial statements.

The Fund's Net Assets per Unit (Series A)

	For the year ended December 31, 2023	For the year ended December 31, 2022
Net Assets per Unit, Beginning of Period ^[1]	\$10.22	\$10.00
Increase (decrease) from operations per Unit:^[1]		
Total revenue	0.17	0.03
Total expenses	(0.19)	(0.06)
Realized gains (losses)	0.31	0.01
Unrealized gains (losses)	1.09	0.24
Total increase (decrease) from operations per Unit	1.38	0.22
Distributions per Unit from: ^{[1] [2]}		
Capital gains	(0.30)	–
Return of capital	–	–
Total Distributions per Unit	(0.30)	–
Net Assets per Unit, End of Period ^[1]	\$11.31	\$10.22

[1] Net assets per Unit and distributions per Unit are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations per Unit is based on the weighted average number of units outstanding over the financial period.

[2] Substantially all distributions were reinvested in additional units of the Fund.

Ratios and Supplemental Data (Series A)

	For the year ended December 31, 2023	For the year ended December 31, 2022
Total net asset value (000's) ^[1]	\$643	\$511
Number of units outstanding ^[1]	56,877	50,001
Management expense ratio ^[2]	1.97%	1.94%
Management expense ratio before waivers and absorptions	2.24%	2.03%
Trading expense ratio ^[3]	0.07%	0.12%
Portfolio turnover rate ^[4]	54.15%	1.95%
Net asset value per Unit ^[1]	\$11.31	\$10.22

[1] This information is provided as at the end of each period indicated.

[2] The management expense ratio is based on total expenses (excluding commissions, other portfolio transaction costs and withholding taxes) of the Fund and its proportionate share of the total expenses of the Underlying Funds, where applicable, for the stated period and is expressed as an annualized percentage of daily average net asset value during the year. The Manager absorbed some of the Fund's expenses, if it had not done so the MER would have been higher.

[3] The trading expense ratio represents total commissions and other portfolio transaction costs of the Fund and its proportionate share of the Underlying Funds' portfolio transaction costs, where applicable, expressed as an annualized percentage of daily average net asset value for the period.

[4] The Fund's portfolio turnover rate indicates how actively its portfolio advisor trades portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in the portfolio once in the course of a year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

The Fund's Net Assets per Unit (Series F)

	For the year ended December 31, 2023	For the year ended December 31, 2022
Net Assets per Unit, Beginning of Period ^[1]	\$10.25	\$10.00
Increase (decrease) from operations per Unit:^[1]		
Total revenue	0.17	0.03
Total expenses	(0.07)	(0.02)
Realized gains (losses)	0.32	0.01
Unrealized gains (losses)	1.05	0.24
Total increase (decrease) from operations per Unit	1.47	0.26
Distributions per Unit from: ^{[1] [2]}		
Canadian dividends	(0.05)	–
Capital gains	(0.30)	–
Return of capital	–	–
Total Distributions per Unit	(0.35)	–
Net Assets per Unit, End of Period ^[1]	\$11.43	\$10.25

[1] Net assets per Unit and distributions per Unit are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations per Unit is based on the weighted average number of units outstanding over the financial period.

[2] Substantially all distributions were reinvested in additional units of the Fund.

Ratios and Supplemental Data (Series F)

	For the year ended December 31, 2023	For the year ended December 31, 2022
Total net asset value (000's) ^[1]	\$810	\$523
Number of units outstanding ^[1]	70,878	51,009
Management expense ratio ^[2]	0.85%	0.81%
Management expense ratio before waivers and absorptions	1.11%	0.90%
Trading expense ratio ^[3]	0.07%	0.12%
Portfolio turnover rate ^[4]	54.15%	1.95%
Net asset value per Unit ^[1]	\$11.43	\$10.25

[1] This information is provided as at the end of each period indicated.

[2] The management expense ratio is based on total expenses (excluding commissions, other portfolio transaction costs and withholding taxes) of the Fund and its proportionate share of the total expenses of the Underlying Funds, where applicable, for the stated period and is expressed as an annualized percentage of daily average net asset value during the year. The Manager absorbed some of the Fund's expenses, if it had not done so the MER would have been higher.

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SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2023

Portfolio Allocation	% of Net Asset Value
Communication services	1.9%
Consumer discretionary	9.5%
Consumer staples	4.5%
Energy	2.5%
Financials	10.1%
Health care	6.0%
Industrials	5.6%
Information technology	6.0%
Materials	4.1%
Real estate	0.3%
Utilities	1.1%
Canadian equity funds	6.9%
Global equity funds	36.4%
Money market funds	2.3%
Other net assets (liabilities)	2.8%
Total	100.0%

Geographic Allocation	% of Net Asset Value
Canada	18.7%
China	1.0%
Denmark	5.0%
France	3.9%
Ireland	2.0%
Switzerland	1.1%
United Kingdom	1.0%
United States of America	18.9%
Canadian equity funds	6.9%
Global equity funds	36.4%
Money market funds	2.3%
Other net assets (liabilities)	2.8%
Total	100.0%

Top 25 Holdings	% of Net Asset Value
Horizons Active Global Dividend ETF	19.3%
Guardian i3 US Quality Growth ETF	14.2%
Guardian Canadian Sector Controlled Equity Fund, ETF Units	6.9%
Guardian Fundamental Emerging Markets Equity ETF	2.9%
Novo Nordisk A/S, ADR	2.4%
Guardian Ultra Short Canadian T-Bill Fund	2.3%
Essilor International SA, ADR	2.3%
CME Group Inc., Class 'A'	2.2%
Accenture PLC, Class 'A'	2.0%
Alphabet Inc., Class 'A'	1.9%
Booking Holdings Inc.	1.9%
Mastercard Inc., Class 'A'	1.9%
L'Oreal SA, ADR	1.7%
Colgate-Palmolive Company	1.6%
MarketAxess Holdings Inc.	1.5%
UnitedHealth Group Inc.	1.4%
NIKE Inc., Class 'B'	1.4%
Novozymes A/S, ADR	1.4%
Royal Bank of Canada	1.3%
Microsoft Corporation	1.2%
Nestle SA, ADR	1.1%
Canadian Pacific Kansas City Limited	1.1%
Automatic Data Processing Inc.	1.1%
Yum China Holdings Inc.	1.0%
Reckitt Benckiser Group PLC, ADR	1.0%

Top 25 Holdings (as a percentage of NAV) **77.0%**
Total Net Asset Value: **\$1,453,310**



GUARDIAN CAPITAL

GUARDIAN CAPITAL LP

199 Bay Street, Suite 2700
Commerce Court West, P.O. Box 201
Toronto, Ontario
M5L 1E8

www.guardiancapital.com/investmentsolutions



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