

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

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# GUARDIAN FIXED INCOME SELECT FUND

JUNE 30, 2022

This interim management report of fund performance contains financial highlights, but does not contain either the interim financial report or annual financial statements of the investment fund. You can obtain a copy of the interim financial report or annual financial statements at your request, and at no cost, by calling 1-866-718-6517, by writing to us at Guardian Capital LP, Commerce Court West, 199 Bay Street, Suite 3100, P.O. Box 201, Toronto, Ontario, M5L 1E8, or by visiting our website at [www.guardiancapital.com](http://www.guardiancapital.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

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.



**GUARDIAN CAPITAL**

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Investment Objective and Strategies

Guardian Fixed Income Select Fund (The "Fund") seeks to generate an above-average income stream, primarily through investments in investment grade corporate bonds, debentures, notes or other evidence of indebtedness.

### Risk

The risks associated with investing in the Fund are discussed in the prospectus. The Fund may be suitable for investors with a low tolerance for risk, particularly those who seek income and potential capital gains through an investment in higher yielding bonds.

### Results of Operations

*(This commentary is based on the performance of Series I 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.)*

The Fund's net asset value decreased by 9% to \$148.8 million at June 30, 2022 from \$163.4 million at December 31, 2021. Of this change, a decrease of \$13.9 million was due to investment performance and a decrease of \$0.7 million was attributable to net redemptions.

Series I units of the Fund posted a return of -8.3% for the period. The Fund's blended benchmark, 80% FTSE Canada 1-10 Year Laddered Corporate Bond Index and 20% FTSE Canada 1-10 Year Laddered Government Bond Index, returned -7.4% for the same period. The Fund's return is after the deduction of expenses, unlike the benchmark's return.

The Bank of Canada (BOC) raised its key policy rate by 1.25% in the first six months of 2022. The BOC opted for an aggressive hiking cycle in order to curb inflation that has remained at the highest level seen in decades. Canadian investment grade credit spreads have widened, in some cases aggressively, to levels last seen in December 2015/2016. The Russian invasion

of Ukraine had an extreme impact on global energy markets and supply chains, which further exacerbated inflation that central banks around the world were just beginning to fight with tighter monetary policy. This resulted in underlying government bond yields rising at a record pace with credit spreads widening in sympathy.

The Fund is currently slightly higher duration times spread (DTS), which is a measure of the credit volatility of a corporate bond, relative to the benchmark, focusing on credits with steeper spread curves. The higher DTS is mainly within the Financials sector, offset by lower relative DTS in the Energy sector holdings and certain industrial bonds.

The Fund's yield curve positioning contributed to performance over the first six months in 2022. The Fund's overweight positioning in certain corporate sectors detracted from performance, as investment grade spreads significantly widened on a year-to-date basis.

The Fund reduced its exposure to the Communication Services sector in the past 6 months and used the proceeds to buy Federal bonds in the 5 to 10-year tenor. That proved to be a detractor to overall performance, as mid-term yields rose during the period on the back of aggressive rate hiking by the central bank.

### Recent Developments

On April 28, 2022, the Fund commenced offering Series A and Series F Units for distribution to eligible investors. Effective the same date, the administration fee of Series I Units was reduced from 0.10% to 0.07%. Had this change been in effect prior to this date the performance of Series I Units could have been different.

While the outlook remains cloudy, the pattern of the Bank of Canada remaining hawkish, while the market looks forward, is expected persist.

The Bank of Canada and the US Federal Reserve are looking in the rear-view mirror in setting policy, since consumers will react to the monthly releases to anchor their inflation expectations. The BOC is trying to navigate a soft landing – a better demand/supply

equilibrium without much collateral damage to the overall economy – and signs of a slowdown should prompt the BOC to be less aggressive to prevent a significant deterioration in the labour market. At the same time, the market knows the Bank cannot raise rates significantly without inducing a further slowdown and, possibly, a recession.

As a result, we see two prominent features for the Canadian bond market if the economic data gives conflicting signals. The first being the persistence of a flat yield curve and potential for an inversion. The curve (the difference between the 10yr and 2yr yields) is already relatively flat (a sign of a growth slowdown), but would invert if the market expects the Bank to tighten well above the nominal neutral rate (the rate at which the economy is operating at close to its potential). The second, a benign phase for the bond market near-term that oscillates within a relatively narrow range. The bond market should continue to give more weight to the evidence of demand destruction and growth slowdown, such as falling PMIs (Purchasing Managers' Index, which measures the prevailing direction of economic trends in the manufacturing and service sectors) or a collapse in hard and soft commodities, cushioning yield backups in response to inflationary data

## 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, as detailed in the Management Fees section below. The Manager also receives an Administration Fee from the Fund, amounting to 0.07% 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 year. The Manager is a wholly-owned subsidiary

of Guardian Capital Group Limited, a publicly traded firm listed on the Toronto Stock Exchange.

The Fund may invest some of its available short-term cash in units of Guardian Canadian Short-Term Investment Fund, another investment fund managed by Guardian Capital LP and a related issuer, which invests its assets in high-quality short-term fixed-income securities. As at June 30, 2022, the Fund had invested \$ 1,170,360 or 0.8% of its net assets, in units of the Guardian Canadian Short-Term Investment Fund. With respect to investments in related issuers, the Manager has relied on the approval that it has received from the 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.

## Management Fees

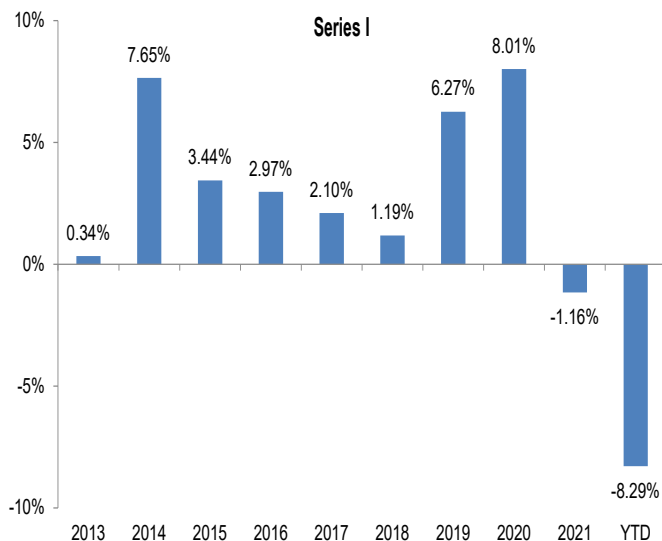
No management fees are payable or collected for Series I units of the Fund.

## 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 period from January 1, 2022 to June 30, 2022, and annual performance for each of the prior years shown, 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 table below shows the historical compound returns of the Fund's Series I units for the periods indicated, as at June 30, 2022. The returns of a broad based market index are also shown.

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
Series I (%)	-8.41	-0.53	1.04	2.38	2.49
FTSE Canada 1-10 Year Laddered Corporate Bond Index (%)	-7.55	-0.40	1.00	2.21	2.30
Blended Benchmark (%)	-7.44	-0.48	0.91	2.06	2.16

\* Inception date - March 30, 2012.

The Blended Benchmark is comprised of the following:

- 20% FTSE Canada 1-10 Year Laddered Government Bond Index
- 80% FTSE Canada 1-10 Year Laddered Corporate Bond Index.

The FTSE Canada 1-10 Year Laddered Government Bond Index is a laddered index structure for Government bonds rated "A" or higher, denominated in Canadian dollars and selected from the FTSE Canada Universe Bond Index.

The FTSE Canada 1-10 Year Laddered Corporate Bond Index is a laddered index structure for Corporate bonds rated "A" or higher, denominated in Canadian dollars and selected from the FTSE Canada Universe Bond Index.

For Series A and Series F units, please note that it has not yet been 12 consecutive months since the start date of this Series and so 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 and unaudited interim financial statements.

### The Fund's Net Assets per Unit (Series I)

	6 months ended June 30, 2022	12 months ended Dec. 31, 2021	12 months ended Dec. 31, 2020	12 months ended Dec. 31, 2019	12 months ended Dec. 31, 2018
Net Assets per unit, Beginning of Period <sup>[1]</sup>	\$10.53	\$10.92	\$10.43	\$10.09	\$10.26
<b>Increase (decrease) from operations per unit: <sup>[1]</sup></b>					
Total revenue	0.14	0.28	0.28	0.30	0.30
Total expenses	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)
Realized gains (losses)	(0.09)	(0.09)	0.15	0.10	(0.11)
Unrealized gains (losses)	(0.92)	(0.31)	0.40	0.24	(0.05)
Total increase (decrease) from operations per unit	(0.87)	(0.13)	0.82	0.63	0.13
Distributions per unit from: <sup>[1][2]</sup>					
Income (excluding dividends)	(0.13)	(0.27)	(0.27)	(0.29)	(0.29)
Canadian dividends	-	-	-	-	-
Capital gains	-	-	(0.07)	-	-
Return of capital	-	-	-	-	-
Total Distributions per unit	(0.13)	(0.27)	(0.34)	(0.29)	(0.29)
Net Assets per unit, End of Period <sup>[1]</sup>	\$9.52	\$10.53	\$10.92	\$10.43	\$10.09

[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 I)

	6 months ended June 30, 2022	12 months ended Dec. 31, 2021	12 months ended Dec. 31, 2020	12 months ended Dec. 31, 2019	12 months ended Dec. 31, 2018
Total net asset value (000's) <sup>[1]</sup>	\$148,782	\$163,369	\$126,961	\$105,928	\$97,056
Number of units outstanding <sup>[1]</sup>	15,621,187	15,521,348	11,626,841	10,156,730	9,622,037
Management expense ratio <sup>[2]</sup>	0.10%	0.11%	0.11%	0.11%	0.11%
Management expense ratio before waivers and absorptions	0.10%	0.11%	0.11%	0.11%	0.11%
Trading expense ratio <sup>[3]</sup>	0.00%	0.00%	0.00%	0.00%	0.00%
Portfolio turnover rate <sup>[4]</sup>	41.06%	136.50%	58.51%	66.57%	68.00%
Net asset value per unit <sup>[1]</sup>	\$9.52	\$10.53	\$10.92	\$10.43	\$10.09

[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 period.

[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.

## 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 and unaudited interim financial statements.

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

	Period from April 2022 to June 30, 2022
Net Assets per unit, Beginning of Period <sup>[1]</sup>	\$10.00
<b>Increase (decrease) from operations per unit: <sup>[1]</sup></b>	
Total revenue	0.05
Total expenses	(0.02)
Realized gains (losses)	(0.04)
Unrealized gains (losses)	(0.16)
Total increase (decrease) from operations per unit	(0.17)
Distributions per unit from: <sup>[1][2]</sup>	
Income (excluding dividends)	(0.04)
Canadian dividends	-
Capital gains	-
Return of capital	-
Total Distributions per unit	(0.04)
Net Assets per unit, End of Period <sup>[1]</sup>	\$9.79

[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)

	Period from April 2022 to June 30, 2022
Total net asset value (000's) <sup>[1]</sup>	\$5
Number of units outstanding <sup>[1]</sup>	502
Management expense ratio <sup>[2]</sup>	0.95%
Management expense ratio before waivers and absorptions	0.95%
Trading expense ratio <sup>[3]</sup>	0.00%
Portfolio turnover rate <sup>[4]</sup>	41.06%
Net asset value per unit <sup>[1]</sup>	\$9.79

[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 period.

[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.

## 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 and unaudited interim financial statements.

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

	Period from April 2022 to June 30, 2022
Net Assets per unit, Beginning of Period <sup>[1]</sup>	\$10.00
<b>Increase (decrease) from operations per unit: <sup>[1]</sup></b>	
Total revenue	0.05
Total expenses	(0.01)
Realized gains (losses)	(0.04)
Unrealized gains (losses)	(0.17)
Total increase (decrease) from operations per unit	(0.17)
Distributions per unit from: <sup>[1][2]</sup>	
Income (excluding dividends)	(0.05)
Canadian dividends	-
Capital gains	-
Return of capital	-
Total Distributions per unit	(0.05)
Net Assets per unit, End of Period <sup>[1]</sup>	\$9.79

[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)

	Period from April 2022 to June 30, 2022
Total net asset value (000's) <sup>[1]</sup>	\$5
Number of units outstanding <sup>[1]</sup>	502
Management expense ratio <sup>[2]</sup>	0.44%
Management expense ratio before waivers and absorptions	0.44%
Trading expense ratio <sup>[3]</sup>	0.00%
Portfolio turnover rate <sup>[4]</sup>	41.06%
Net asset value per unit <sup>[1]</sup>	\$9.79

[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 period.

[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.



## SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2022

Portfolio Allocation	% of Net Asset Value	Top 25 Holdings	% of Net Asset Value
Canadian Federal and Guaranteed Bonds	13.4%	Canada Housing Trust No. 1	7.4%
Canadian Provincial and Guaranteed Bonds	12.8%	Bank of Nova Scotia	7.2%
Canadian Corporate Bonds	59.0%	Government of Canada	6.0%
United States Corporate Bonds	10.4%	Bell Canada Inc.	5.5%
Investment Funds	3.1%	TMX Group Ltd.	5.5%
Short-Term Securities	0.8%	Bank of Montreal	5.2%
Other Net Assets	0.5%	Manulife Bank of Canada	5.1%
		Royal Bank of Canada	4.6%
		Allied Properties Real Estate Investment Trust	4.3%
		Province of Ontario	4.3%
		Toronto-Dominion Bank	3.8%
		Province of British Columbia	3.7%
		TELUS Corp.	3.6%
		Apple Inc.	3.3%
		McDonald's Corp.	3.3%
		New York Life Global Funding	2.9%
		OMERS Finance Trust	2.4%
		Choice Properties Real Estate Investment Trust	2.2%
		Federated Co-Operatives Ltd.	2.0%
		Rogers Communications Inc.	1.9%
		OMERS Realty Corp.	1.9%
		BMO Laddered Preferred Share Index ETF	1.8%
		Brookfield Asset Management Inc.	1.6%
		Intact Financial Corp.	1.6%
		CCL Industries Inc.	1.6%
		<b>Top 25 Holdings as a percentage of net asset value</b>	<b>92.7%</b>
		<b>Total Net Asset Value</b>	<b>\$148,791,548</b>

Geographic Allocation	% of Net Asset Value
Canada	88.3%
United States of America	10.4%
Short-Term Securities	0.8%
Other Net Assets	0.5%

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly update is available. If the Fund has invested in other investment funds, the prospectus and other information about the underlying investment funds are available on the internet via [www.sedar.com](http://www.sedar.com).




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# GUARDIAN CAPITAL LP

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