

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

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# GUARDIAN SHORT DURATION BOND 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.

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Investment Objective and Strategies

Guardian Short Duration Bond Fund (the “Fund”) seeks current interest income while at the same time preserving capital and seeking opportunities for capital appreciation, while maintaining relatively short portfolio duration. This is accomplished through investment in bonds, debentures, notes or other evidence of indebtedness. The Manager uses a proactive, disciplined management approach while employing various analytical tools to identify investments that offer value on a relative basis. The risk management process is designed to limit total exposure to individual issuers, diversify exposure to various credit risks, and maintain portfolio liquidity.

### Risk

The risks associated with investing in the Fund remain as discussed in the prospectus. The Fund may be suitable for investors with a low tolerance for risk, particularly those who are looking for a core Canadian fixed-income fund, but who are concerned about the risk of rising interest rates and will accept lower interest income in exchange for the lower volatility of shorter-term 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 33% to \$45.2 million at June 30, 2022 from \$67.4 million at December 31, 2021. Of this change, a decrease of \$2.5 million was due to investment performance and a decrease of \$19.7 million was attributable to net redemptions.

Series I units of the Fund posted a return of -4.9% for the period. The Fund’s benchmark, the FTSE Canada Short Term Overall Bond Index, returned -4.4% for the same period. The Fund’s return is after the deduction

of fees and expenses, where applicable for the Series, 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. The BOC continues to assert that it will do whatever is necessary to bring inflation down to a more normal range and hence the market should expect more hikes in the next six months.

Canadian investment grade (IG) 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 has maintained a higher duration times spread (DTS), which is a measure of the credit volatility of a corporate bond, relative to the benchmark given the favourable risk/reward profile of short-duration credit. While this overweight position has hindered the Fund’s relative performance year-to-date, the Manager expects that the second half of 2022 should benefit from the significant additional yield that short corporate bonds provide at current spread levels. The higher DTS was mainly in the telecommunications sub-industry, and the Financials and Real Estate sectors.

The Fund’s underweight positioning in short-term Federal bonds contributed to performance, as short-term yields rose significantly in the first six months. The Fund doesn’t own any Provincial bonds, which also proved to be a contributor to overall performance, as Provincial bonds underperformed Federal bonds. The Fund is significantly overweight in the short-term corporate sector, especially financial bonds, which detracted from performance.

The Fund’s underweight positioning in 3-year and 5-year government bonds contributed to performance. The Fund didn’t own any Provincial

bonds, and this underweight position contributed to performance. The Fund's overweight positioning in 3-year corporate bonds detracted from performance. The Fund's overweight allocation to the corporate sector, especially financial bonds such as the Fund's positioning in Bank of Nova Scotia 2.49%, 23sep2024 bonds, detracted from performance.

The Fund has increased its overweight allocation to the corporate sector in the first six months of 2022. The Fund increased its overweight position in the 3-year tenor of the yield curve. The Fund is currently overweight in the Financials sector, underweight in Federal bonds and owns no Provincial bonds

## Recent Developments

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 (the Bank) 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 Bank 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 Bank 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 0.04% 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 \$1,766,381 or 3.9% 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. Series A and Series F units are subject to a management fee which is 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 0.80% per annum. The Series F management fee is 0.30% 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 year.

	Series I	Series A	Series F
Investment management and other general administration	n/a	37.5%	100%
Trailer Commission	n/a	62.5%	0.0%

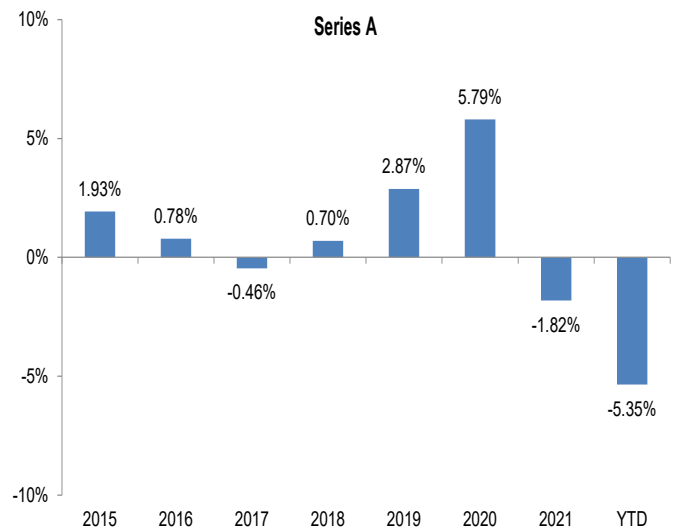
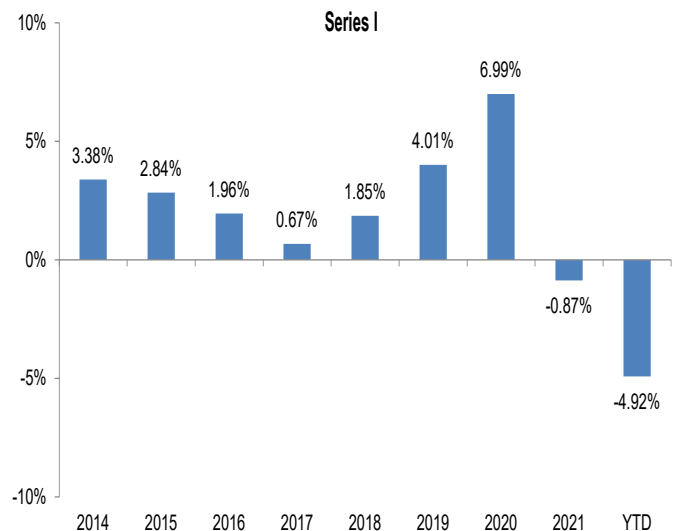
## Past Performance

The performance information shown below 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.

The performance shown for Series I below includes results prior to April 24, 2014, when the Fund was not a reporting issuer. Had the Fund been subject to the additional regulatory requirements applicable to a reporting issuer during such period, the expenses of the Series I units of the Fund would likely have been higher. The financial statements for the period when the Fund was not a reporting issuer, are available on the Manager's website at [www.guardiancapital.com](http://www.guardiancapital.com) or upon request.

## 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 tables below shows the historical compound returns of the Fund's Series I and Series A 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 (%)	-5.30	0.49	1.33	n/a	1.90
FTSE Canada Short-Term Overall Bond Index (%)	-4.79	0.05	0.90	n/a	1.42

\* Inception date - August 29, 2013.

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception *
Series A (%)	-6.15	-0.54	0.25	n/a	0.60
FTSE Canada Short-Term Overall Bond Index (%)	-4.79	0.05	0.90	n/a	1.24

\* Inception date - May 1, 2014.

The FTSE Canada Short-Term Overall Bond Index is designed to be a broad measure of the Canadian investment grade short-term fixed income market.

For 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>	\$10.16	\$10.46	\$10.01	\$9.84	\$9.86
<b>Increase (decrease) from operations per unit: <sup>[1]</sup></b>					
Total revenue	0.12	0.24	0.24	0.22	0.21
Total expenses	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Realized gains (losses)	(0.28)	0.04	0.17	0.13	(0.14)
Unrealized gains (losses)	(0.35)	(0.35)	0.26	0.05	0.11
Total increase (decrease) from operations per unit	(0.51)	(0.07)	0.67	0.40	0.18
Distributions per unit from: <sup>[1][2]</sup>					
Income (excluding dividends)	(0.13)	(0.22)	(0.24)	(0.22)	(0.21)
Canadian dividends	-	-	-	-	-
Capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total Distributions per unit	(0.13)	(0.22)	(0.24)	(0.22)	(0.21)
Net Assets per unit, End of Period <sup>[1]</sup>	\$9.53	\$10.16	\$10.46	\$10.01	\$9.84

[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>	\$44,937	\$67,320	\$48,784	\$55,564	\$67,780
Number of units outstanding <sup>[1]</sup>	4,716,340	6,626,712	4,661,697	5,551,965	6,887,341
Management expense ratio <sup>[2]</sup>	0.05%	0.05%	0.05%	0.05%	0.04%
Management expense ratio before waivers and absorptions	0.05%	0.05%	0.05%	0.05%	0.04%
Trading expense ratio <sup>[3]</sup>	0.00%	0.00%	0.00%	0.00%	0.00%
Portfolio turnover rate <sup>[4]</sup>	77.06%	119.28%	84.17%	87.19%	141.16%
Net asset value per unit <sup>[1]</sup>	\$9.53	\$10.16	\$10.46	\$10.01	\$9.84

[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)

	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>	\$10.02	\$10.31	\$9.86	\$9.70	\$9.71
<b>Increase (decrease) from operations per unit: <sup>[1]</sup></b>					
Total revenue	0.13	0.23	0.24	0.22	0.21
Total expenses	(0.05)	(0.10)	(0.12)	(0.11)	(0.11)
Realized gains (losses)	(0.27)	0.04	0.16	0.12	(0.14)
Unrealized gains (losses)	(0.35)	(0.38)	0.29	0.05	0.07
Total increase (decrease) from operations per unit	(0.54)	(0.21)	0.57	0.28	0.03
Distributions per unit from: <sup>[1][2]</sup>					
Income (excluding dividends)	(0.09)	(0.10)	(0.12)	(0.11)	(0.08)
Canadian dividends	-	-	-	-	-
Capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total Distributions per unit	(0.09)	(0.10)	(0.12)	(0.11)	(0.08)
Net Assets per unit, End of Period <sup>[1]</sup>	\$9.40	\$10.02	\$10.31	\$9.86	\$9.70

<sup>[1]</sup> 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.

<sup>[2]</sup> Substantially all distributions were reinvested in additional units of the Fund.

### Ratios and Supplemental Data (Series A)

	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>	\$79	\$63	\$69	\$69	\$67
Number of units outstanding <sup>[1]</sup>	8,395	6,295	6,704	6,993	6,913
Management expense ratio <sup>[2]</sup>	0.95%	1.01%	1.17%	1.14%	1.18%
Management expense ratio before waivers and absorptions	0.95%	1.01%	1.17%	1.14%	1.18%
Trading expense ratio <sup>[3]</sup>	0.00%	0.00%	0.00%	0.00%	0.00%
Portfolio turnover rate <sup>[4]</sup>	77.06%	119.28%	84.17%	87.19%	141.16%
Net asset value per unit <sup>[1]</sup>	\$9.40	\$10.02	\$10.31	\$9.86	\$9.70

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

<sup>[2]</sup> 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.

<sup>[3]</sup> 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.

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## FINANCIAL HIGHLIGHTS

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

	6 months ended June 30, 2022	Period from Apr. 30 to Dec. 31, 2021
Net Assets per unit, Beginning of Period <sup>[1]</sup>	\$9.78	\$10.00
<b>Increase (decrease) from operations per unit: <sup>[1]</sup></b>		
Total revenue	0.12	0.15
Total expenses	(0.02)	(0.03)
Realized gains (losses)	(0.24)	0.02
Unrealized gains (losses)	(0.33)	(0.22)
Total increase (decrease) from operations per unit	(0.47)	(0.08)
Distributions per unit from: <sup>[1][2]</sup>		
Income (excluding dividends)	(0.12)	(0.14)
Canadian dividends	-	-
Capital gains	-	-
Return of capital	-	-
Total Distributions per unit	(0.12)	(0.14)
Net Assets per unit, End of Period <sup>[1]</sup>	\$9.17	\$9.78

[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)

	6 months ended June 30, 2022	Period from Apr. 30 to Dec. 31, 2021
Total net asset value (000's) <sup>[1]</sup>	\$220	\$5
Number of units outstanding <sup>[1]</sup>	24,020	507
Management expense ratio <sup>[2]</sup>	0.39%	0.44%
Management expense ratio before waivers and absorptions	0.39%	0.44%
Trading expense ratio <sup>[3]</sup>	0.00%	0.00%
Portfolio turnover rate <sup>[4]</sup>	77.06%	119.28%
Net asset value per unit <sup>[1]</sup>	\$9.17	\$9.78

[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	15.3%	Canada Housing Trust No. 1	15.3%
Canadian Corporate Bonds	78.2%	Canadian Imperial Bank of Commerce	8.6%
United States Corporate Bonds	3.9%	Bank of Montreal	8.4%
Short-Term Securities	3.9%	Royal Bank of Canada	8.3%
Other Net Liabilities	(1.3%)	Bank of Nova Scotia	8.1%
		Toronto-Dominion Bank	7.8%
		Sun Life Financial Inc.	7.7%
		Manulife Financial Corp.	6.2%
		Hyundai Capital Canada Inc.	5.9%
		TransCanada PipELines Ltd.	4.4%
		CARDS II Trust	4.2%
		Guardian Canadian Short-Term Investment Fund, Series I	3.9%
		Rogers Communications Inc.	2.0%
		JPMorgan Chase & Co.	1.9%
		Equitable Bank	1.9%
		Saputo Inc.	1.9%
		Bank of America Corp.	1.9%
		Ventas Canada Finance Ltd.	1.8%
		<b>Top 25 Holdings as a percentage of net asset value</b>	<b>100.2%</b>
		<b>Total Net Asset Value</b>	<b>\$45,236,314</b>


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).



**GUARDIAN CAPITAL**

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This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts, but rather represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements, as a number of factors could cause actual future results, conditions, actions or events to differ materially from the expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments and the effects of competition in the geographic and business areas in which the Fund may invest. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, Guardian Capital LP does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.