

## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

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# GUARDIAN FIXED INCOME SELECT FUND

DECEMBER 31, 2024

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](http://www.guardiancapital.com/investmentsolutions) or SEDAR+ at [www.sedarplus.ca](http://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 primary objective of the Guardian Fixed Income Select Fund (the “Fund”) is to generate an above-average income stream, primarily through investments in investment grade corporate bonds, debentures, notes or other evidence of indebtedness.

The Manager uses a disciplined management approach while employing various analytical tools to identify investments that offer value on a relative basis with a view to maximizing current income while preserving the prospect for some capital growth. The Manager will, under normal conditions, adhere to a laddered approach designed to diversify exposure to various term maturities and maintain portfolio liquidity. The Fund will also be diversified by issuer and by number of issues. The Fund may be invested in foreign pay Canadian issues, real return bonds, mortgage-backed securities and securities of foreign issuers. A maximum of 10% of the Fund may be held in foreign-dominated securities. Debt securities issued or guaranteed by the government of Canada or any Canadian province may be held in the Fund from time to time.

### 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 and with a short to medium term investment horizon.

### Results of Operations

This commentary is based on the performance of Series A 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 13% to \$91.2 million at December 31, 2024 from \$105.0 million at December 31, 2023. Of this change, an increase of

\$6.6 million was provided by investment performance, net of fees and expenses, and a decrease of \$20.4 million was attributable to net redemptions.

Series A units of the Fund posted a return of 7.3% for the year. 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 6.3% for the same period. The Series A return is after the deduction of fees and expenses, unlike the benchmark’s return.

Bond markets delivered positive total returns in 2024, driven by lower inflation, signs of moderating economic growth and easing monetary policy, resulting in a steepening of the yield curve fueled by short-term rates as the Bank of Canada (BoC) reduced its policy rate by 175 basis points from 5.00% to 3.25%, while the Federal Reserve (Fed) lowered the fed funds target rate by 100 basis points from 5.50% to 4.50%. Globally, other central banks took similar measures as the European Central Bank (ECB) lowered its policy rate by 100 basis points while the Bank of England (BoE) lowered rates by 50 basis points.

Domestically, the net result was positive performance across fixed income markets (FTSE Canada Bond Universe Index +4.23%), with short-term bonds (FTSE Canada Short-Term Overall Bond Index +5.70%) outperforming both mid-term (FTSE Canada Mid-Term Overall Bond Index +4.65%) and long-term (FTSE Canada Long-Term Overall Bond Index +1.35%) bonds. Corporate bonds (FTSE Canada All Corporate Bond Index +6.97%) outperformed government bonds (FTSE Canada Government Bond Index +3.31%) as credit spreads on investment grade bonds narrowed (FTSE Canada All Corporate Bond Index – Option-Adjusted Spread (OAS)\* change was -35 basis points) driven by positive credit rating migration, lower refinancing premiums, and well-absorbed supply on new issues. \*OAS is a financial metric used to assess the additional yield investors demand for taking on the risk associated with an option-embedded security.

The Manager expects monetary policy should be supportive of returns for fixed income assets in the near term. However, positive economic surprises may

result in a recalibration of the yield curve, particularly in the mid-and long-term segments. Rate volatility is likely to remain top of mind for investors as markets reassess the path for policy rates against ongoing concerns over the economic outlook, escalating geopolitical tensions in the Middle East and uncertainties around U.S. economic policy.

The Fund outperformed its benchmark over the twelve-month period, primarily driven by changes in credit spreads and yield curve positioning. The Fund's overweight exposure to corporate bonds within the Financial and Real Estate sectors and underweight exposure to Government bonds contributed positively to relative performance. The Fund's overweight exposure to corporate bonds within the Communication sector detracted from performance.

The Fund continues to maintain an overweight exposure in corporate bonds (Financials, Energy, and Real Estate) and underweight exposure in government bonds. The Fund's portfolio is of higher credit quality that provides a higher yield carry relative to the benchmark. The Manager continues to actively seek attractive opportunities to enhance portfolio structure and relative total returns.

The Manager integrates ESG considerations into its investment analysis and stewardship activities with the objective of enhancing long-term investment performance. ESG considerations are evaluated for material financial impact on a company's sustainability and business operations, but which may have a limited role in investment decisions for the Fund. The consideration of ESG issues is only 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. Active engagement and proxy voting are a core part of the Manager's stewardship approach, and the Manager participates in these activities in a manner suitable to the asset class and Fund. Certain securities, such as derivatives, cash, money market instruments, bonds, asset-backed securities, commercial paper or other similar instruments, may not be subject to ESG considerations due to the nature of such instruments.

The Fund's ESG characteristics and performance may change from time to time. Please review the Fund's prospectus for more details on how the Fund's investment strategy incorporates responsible investing considerations and the associated risks. For more information, the Manager posts its annual proxy voting reports, along with an annual Responsible Investing Report and its Responsible Investing Policies on its website:

<https://www.guardiancapital.com/investmentsolutions/>

## Recent Developments

Notwithstanding the likelihood that heightened near-term headline risk associated with politics, along with the still high degree of uncertainty around the near-term path for monetary policy, keeps rate volatility somewhat elevated in the coming months; thus, the ultimate path of least resistance for domestic market yields is likely to be lower as the central bank easing cycle exerts downward pressure on rates.

The impact, however, is likely to be felt more at the front-end of the yield curve where rates are far more sensitive to monetary policy. The result is an expected further steepening of the curve into more "normal" territory, if the spread between 10-year and 2-year government bond yields finally dis-inverts, or turns positive, which would be the first time since the Fall of 2022.

The looming election in Canada suggests a willingness to rein in fiscal spending, while the prospect of the adoption of an expansionary fiscal policy in the US could add upside risk to longer-term rates.

The regime change in the US and the accompanying uncertainty about the returning Administration's approach to economic policy, especially with respect to international relations and trade, has clouded the outlook for not just the US but the entire world. The potential introduction of new tariffs and the prospect of retaliation would have a significant impact on global growth, given that the export of goods and services across borders accounts for roughly one-third of global output. As well, the cost increases associated with tariffs and the potential implications for global

interest rates add to the uncertainty, which has the impact of restraining investment and spending decisions, and the potential for repercussions that would be felt throughout the global economy and financial markets.

### 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 0.07% 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 period.

### 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 period.

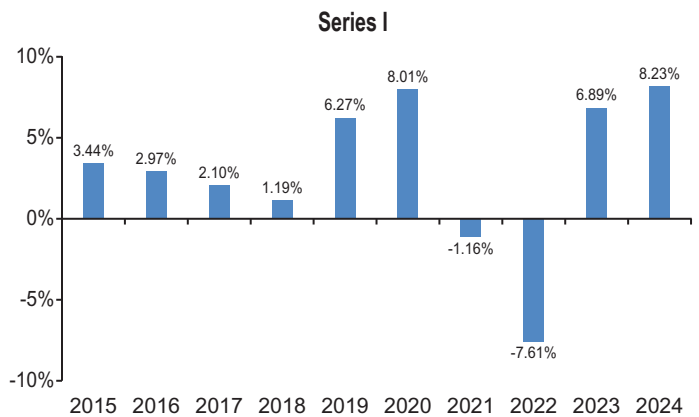
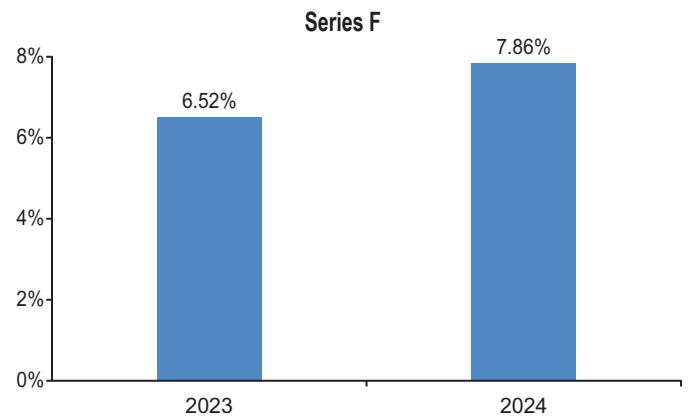
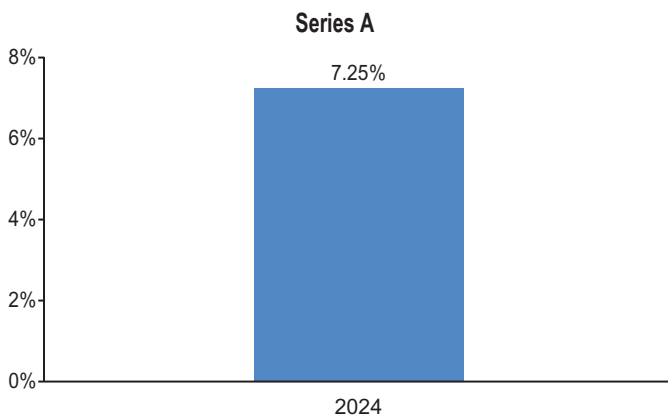
	Series A	Series F	Series I
Investment management and other general administration	37.5%	100.0%	n/a
Trailer Commission	62.5%	n/a	n/a

## 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 to December 31 for each calendar year 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 Units for the periods indicated, as at December 31, 2024. The returns of a broad based market index are also shown.

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception *
Series A (%)	7.25	n/a	n/a	n/a	9.65
Blended Benchmark (%)	6.27	n/a	n/a	n/a	8.13

\* Inception date - November 29, 2023.

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
Series F (%)	7.86	n/a	n/a	n/a	6.77

Blended Benchmark (%)	6.27	n/a	n/a	n/a	6.15
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\* Inception date - December 24, 2022.

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Series I (%)	8.23	2.24	2.67	2.93

Blended Benchmark (%)	6.27	1.85	2.26	2.45
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\* Inception date - April 5, 2012.

The Blended Benchmark is comprised of the following:

- 20% FTSE Canada 1-10 Year Laddered Government Bond Index, an index structured of Government bonds rated "A" or higher and selected from the FTSE Canada Universe Bond Index.
- 80% FTSE Canada 1-10 Year Laddered Corporate Bond Index, an index structured of Corporate bonds rated "A" or higher and selected from the FTSE Canada Universe Bond Index.

## 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, 2024	For the year ended December 31, 2023	For the year ended December 31, 2022
Net Assets per Unit, Beginning of Period <sup>[1]</sup>	\$9.92	\$9.57	\$10.00
<b>Increase (decrease) from operations per Unit:<sup>[1]</sup></b>			
Total revenue	0.37	0.33	0.11
Total expenses	(0.10)	(0.09)	(0.06)
Realized gains (losses)	(0.23)	(0.28)	(0.16)
Unrealized gains (losses)	0.70	1.94	(0.03)
Total increase (decrease) from operations per Unit	0.74	1.90	(0.14)
Distributions per Unit from: <sup>[1][2]</sup>			
Income (excluding dividends)	(0.33)	(0.19)	(0.20)
Canadian dividends	-	(0.01)	(0.01)
Foreign dividends	(0.01)	(0.01)	(0.02)
Capital gains	-	-	-
Return of capital	-	-	-
Total Distributions per Unit	(0.34)	(0.21)	(0.23)
Net Assets per Unit, End of Period <sup>[1]</sup>	\$10.29	\$9.92	\$9.57

[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, 2024	For the year ended December 31, 2023	For the year ended December 31, 2022
Total net asset value (000's) <sup>[1]</sup>	\$205	\$153	\$5
Number of units outstanding <sup>[1]</sup>	19,880	15,455	515
Management expense ratio <sup>[2]</sup>	0.98%	0.96%	0.99%
Management expense ratio before waivers and absorptions	0.98%	0.96%	0.99%
Trading expense ratio <sup>[3]</sup>	-	-	-
Portfolio turnover rate <sup>[4]</sup>	38.14%	25.30%	39.34%
Net asset value per Unit <sup>[1]</sup>	\$10.29	\$9.92	\$9.57

[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.

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

	For the year ended December 31, 2024	For the year ended December 31, 2023	For the year ended December 31, 2022
Net Assets per Unit, Beginning of Period <sup>[1]</sup>	\$9.45	\$9.28	\$10.00
<b>Increase (decrease) from operations per Unit:<sup>[1]</sup></b>			
Total revenue	0.35	0.31	0.14
Total expenses	(0.04)	(0.04)	(0.03)
Realized gains (losses)	(0.19)	(0.29)	(0.14)
Unrealized gains (losses)	0.63	1.80	(0.51)
Total increase (decrease) from operations per Unit	0.75	1.78	(0.54)
Distributions per Unit from: <sup>[1][2]</sup>			
Income (excluding dividends)	(0.41)	(0.38)	(0.50)
Canadian dividends	–	(0.01)	(0.01)
Foreign dividends	(0.01)	(0.02)	(0.04)
Capital gains	–	–	–
Return of capital	–	–	–
Total Distributions per Unit	(0.42)	(0.41)	(0.55)
Net Assets per Unit, End of Period <sup>[1]</sup>	\$9.75	\$9.45	\$9.28

[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, 2024	For the year ended December 31, 2023	For the year ended December 31, 2022
Total net asset value (000's) <sup>[1]</sup>	\$562	\$252	\$55
Number of units outstanding <sup>[1]</sup>	57,577	26,690	5,890
Management expense ratio <sup>[2]</sup>	0.42%	0.43%	0.43%
Management expense ratio before waivers and absorptions	0.42%	0.43%	0.43%
Trading expense ratio <sup>[3]</sup>	–	–	–
Portfolio turnover rate <sup>[4]</sup>	38.14%	25.30%	39.34%
Net asset value per Unit <sup>[1]</sup>	\$9.75	\$9.45	\$9.28

[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.

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

	For the year ended December 31, 2024	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2020
Net Assets per Unit, Beginning of Year <sup>[1]</sup>	\$9.78	\$9.45	\$10.53	\$10.92	\$10.43
<b>Increase (decrease) from operations per Unit:<sup>[1]</sup></b>					
Total revenue	0.36	0.32	0.28	0.28	0.28
Total expenses	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Realized gains (losses)	(0.25)	(0.23)	(0.27)	(0.09)	0.15
Unrealized gains (losses)	0.65	0.56	(0.87)	(0.31)	0.40
Total increase (decrease) from operations per Unit	0.75	0.64	(0.87)	(0.13)	0.82
Distributions per Unit from: <sup>[1][2]</sup>					
Income (excluding dividends)	(0.33)	(0.29)	(0.11)	(0.27)	(0.27)
Canadian dividends	–	(0.01)	–	–	–
Foreign dividends	(0.01)	(0.01)	(0.01)	–	–
Capital gains	–	–	–	–	(0.07)
Return of capital	–	–	–	–	–
Total Distributions per Unit	(0.34)	(0.31)	(0.12)	(0.27)	(0.34)
Net Assets per Unit, End of Year <sup>[1]</sup>	\$10.23	\$9.78	\$9.45	\$10.53	\$10.92

[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 year.

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

**Ratios and Supplemental Data (Series I)**

	For the year ended December 31, 2024	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2020
Total net asset value (000's) <sup>[1]</sup>	\$90,388	\$104,615	\$116,395	\$163,369	\$126,961
Number of units outstanding <sup>[1]</sup>	8,835,570	10,692,656	12,311,030	15,521,348	11,626,841
Management expense ratio <sup>[2]</sup>	0.08%	0.09%	0.09%	0.11%	0.11%
Management expense ratio before waivers and absorptions	0.08%	0.09%	0.09%	0.11%	0.11%
Trading expense ratio <sup>[3]</sup>	–	–	–	–	–
Portfolio turnover rate <sup>[4]</sup>	38.14%	25.30%	39.34%	136.50%	58.51%
Net asset value per Unit <sup>[1]</sup>	\$10.23	\$9.78	\$9.45	\$10.53	\$10.92

[1] This information is provided as at the end of each year 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 year and is expressed as an annualized percentage of daily average net asset value during the year.

[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 year.

[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 December 31, 2024

Portfolio Allocation	% of Net Asset Value
Canadian Bonds	
Federal and Guaranteed	14.2%
Provincial and Guaranteed	5.9%
Corporate	71.5%
United States Bonds	5.2%
Short-Term Securities	2.4%
Other Net Assets (Liabilities)	0.8%
Total	100.0%

Geographic Allocation	% of Net Asset Value
Canada	91.6%
United States of America	5.2%
Short-Term Securities	2.4%
Other Net Assets (Liabilities)	0.8%
Total	100.0%

Top 25 Holdings	% of Net Asset Value
Canada Housing Trust No. 1	9.5%
Government of Canada	7.1%
Bank of Montreal	5.8%
Allied Properties Real Estate Investment Trust	5.7%
Sun Life Financial Inc.	5.6%
TELUS Corporation	5.5%
The Bank of Nova Scotia	5.2%
Province of Ontario	5.0%
TMX Group Limited	4.5%
New York Life Global Funding	3.7%
Choice Properties Real Estate Investment Trust	3.7%
Rogers Communications Inc.	3.2%
Canadian Imperial Bank of Commerce	2.9%
CCL Industries Inc.	2.5%
Royal Bank of Canada	2.1%
Veren Inc.	2.1%
Enbridge Inc.	2.0%
Capital Power Corporation	2.0%
Coastal Gaslink Pipeline Limited Partnership	2.0%
TransCanada PipeLines Limited	1.8%
Videotron Limited	1.8%
JPMorgan Chase & Company	1.5%
Intact Financial Corporation	1.4%
Hydro One Inc.	1.4%
Enbridge Gas Inc.	1.1%

**Top 25 Holdings (as a percentage of NAV) 89.1%**
**Total Net Asset Value: \$91,154,572**



**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](http://www.guardiancapital.com/investmentsolutions)



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