

## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

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# GUARDIAN CANADIAN EQUITY INCOME 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 principal objective of the Guardian Canadian Equity Income Fund (the “Fund”) is the achievement of a high level of stable income, with an attractive total return, by investing primarily in Canadian dividend-paying equity securities and other flow-through securities.

The Manager primarily uses a fundamental, bottom-up approach to security analysis, and seeks out income trusts and higher yielding equities with stable and predictable revenue and cash flow, a diversified customer base, and focused management, and invest in the securities of those which can be obtained at a reasonable price. The Fund will be broadly diversified by issuer. The Fund will maintain a Canadian equity focus, however, due to increased global integration and cross-border corporate transactions, the Fund may invest up to 20% of its market value in individual foreign equities that have either significant business operations in Canada or are listed on the TSX. The Fund may invest in convertible debentures up to a maximum of 20% of the market value of the Fund.

### 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 stable income and capital gains through an investment in primarily income-oriented Canadian equity securities.

### Results of Operations

This commentary is based on the performance of Series W 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 increased by 2% to \$191.7 million at December 31, 2024 from \$187.1 million at December 31, 2023. Of this change, an increase of

\$23.3 million was provided by investment performance, net of fees and expenses, and a decrease of \$18.7 million was attributable to net redemptions.

Series W units of the Fund posted a return of 11.1% for the year. The Fund’s benchmark, the S&P/TSX Composite Index, returned 21.7% for the same period. The Series W return is after the deduction of fees and expenses, unlike the benchmark’s return.

Canadian equities had strong annual returns in 2024, in excess of 21%, as part of a broader rally in large-cap equities globally. In general, Canadian equities as a universe of stocks lagged the U.S. equity market, which was driven by its heavier allocation to technology and growth stocks. Relative performance of the Canadian equity market and the Canadian dollar both declined in the fourth quarter of 2024, as concerns over tariffs and their potential negative impact on the Canadian economy started to weigh heavily on investors. Concerns over Canadian economic growth have also manifested in a big variance in the overnight interest rates, with the Bank of Canada overnight rate at 3.25% versus the U.S. Fed Fund rate of 4.5%.

The Fund underperformed its benchmark in 2024. This was largely due to the poor performance of Open Text and an overweight allocation to the Materials sector, as well as an underweight allocation to the Energy and Financials sectors, which both posted strong returns in 2024. Canadian National Railway Co. also detracted due to falling demand for freight transport by rail.

The largest contributor to performance was positive stock selection the Materials sector, as the top individual contributor to relative returns was Agnico Eagle Mines, which benefited from a significant rise in the price of precious metals in 2024. An underweight allocation to the poorly performing Communication Services sector also contributed to the portfolio’s relative performance. Manulife Financial and Element Fleet Management were also top individual contributors to the Fund’s relative performance.

The Fund established positions in Maple Leaf Food Inc in the second quarter and CCL Industries in the fourth quarter. The Fund sold its positions in Allied

Properties Real Estate Investment Trust in the first quarter, H&R Real Estate Investment Trust and Pembina Pipeline Corp. in the second quarter, and Superior Plus Corp. in the fourth quarter.

The Fund, on a weighted average basis, was underweight the Energy, Communication Services, Utilities and Financials sectors. The Fund had overweight exposures to the Industrials, Information Technology, Financials and Materials sectors.

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

Following another year of solid performance, equity markets generally continue to indicate that a recession has been avoided and that inflation will continue to

moderate over time. While economic growth has moderated, previous rate cuts and expected further rates cuts by central banks in Canada and the US should provide support for the economy and the equity markets, particularly higher dividend paying stocks. While a Trump election victory derailed the rally in dividend stocks towards the end of the year, the Manager believes that the interest rate environment should still be supportive of dividend stocks in the year ahead. However, risks to the overall market remain in the form of geopolitical risks in the Middle East, Ukraine and China, along with the increased uncertainty regarding the potential impacts on the US and Canadian economies from incoming President Trump's policies on tariffs, immigration and spending.

The Energy sector continues to be impacted by negative investor sentiment driven by concerns about a potential oversupplied oil market in 2025. However, the Manager continues to have a constructive outlook on the Energy sector as fundamentals remain healthier than current market sentiment suggests. Oil demand remains healthy and OPEC+ is expected to remain disciplined and to manage production to drive oil prices higher. As well, global inventories remain below average. Energy stocks continue to offer attractive free cash flow yields, shareholder friendly capital return policies and strong balance sheets.

The Utilities sector also looks relatively attractive given the interest rate environment has turned from a headwind into a tailwind for the sector, valuations remain attractive, and their defensive attributes will be in demand if market volatility increases. As well, the operating environment for the underperforming renewable power companies is expected to improve in 2025.

While the Manager no longer views price-earnings multiples as below average for Canadian stocks, valuations remain reasonable. The Manager continues to see good opportunities in high quality dividend stocks that generate steady and growing income to help ride-out volatile markets, as well as provide solid upside potential as central banks continue to lower rates. In addition, the Manager believes Canadian stocks remain well-positioned relative to their US peers

given Canadian stocks provide more attractive relative valuations, following another year of underperforming the US stock market.

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 0.18% 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 may invest some of its available short term cash in money market funds managed by Guardian Capital LP, deemed a related issuer. 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 W 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 W management fee is 1.50% 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.

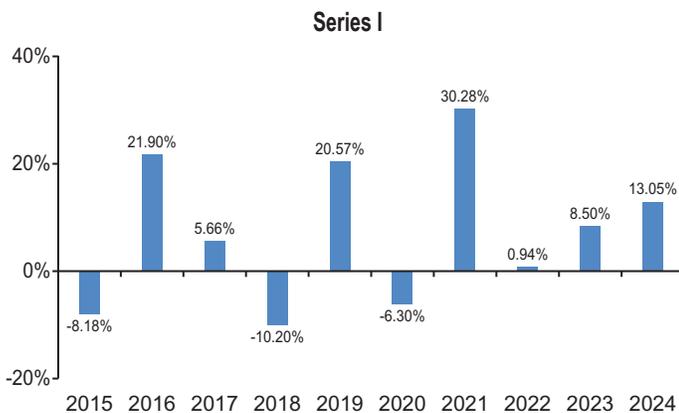
	Series I	Series W
Investment management and other general administration	n/a	33.3%
Trailer Commission	n/a	66.7%

## Past Performance

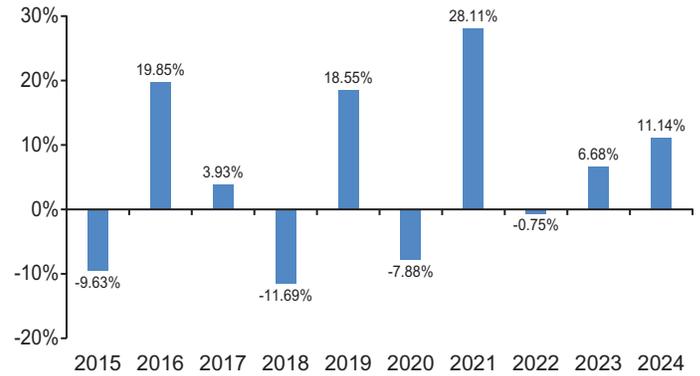
The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. This performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or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



**Series W**



## 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
Series I (%)	13.05	7.38	8.61	6.83

S&P/TSX Composite Index (%)	21.65	8.58	11.08	8.65
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\* Inception date - September 1, 2003.

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Series W (%)	11.14	5.58	6.79	5.05

S&P/TSX Composite Index (%)	21.65	8.58	11.08	8.65
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\* Inception date - May 29, 2012.

The S&P/TSX Composite Index is a broad measure of the Canadian equity markets.

Effective January 1, 2021, the Benchmark for this Fund has changed to the S&P/TSX Composite Index in order to better reflect the Fund's investment strategy. Old Benchmark: The S&P/TSX Composite High Dividend 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 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>	\$21.51	\$20.68	\$21.48	\$17.03	\$19.10
<b>Increase (decrease) from operations per Unit:<sup>[1]</sup></b>					
Total revenue	0.96	0.92	0.87	0.71	0.75
Total expenses	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
Realized gains (losses)	0.58	0.25	0.72	0.87	(0.73)
Unrealized gains (losses)	1.31	0.56	(1.66)	3.56	(1.96)
Total increase (decrease) from operations per Unit	2.80	1.68	(0.12)	5.09	(1.99)
Distributions per Unit from: <sup>[1] [2]</sup>					
Income (excluding dividends)	(0.02)	(0.03)	(0.01)	-	-
Canadian dividends	(0.81)	(0.82)	(0.75)	(0.64)	(0.76)
Foreign dividends	(0.03)	(0.04)	0.01	-	-
Capital gains	-	-	(0.23)	-	-
Return of capital	-	-	-	-	-
Total Distributions per Unit	(0.86)	(0.89)	(1.00)	(0.64)	(0.76)
Net Assets per Unit, End of Year <sup>[1]</sup>	\$23.42	\$21.51	\$20.68	\$21.48	\$17.03

[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>	\$190,562	\$186,022	\$197,991	\$156,220	\$128,652
Number of units outstanding <sup>[1]</sup>	8,135,491	8,648,608	9,573,012	7,272,373	7,556,794
Management expense ratio <sup>[2]</sup>	0.20%	0.20%	0.20%	0.21%	0.20%
Management expense ratio before waivers and absorptions	0.20%	0.20%	0.20%	0.21%	0.20%
Trading expense ratio <sup>[3]</sup>	0.03%	0.03%	0.03%	0.04%	0.09%
Portfolio turnover rate <sup>[4]</sup>	17.22%	13.84%	17.99%	46.87%	63.70%
Net asset value per Unit <sup>[1]</sup>	\$23.42	\$21.51	\$20.68	\$21.48	\$17.03

[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.

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

	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>	\$14.86	\$14.28	\$14.72	\$11.68	\$13.08
<b>Increase (decrease) from operations per Unit:<sup>[1]</sup></b>					
Total revenue	0.66	0.63	0.23	0.48	0.52
Total expenses	(0.30)	(0.28)	(0.29)	(0.31)	(0.31)
Realized gains (losses)	0.40	0.17	0.04	0.56	(0.45)
Unrealized gains (losses)	0.86	0.35	(0.33)	2.22	(1.51)
Total increase (decrease) from operations per Unit	1.62	0.87	(0.35)	2.95	(1.75)
Distributions per Unit from: <sup>[1][2]</sup>					
Income (excluding dividends)	(0.01)	(0.01)	–	–	–
Canadian dividends	(0.50)	(0.34)	(0.23)	(0.22)	(0.33)
Foreign dividends	(0.02)	(0.02)	–	–	–
From foreign dividends	–	–	–	–	–
Capital gains	–	–	(0.10)	–	–
Return of capital	–	–	–	–	–
Total Distributions per Unit	(0.53)	(0.37)	(0.33)	(0.22)	(0.33)
Net Assets per Unit, End of Year <sup>[1]</sup>	\$15.97	\$14.86	\$14.28	\$14.72	\$11.68

[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 W)**

	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>	\$1,094	\$1,059	\$1,096	\$1,001	\$549
Number of units outstanding <sup>[1]</sup>	68,519	71,308	76,699	68,010	47,018
Management expense ratio <sup>[2]</sup>	1.90%	1.90%	1.90%	1.90%	1.90%
Management expense ratio before waivers and absorptions	1.90%	1.90%	1.90%	1.90%	1.90%
Trading expense ratio <sup>[3]</sup>	0.03%	0.03%	0.03%	0.04%	0.09%
Portfolio turnover rate <sup>[4]</sup>	17.22%	13.84%	17.99%	46.87%	63.70%
Net asset value per Unit <sup>[1]</sup>	\$15.97	\$14.86	\$14.28	\$14.72	\$11.68

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## SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2024

Portfolio Allocation	% of Net Asset Value
Communication Services	3.6%
Consumer Discretionary	2.0%
Consumer Staples	1.4%
Energy	21.5%
Financials	28.3%
Health Care	2.3%
Industrials	9.8%
Information Technology	3.4%
Materials	9.3%
Real Estate	5.4%
Utilities	9.8%
Short-Term Securities	2.9%
Other Net Assets (Liabilities)	0.3%
<b>Total</b>	<b>100.0%</b>

Top 25 Holdings	% of Net Asset Value
Royal Bank of Canada	8.0%
The Toronto-Dominion Bank	5.2%
Agnico Eagle Mines Limited	4.9%
Enbridge Inc.	4.6%
Bank of Montreal	4.5%
Canadian Natural Resources Limited	4.5%
Manulife Financial Corporation	4.2%
Canadian National Railway Company	4.1%
Suncor Energy Inc.	3.6%
Open Text Corporation	3.4%
Element Fleet Management Corporation	3.4%
Intact Financial Corporation	3.3%
AltaGas Limited	3.2%
The Bank of Nova Scotia	3.1%
Government of Canada, Treasury Bills	2.9%
ARC Resources Limited	2.4%
Finning International Inc.	2.3%
Pembina Pipeline Corporation	2.3%
Nutrien Limited	2.3%
Chartwell Retirement Residences	2.3%
Keyera Corporation	2.2%
TELUS Corporation	2.0%
Restaurant Brands International Inc.	2.0%
Brookfield Infrastructure Partners Limited Partnership	1.9%
TC Energy Corporation	1.9%

**Top 25 Holdings (as a percentage of NAV) 84.5%**
**Total Net Asset Value: \$191,656,687**



**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.

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