Guardian

GUARDIAN CAPITAL GROUP LIMITED
Report to Shareholders

THIRD QUARTER
SEPTEMBER 30, 2019

TO OUR SHAREHOLDERS:

We present below a summary of the Company's operating results for the period ended September 30, 2019. All per share figures disclosed below are stated on a diluted basis.

For the periods ended September 30	**Three months**		**Nine months**	
($ in thousands, except per share amounts)	**2019**	2018	**2019**	2018
Net revenue	**$ 45,983**	$ 42,773	**$ 136,237**	$ 127,213
Operating earnings	**12,105**	12,444	**35,871**	34,250
Net gains (losses)	**(1,274)**	28,481	**72,566**	33,349
Net earnings attributable to shareholders	**8,275**	34,320	**92,333**	53,497
EBITDA (1)	**$ 16,036**	$ 15,562	**$ 46,783**	$ 41,346
Adjusted cash flow from operations (1)	**13,053**	11,083	**36,081**	30,157
Per share:				
Net earnings attributable to shareholders	**$ 0.31**	$ 1.21	**$ 3.37**	$ 1.89
EBITDA (1)	**0.59**	0.55	**1.72**	1.46
Adjusted cash flow from operations (1)	**0.48**	0.39	**1.33**	1.07

As at	**2019**	**2018**	
($ in millions, except per share amounts)	**September 30**	December 31	September 30
Assets under management	**$ 30,243**	$ 26,962	$ 29,185
Assets under administration	**19,040**	17,385	18,096
Shareholders' equity	**654**	599	670
Securities	**664**	627	688
Per share:			
Shareholders' equity (1)	**$ 23.93**	$ 21.57	$ 23.57
Securities (1)	**24.30**	22.58	24.20

Summary

The Company's Operating earnings for the quarter ended September 30, 2019 were $12.1 million, a 3% decrease compared to $12.4 million during the same quarter in the prior year.

The Net revenue increased to $46.0 million in the current quarter, $3.2 million or 8% higher than the $42.8 million in the same quarter in the prior year. The Net management fees earned in the current quarter increased $2.3 million to $24.3 million, a 10% increase from the same period in the prior year. This revenue growth outpaced the growth in assets under management ("AUM") of 4% during the same period, an indication of our improving average fee rate. The largest contribution to the revenue growth came from the UK operations, which continued to experience a significant inflow of new client assets into the Fundamental Global Equity strategy. The total AUM managed by this UK subsidiary is now $3.5 billion. Partially offsetting the revenue growth from the Fundamental Global Equity strategy was the decrease in contributions from the domestic investment management business. Net commission revenue increased slightly by $0.3 million to $11.8 million in the current quarter, compared to the same period in the prior year. Administrative services income increased by $0.6 million to $4.1 million, when compared to the prior year. The increase was largely in the Financial Advisory Segment.

Offsetting the increase in Net revenue was the increase in expenses to $33.9 million in the current quarter, $3.6 million higher than the prior year expenses of $30.3 million. The increased expenses were largely incurred in the UK investment management business and the Dealers, to support the growth of these businesses, including increased incentive compensation costs in the UK.

The volatility in the global financial markets continues to drive significant fluctuations in the quarterly Net gains (losses) associated with the changes in fair value of our Securities and the effects of changes in foreign currency exchange rates on the foreign currency denominated loan. Net losses in the current quarter were $1.3 million, compared to Net gains of $28.5 million in the prior year.

The Company's Net earnings attributable to shareholders in the current quarter were $8.3 million, compared to $34.3 million in the prior year. The lower Net earnings attributable to shareholders in the current quarter were largely due to the Net losses recorded in the current quarter compared to the large Net gains in the prior year and lower Operating earnings in the current quarter, as described above.

The Company's AUM was $30.2 billion as at September 30, 2019, compared to $27.0 billion at the end of 2018 and $29.2 billion as at September 30, 2018. The increase in AUM is due largely to the combination of positive financial market performance and successes in attracting net new assets into the Fundamental Global Equity strategy, partially offset by net outflows from the domestic strategies. The Company's assets under administration were $19.0 billion as at September 30, 2019, compared to $17.4 billion at the end of 2018 and $18.1 billion as at September 30, 2018.

EBITDA[1] for the current quarter was $16.0 million, or $0.59 per share, compared to $15.6 million, or $0.55 per share for 2018, a 3% increase, 7% on a per share basis. Adjusted cash flow from operations[1] for the current quarter was $13.1 million, or $0.48 per share, compared to $11.1 million, or $0.39 per share for 2018, a 18% increase, 23% on a per share basis. The initial adoption of a new accounting standard, IFRS 16 – Leases, impacted the growth in these measures as the Company elected to apply the new standard on a modified retrospective basis and not restate prior period figures. As a result, the prior period figures are not entirely comparable with current period figures. The new accounting standard had the effect of increasing the EBITDA[1] by $0.7 million and the Adjusted cash flow from operations[1] by $0.5 million in the current quarter, compared to what they would have been under the previous standard.

The Company's Shareholders' equity as at September 30, 2019 was $654 million, or $23.93 per share[1], compared to $599 million, or $21.57 per share[1] as at December 31, 2018, and $670 million, or $23.57 per share[1], as at September 30, 2018. The fair value of the Company's Securities as at September 30, 2019 was $664 million, or $24.30 per share[1], compared to $627 million, or $22.58 per share[1], as at December 31, 2018, and $688 million or $24.20 per share[1], as at September 30, 2018.

[1] These terms do not have standardized measures under International Financial Reporting Standard ("IFRS"). These non-IFRS measures used by the Company are defined in the quarterly Management's Discussion and Analysis, including a reconciliation of these measures to their most comparable IFRS measures.

Commentary

Market Recap

Performance across the financial markets over the first nine months of 2019 gives the indication that it has been a banner year for investors, no matter their focus. While there have been instances of investor optimism drifting through the bounds of euphoria, such events have proven short-lived, however the march to all-time highs in the markets has come despite the markets being anything but calm, cool or collected. The driving force behind the angst is the persistently high uncertainty regarding the direction of policy and its implications for the economic outlook for the world.

During the third quarter, investors in developed equity markets experienced generally positive performance; the S&P/TSX Composite Index had a total return of 2.5%, with a cumulative trailing twelve-month total return of 7.1%, and the S&P 500 had a total return of 1.7%, with a cumulative trailing twelve month total return of 4.3%. Globally, fixed income assets, with continued monetary easing policy amongst the world's Central Banks, had positive returns, with corporate bonds generally outperforming those of governments. Despite these generally positive financial markets, the global economy continued to show signs that growth is slowing. Purchasing Manager Index (PMIs), a leading indicator of manufacturing activity in most major economies continue to trend lower, while commodity prices generally declined, also indicating slowing growth. Even oil managed to decline despite an attack on Saudi oil infrastructure that resulted in the halving of Saudi oil production. Trade tensions, particularly between the United States and China, Brexit, and now impeachment proceedings against President Trump, are all adding to uncertainty. Even with this uncertainty restraining activity, underlying economic growth trends remain intact thanks to continued strength from consumers, underpinning the expansion of the broad service sectors.

Investment Management

At the end of the third quarter of 2019, Guardian's assets under management (AUM) reached $30.2 billion, a marginal increase from $30.1 billion at the end of the second quarter. Positive market returns and continuing new client flows into our Fundamental Global Equity team were positive factors in our AUM growth, offset by net sales outflows from parts of our domestic suite of solutions. Year to date, our UK based Fundamental Global Equity Team continues to deliver strong relative returns against both the relevant indices benchmarks and peer group. During the past year, we have also re-emerged the suite of top-quartile performing strategies at Guardian from our two other non-Canadian investment teams. The Guardian Systematic team using quantitative machine learning and artificial intelligence-driven processes has generated top quartile relative returns for our flagship Global Dividend strategy. Alta, our US-based fundamental equity management team focused on US quality growth stocks, has generated significant relative outperformance against both the S&P500 and dedicated Russell growth equity benchmarks, year to date and over the past year. Both teams remained committed to their investment processes during brief periods of underperformance and delivered outperformance during a period of greater market volatility, which is validation of their respective processes. We are hopeful that the performance improvements at Alta and our Systematic team will translate into strong positive net sales in the near to mid-term. Both investment teams have a strong, loyal following through retail intermediaries across a diversified roster of financial sponsors, primarily broker dealers, where the strategies are promoted to advisors using separately managed wrap accounts. Good relative performance and consistent sales and service support to these advisors excite us on the possibility of reigniting improved net sales for these two highly capable investment teams.

Seasonally, the third quarter has a tendency to be a quieter period due to many people "selling in May and going away" to enjoy summer vacations and indeed the frantic pace of new business in the first half of the year did slow down in the third quarter, however the pipeline of new prospects, from investors around the globe, continues to remain very high for our Fundamental Global Equity strategy. We are confident that meaningful positive net flows can continue in the foreseeable future, barring any surprises. Although the Fundamental Global Equity flows can mitigate possible domestic business net losses, we prefer that some of our recent relative outperformance for our quant-driven Global Dividend strategy and Alta-managed US equity portfolios can also join the effort to generate meaningful positive net new sales flows. The successful build of a diverse set of non-Canadian investment capabilities also allows us the patience to maintain our commitment to a relatively large Canadian investment operation. Our long-standing experience, over decades of managing the asset class has shown that Canadian equities can have long cyclical trends, but ultimately over the long term our commitment to the asset class differentiates us from less confident and less resilient peers, providing meaningful value add to investor returns and benefit when cyclicality returns in favor of the asset class.

Over the past decade, Guardian has invested in a diverse set of investment teams with wide appeal across types of clients and geographies. Investment strategies using skilled and proven fundamental processes or cutting-edge quantitative processes that have domain expertise with machine learning and artificial intelligence applications has built a richness of investment solutions for single asset class products or multi managed solutions, public or private, traditional or liquid alternatives. Our curiosity and interest as an investor has cultivated a richness and diverse set of investment solutions that we believe are relevant to the current demands and needs of asset owners. Although we are unlikely to ever overshadow our passion for research and product development, our greatest priority year to date has been the search and focus on hiring senior and established professionals to build up our distribution and client servicing capabilities in Canada and in select US and international geographies. Successfully adding such hires should help us generate interest in our diverse product line across a wide section of client segments that include traditional channels of focus, such as institutional public or private pension plans, endowments, family offices, third party retail intermediaries as well as strategically focusing on segments of the direct retail advisor channel. In the quarters to follow we expect to add additional resources to enhance our distribution capabilities and in doing so we are expecting associated costs to rise but we ultimately see this as a valuable investment for future growth in revenues.

Financial Advisory

Worldsource, our Financial Advisory Segment, essentially serves two distinct types of independent financial advisors across Canada. It operates a mutual fund and securities dealership (the "Dealers") which focuses largely on independent financial advisors offering investment advice to their clients, and it operates a Managing General Agency (the "MGA") which is focused on servicing independent life insurance advisors. Over the past year, we have strengthened the management leadership team at the Dealers with several experienced hires who have spent the year focusing on identifying and bringing on board new services, people and technology that will allow us to improve our offerings to our advisor partners and their end clients. As part of this overall effort to improve the quality of the experience delivered by our dealership, the leadership team has also spent a great deal of time engaging with our partners to ensure better communication between the Dealer and its advisors. The tone of feedback we are getting from our advisor base and other partners is trending positive, giving us confidence that the issues we have had implementing our new back office system in our mutual fund dealership are largely resolved. We are focusing on moving ahead with creating and introducing new products and services that will offer advisors the potential to improve their efficiency in dealing with their clients, help them add new clients, and potentially gain additional assets from existing clients. Recently we have seen improved momentum for new advisors joining our platform, and the pipeline for additional advisor recruits is steadily growing. In the third quarter, Worldsource assets under administration ("AUA") increased to $19.0 billion up from $18.1 billion on September 30 2018 and $17.4 billion at year-end 2018. The growth is primarily reflective of market returns, with some benefit from net recruitment of advisors. Expenses remain slightly elevated from historical trends, as we continue to add capacity to our operations and technology teams, as we accept these higher costs as a prerequisite to ensuring resources are in place to successfully plan a more aggressive recruitment campaign to add independent advisors and institutional corporate advisor led firms onto our platform.

Our MGA business unit had another positive quarter, although slightly lower than in prior quarters due to the lumpy nature of some very large life policy cases. With pending business at an all-time high of more than $4 billion of face value, we expect strong revenue levels in the quarters to follow. Over the past twelve months, more than $12 billion of face value of life insurance has been placed through our MGA representing a meaningful market share of total life insurance sales in Canada during that period.

Corporate Securities

In addition to the strength in our Investment Management and Financial Advisory business segments, steady and reliable investment income from our corporate portfolio has been a meaningful contributor to Guardian's profitability. At the end of the Q3, our investment portfolio was valued at $664 million and generated total dividend income of $4.8 million. Our holding in Bank of Montreal stock has been the most dominant source of dividend income, but it has been decreasing in importance as we have cautiously diversified from a higher concentration of BMO over the last several years. In the third quarter, BMO dividends contributed $3.6 Million to Guardian and no BMO shares were sold in the quarter, leaving the total holding at 3,500,000 shares, down from 3,700,000 at prior year end. BMO accounts for 51% of our investment holdings vs 57% in Q3 2018 and 53% in Q4 2018. The balance of the portfolio is largely invested in Global, Emerging Market and US products managed by various in-house portfolio management teams, along with smaller, but still significant holdings in our Canadian direct real estate fund, and fixed-income mandates. We will continue to utilize our balance sheet to seed new strategies, and to support growth in our investment management business.

Capital Allocation

Quality companies generate strong cash flows and, as we grow these financial metrics, Guardian is committed to balancing the distribution of these cash flows between investing sufficient funds into the business for future growth and returning an ever-increasing amount of cash to its shareholders. Through the first nine months of the year ending 30th September 2019, Guardian has returned roughly $11.5 million to shareholders through dividends, while $10.4 million was spent on share buybacks. Guardian has historically focused and will continue to allocate its free cash flow on growth initiatives, dividend growth and share buybacks. With respect to share buybacks, there has been a fair bit of public debate on the subject, as many executive management teams of public companies have prioritized this capital allocation decision at the expense of increased leverage on the balance sheet or resisting further capital allocation towards growth investment for future business successes. At Guardian, our buyback program has not diminished the quality of our balance sheet nor have we starved significant capital allocation for future growth initiatives. We have balanced all of the above with tremendous consideration for all constituents and feel, as stewards for all shareholders invested for the long-term, we are prepared to buy more of the Company for all existing shareholders. Even the most conservatively constructed net asset value for our operating Company and its holdings is valued considerably higher than the current market value. In April, we increased our quarterly dividend from $0.125 per share to $0.15 per share. The Board is pleased to report that we have again declared a quarterly dividend of $0.15 per share, payable on January 17, 2020 to the shareholders of record on January 10, 2020.

Our core values at Guardian are to be Trustworthy, to act with Integrity and to ensure Stability throughout the organization. Clients, Shareholders, Employees, Partners and other stakeholders of Guardian should be assured that, from top to bottom, our organization embraces the responsibilities with which we are entrusted very seriously, and is continuously striving to make improvements to all aspects of how we do business. As long as we continue to live up to these expectations, all of our stakeholders should expect to benefit from our success.

On behalf of the Board, November 7, 2019

(signed) "James Anas" (signed) "George Mavroudis"

Chairman of the Board President and Chief Executive Officer

CONSOLIDATED BALANCE SHEETS (Unaudited)

As at *($ in thousands)*	September 30 2019	December 31 2018
ASSETS		
Current assets		
Cash	$ 34,126	$ 32,362
Interest-bearing deposits with banks	41,808	61,730
Accounts receivable and other	49,089	43,854
Receivables from clients and broker	44,541	57,712
Income taxes receivable	596	3,259
Securities backing third party investor liabilities (note 3)	11,658	852
	181,818	199,769
Securities (note 4)	664,091	627,220
Other assets		
Deferred tax assets	1,485	1,469
Intangible assets	118,088	120,480
Equipment (note 2b)	16,856	5,170
Goodwill	34,161	34,760
	170,590	161,879
Total assets	$ 1,016,499	$ 988,868
LIABILITIES		
Current liabilities		
Bank loans and borrowings (note 5)	$ 120,393	$ 138,902
Third party investor liabilities (note 3)	11,658	852
Client deposits	41,743	61,747
Accounts payable and accrued liabilities (note 6)	47,412	47,449
Lease obligations (note 2b)	2,324	--
Income taxes payable	1,932	605
Payable to clients	48,879	56,147
	274,341	305,702
Lease obligations (note 2b)	11,214	--
Other liabilities (note 6)	19,893	25,650
Deferred tax liabilities	47,093	45,537
Total liabilities	352,541	376,889
EQUITY		
Shareholders' equity		
Capital stock (note 7a and 7b)	18,734	19,060
Treasury stock (note 8a)	(28,210)	(25,235)
Contributed surplus	19,392	17,600
Retained earnings	629,813	560,479
Accumulated other comprehensive income	14,254	27,407
	653,983	599,311
Other equity interests	9,975	12,668
Total equity	663,958	611,979
Total liabilities and equity	$ 1,016,499	$ 988,868

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (Unaudited)

For the periods ended September 30	**Three months**		**Nine months**	
($ in thousands, except per share amounts)	**2019**	2018	**2019**	2018
Net revenue				
Commission revenue	**$ 36,708**	$ 36,762	**$ 110,203**	$ 106,896
Commissions paid to advisors	**(24,896)**	(25,263)	**(73,457)**	(73,778)
Net commission revenue	**11,812**	11,499	**36,746**	33,118
Management fees	**25,909**	23,670	**74,577**	71,228
Fees paid to referring agents	**(1,616)**	(1,639)	**(4,755)**	(4,693)
Net management fees	**24,293**	22,031	**69,822**	66,535
Administrative services income	**4,090**	3,496	**12,007**	10,238
Dividend and interest income (note 9)	**5,788**	5,747	**17,662**	17,322
	45,983	42,773	**136,237**	127,213
Expenses				
Employee compensation and benefits	**20,057**	17,525	**58,486**	54,200
Amortization	**3,595**	2,714	**10,281**	7,388
Interest	**1,027**	1,192	**3,282**	2,623
Other expenses	**9,199**	8,898	**28,317**	28,752
	33,878	30,329	**100,366**	92,963
Operating earnings	**12,105**	12,444	**35,871**	34,250
Net gains (losses) (note 10)	**(1,274)**	28,481	**72,566**	33,349
Earnings before taxes	**10,831**	40,925	**108,437**	67,599
Income tax expense	**1,879**	5,846	**13,785**	11,554
Net earnings	**$ 8,952**	$ 35,079	**$ 94,652**	$ 56,045
Other comprehensive income (loss)				
Net change in foreign currency translation on foreign subsidiaries	**1,398**	(6,695)	**(13,892)**	7,872
Comprehensive income	**$ 10,350**	$ 28,384	**$ 80,760**	$ 63,917
Net earnings attributable to:				
Shareholders	**$ 8,275**	$ 34,320	**$ 92,333**	$ 53,497
Non-controlling interests	**677**	759	**2,319**	2,548
	$ 8,952	$ 35,079	**$ 94,652**	$ 56,045
Net earnings attributable to shareholders per Class A and Common share (note 11)				
Basic	**$ 0.32**	$ 1.28	**$ 3.57**	$ 1.99
Diluted	**0.31**	1.21	**3.37**	1.89
Comprehensive income attributable to:				
Shareholders	**$ 9,374**	$ 28,441	**$ 79,180**	$ 60,642
Non-controlling interests	**976**	360	**1,580**	3,275
Comprehensive income	**$ 10,350**	$ 28,801	**$ 80,760**	$ 63,917

CONSOLIDATED STATEMENTS OF EQUITY (Unaudited)

For the periods ended September 30	Three months		Nine months	
($ in thousands)	**2019**	2018	**2019**	2018
Total equity, beginning of period	**$ 658,453**	$ 660,051	**$ 611,979**	$ 641,204
Shareholders' equity, beginning of period	**647,983**	644,956	**599,311**	634,416
Capital stock, beginning of period	**18,734**	19,500	**19,060**	19,871
Acquired and cancelled (note 7c)	**--**	--	**(326)**	(371)
Capital stock, end of period	**18,734**	19,500	**18,734**	19,500
Treasury stock, beginning of period	**(28,230)**	(25,523)	**(25,235)**	(23,764)
Acquired (note 8a)	**--**	--	**(2,995)**	(2,255)
Disposed of (note 8a)	**20**	280	**20**	776
Treasury stock, end of period	**(28,210)**	(25,243)	**(28,210)**	(25,243)
Contributed surplus, beginning of period	**18,762**	16,324	**17,600**	15,882
Stock-based compensation expense	**650**	669	**1,812**	1,483
Redemption of equity-based entitlements	**(20)**	(65)	**(20)**	(437)
Contributed surplus, end of period	**19,392**	16,928	**19,392**	16,928
Retained earnings, beginning of period	**625,562**	615,966	**560,479**	617,179
Initial application of new accounting standard (note 2b)	**--**	--	**767**	--
Adjusted balance, beginning of period	**625,562**	615,966	**561,246**	617,179
Net earnings	**8,275**	34,320	**92,333**	53,497
Dividends declared and paid (note 7d)	**(4,024)**	(3,482)	**(11,525)**	(9,799)
Capital stock acquired and cancelled (note 7c)	**--**	--	**(10,035)**	(12,830)
Transactions with non-controlling interests (note 15)	**--**	--	**(2,206)**	(1,243)
Retained earnings, end of period	**629,813**	646,804	**629,813**	646,804
Accumulated other comprehensive income, beginning of period	**13,155**	18,689	**27,407**	5,248
Other comprehensive income (loss)	**1,099**	(6,296)	**(13,153)**	7,145
Accumulated other comprehensive income, end of period	**14,254**	12,393	**14,254**	12,393
Shareholders' equity, end of period	**653,983**	670,382	**653,983**	670,382
Other equity interests, beginning of period	**10,470**	15,095	**12,668**	6,788
Non-controlling interests, beginning of period	**29,606**	31,067	**31,674**	6,788
Initial application of new accounting standard (note 2b)	**--**	--	**96**	--
Adjusted balance, beginning of period	**29,606**	31,067	**31,770**	6,788
Net earnings	**677**	759	**2,319**	2,548
Other comprehensive income (loss)	**299**	(399)	**(739)**	727
Dividends declared and paid	**(715)**	(892)	**(2,131)**	(1,545)
Transactions with non-controlling interests (note 15)	**--**	--	**(1,352)**	(639)
Acquisition of subsidiary	**--**	--	**--**	22,656
Non-controlling interests, end of period	**29,867**	30,535	**29,867**	30,535
Obligations to non-controlling interests, beginning of period	**(19,136)**	(15,972)	**(19,006)**	--
On acquisition of subsidiary	**--**	--	**--**	(14,404)
Change during period	**(756)**	(176)	**(886)**	(1,744)
Obligations to non-controlling interests, end of period	**(19,892)**	(16,148)	**(19,892)**	(16,148)
Other equity interests, end of period	**9,975**	14,387	**9,975**	14,387
Total equity, end of period	**$ 663,958**	$ 684,769	**$ 663,958**	$ 684,769

CONSOLIDATED STATEMENTS OF CASH FLOW (Unaudited)

For the periods ended September 30	Three months		Nine months	
($ in thousands)	**2019**	2018	**2019**	2018
Operating activities				
Net earnings	**$ 8,952**	$ 35,079	**$ 94,652**	$ 56,045
Adjustments for:				
Income taxes (paid)	**(2,056)**	(3,471)	**(7,827)**	(9,371)
Income tax expense	**1,879**	5,846	**13,785**	11,554
Net (gains) losses	**1,274**	(28,481)	**(72,566)**	(33,349)
Amortization of intangible assets	**2,746**	2,455	**7,776**	6,668
Amortization of equipment	**848**	259	**2,505**	720
Stock-based compensation	**650**	669	**1,812**	1,483
Other non-cash expenses	**(40)**	24	**(116)**	156
	14,253	12,380	**40,021**	33,906
Net change in non-cash working capital items (note 13)	**8,496**	5,721	**(3,331)**	(4,309)
Net cash from operating activities	**22,749**	18,101	**36,690**	29,597
Investing activities				
Net (acquistion) disposition of securities	**(1,652)**	3,616	**21,180**	3,922
Income taxes (paid) refunded	**--**	1,661	**--**	(1,191)
Net (acquisition) disposition of securities backing third party investor liabilities	**6,418**	(273)	**(11,255)**	407
Acquisition of intangible assets	**(1,195)**	(2,333)	**(8,383)**	(26,433)
Acquisition of equipment	**(322)**	(1,239)	**(718)**	(2,451)
Disposition of intangible assets	**344**	267	**1,946**	1,505
Acquisition of subsidiary	**--**	--	**--**	(56,327)
Net cash from (used in) investing activities	**3,593**	1,699	**2,770**	(80,568)
Financing activities				
Dividends paid to shareholders	**(4,024)**	(3,482)	**(11,525)**	(9,799)
Dividends paid to non-controlling interests	**(715)**	(892)	**(2,131)**	(1,545)
Acquisition and cancellation of capital stock	**--**	--	**(10,361)**	(13,201)
Acquisition of treasury stock	**--**	--	**(2,995)**	(2,255)
Disposition of treasury stock	**20**	280	**20**	776
Net proceeds (repayments) of bank loan and bankers' acceptances	**(9,136)**	(9,263)	**(18,721)**	91,396
Principal payments on lease obligations	**(533)**	--	**(1,529)**	--
Net subscriptions (redemptions) by third party investors	**(6,418)**	273	**11,255**	(407)
Acquisition of non-controlling interests (note 15)	**--**	--	**(4,462)**	(1,882)
Issuance of non-controlling interests (note 15)	**--**	--	**904**	--
Net cash from (used in) investing activities	**(20,806)**	(13,084)	**(39,545)**	63,083
Foreign exchange				
Net effect of foreign exchange rate changes on cash balances	**77**	(79)	**(47)**	121
Net change in net cash	**5,613**	6,637	**(132)**	12,233
Net cash, beginning of period	**19,432**	36,724	**25,177**	31,128
Net cash, end of period	**$ 25,045**	$ 43,361	**$ 25,045**	$ 43,361
Net cash represented by:				
Cash			**$ 34,126**	$ 45,172
Net bank indebtedness			**(9,081)**	(1,811)
			$ 25,045	$ 43,361

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. REPORTING ENTITY

Guardian Capital Group Limited ("Guardian") is a publicly traded company with its common and class A shares listed on the Toronto Stock Exchange. Guardian is incorporated under the laws of the Province of Ontario, and its principal business office is located at Suite 3100, 199 Bay Street, Toronto, Ontario. Guardian, through its subsidiaries, provides investment management and financial advisory services to a wide range of clients in Canada and abroad, and maintains and manages a proprietary investment portfolio.

2. ACCOUNTING POLICIES

(a) Basis of Preparation

These unaudited consolidated interim financial statements include the accounts of Guardian and its subsidiaries (together, the "Company") and have been prepared under International Financial Reporting Standards ("IFRS"), in compliance with International Accounting Standard 34, *Interim Financial Reporting*, using the same accounting policies as those used in the Company's consolidated financial statements for the year ended December 31, 2018, except for the adoption of IFRS 16 – *Leases* ("IFRS 16") on January 1, 2019. The new standard is discussed in more detail below. IFRS 16 was adopted on a modified retrospective basis and, as a result, the prior period figures have not been restated. Certain information and disclosure normally included in annual financial statements prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed in these consolidated interim financial statements. These consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2018, which are included in the Company's 2018 annual report.

These consolidated interim financial statements are presented in Canadian dollars, which is Guardian's functional currency. In these notes, all dollar amounts and numbers of shares are stated in thousands. Per share amounts and option exercise prices are stated in dollars and cents.

Certain reclassifications have been made to the 2018 comparative financial information in order to conform to the current period's presentation.

These consolidated interim financial statements were authorized for issuance by the Board of Directors of Guardian on November 7, 2019.

(b) Changes in Accounting Policies

On January 13, 2016, the IASB issued IFRS 16, which replaces IAS 17 *Leases* ("IAS 17") effective for annual periods beginning on or after January 1, 2019. The Company therefore implemented IFRS 16 effective January 1, 2019. The standard provides a single lease accounting model for lessees, under which substantially all leases will be accounted for as asset acquisitions financed by lease obligations. Generally, the asset and lease obligation recognized will be equal to the present value of the contractual lease payments, with adjustment for certain amounts. The asset will be recorded as "Right of use assets", as part of Equipment, and the liability will be recorded as either current or non-current "Lease obligations". The Right of use assets will be amortized over their useful lives, which will generally be the lease terms. Lease payments will be accounted for as repayments of the Lease obligation, and interest will be recorded on the obligation. This differs from IAS 17, under which most of the Company's leases did not result in the recognition of an asset or a lease obligation. In addition, under IAS 17, the Company's lease payments were expensed over the terms of the leases as part of Other expenses.

As permitted, the Company elected to apply IFRS 16 on a modified retrospective basis using certain practical expedients, which did not require restatement of prior period balances. As a result, the comparative figures for 2018 have not been restated and are not entirely comparable with the 2019 figures. As permitted, the Company elected not to apply IFRS 16 to leases whose terms end within 12 months of the initial application. The weighted average borrowing rate used to calculate the lease obligation on initial application was 4.10%. The difference between operating lease commitments as disclosed in the 2018 financial statements and the initial Lease obligations recognized is summarized in the following table:

Operating lease commitments, December 31, 2018		$	15,990
Add:	Extension option reasonably certain to be exercised		761
Less:	Recognition exemption for leases whose terms end within 12 months of initial application		(170)
	Effects of discounting using the incremental borrowing rate		(1,998)
Lease obligations recognized, January 1, 2019		$	14,583

The Company's Right of use assets and Lease obligations consist primarily of leased office space. On initial application of IFRS 16, the Right of use assets were measured at the amount of the lease obligations less derecognized amounts of accrued rent payments, such as the effects of rent escalations and tenant inducements, as recorded under the previous standard. Accrued interest on the Lease obligation as at period end is included in Accounts payable and other liabilities.

The effects of IFRS 16 on the Company's consolidated financial statements compared to IAS 17 are summarized in the following tables:

	As at September 30, 2019	Activity for the nine months	As at January 1, 2019
Increase (decrease) in reported amounts due to IFRS 16			
Balance sheet			
Assets:			
Equipment - Right of use assets	$ 11,850	$ (1,110)	$ 12,960
Deferred tax assets	31	31	-
Liabilities:			
Accounts payable and accrued liabilities	(2,428)	58	(2,486)
Lease obligations: Current	2,324	177	2,147
Non-current	11,214	(1,222)	12,436
Equity:			
Retained earnings	681	(86)	767
Other equity interests	91	(5)	96

For the periods ended September 30, 2019	Three months	Nine months
Statement of operations		
Expenses:		
Amortization	$ 549	$ 1,650
Interest	139	419
Other expenses	(672)	(1,948)
	17	122
Operating earnings	(17)	(122)
Income tax expense (recovery)	(4)	(31)
Net earnings (loss)	$ (21)	$ (91)
Net earnings (loss) attributable to:		
Shareholders	$ (12)	$ (86)
Non-controlling interests	(1)	(5)

The effect of IFRS 16 on other comprehensive income is substantially the same as for Net earnings, as presented in the above table.

3. SECURITIES BACKING THIRD PARTY INVESTOR LIABILITIES AND THIRD PARTY INVESTOR LIABILITIES

Securities backing third party investor liabilities represent the third party investors' proportionate interests in the assets of consolidated investment funds. These securities are classified as fair value through the profit or loss and are categorized as Level 1, based upon the fair value hierarchy.

Third party investor liabilities represent third party investors' proportionate ownership interests in the consolidated funds. The liabilities are payable on redemption of the units of the funds by the third party investors and will be settled with the proceeds from the disposition of securities backing third party investor liabilities. The value of the liabilities is equal to and varies with the value of the securities backing third party investor liabilities. These liabilities are classified as fair value through the profit or loss and are categorized as Level 1, based upon the fair value hierarchy.

4. SECURITIES

(a) Classification of securities

An analysis of the Company's securities by classifications and by the type of security is as follows:

As at	September 30 2019	December 31 2018
Fair value through profit or loss:		
Short-term securities (i)	**$ 23,530**	$ 36,257
Fixed-income securities (i)	**18,177**	20,746
Bank of Montreal common shares (ii)	**341,425**	329,670
Other equity securities (i)	**254,494**	210,987
Real estate fund (iii)	**21,466**	19,560
	659,091	617,220
Amortized cost securities (iv)	**5,000**	10,000
	$ 664,091	$ 627,220

(i) These securities may include units of investment funds.

(ii) Details of sales of Bank of Montreal common shares are as follows:

For the periods ended September 30	Three months		Nine months	
	2019	2018	**2019**	2018
Number of shares sold	**--**	--	**200**	--
Proceeds of disposition	**$ --**	$ --	**$ 20,384**	$ --

(iii) During the current year, the Company increased its investment in the fund by $1,846.

(iv) Amortized cost securities, which were acquired in 2018, are an investment in term preferred shares which mature on January 2, 2026 and have a dividend yield of 9% per annum. On June 30, 2019, the issuer redeemed for par value $5,000 of the term preferred shares.

(b) Fair value hierarchy

The Company's securities, carried at fair value, have been categorized based upon a fair value hierarchy, as follows:

As at	**September 30 2019**	December 31 2018
Level 1	**$ 581,121**	$ 539,823
Level 2	**63,161**	62,671
Level 3	**14,809**	14,726
	$ 659,091	$ 617,220

During 2019 and 2018, there have been no transfers of securities between Levels.

(c) Changes in Level 3 securities

An analysis of the movements in securities categorized as Level 3 is as follows:

For the periods ended September 30	Three months		Nine months	
	2019	2018	**2019**	2018
Securities categorized as Level 3, beginning of period	**$ 15,641**	$ 12,626	**$ 14,726**	$ 11,905
Increase (decrease) in fair value	**(1,140)**	(625)	**226**	(500)
Foreign exchange translation adjustments	**138**	(206)	**(313)**	390
Additions	**170**	2,743	**170**	2,743
Securities categorized as Level 3, end of period	**$ 14,809**	$ 14,538	**$ 14,809**	$ 14,538

5. BANK LOANS AND BORROWINGS

Bank loans and borrowings are composed of the following:

As at		**September 30 2019**	December 31 2018
Bank indebtedness		**$ 9,081**	$ 7,185
Bankers' acceptances payable:	Canadian dollar	**59,676**	74,668
	US dollar	**51,636**	57,049
		$ 120,393	$ 138,902

The bankers acceptances have maturities of one month or less and bear interest at rates negotiated in the bankers' acceptance market plus 0.50%, for Canadian dollar borrowings, and at LIBOR plus 0.50% for US dollar borrowings. Subsequent to current period end, all maturing borrowings were renewed on similar terms.

6. OTHER LIABILITIES

Other liabilities are comprised of the following:

As at	**September 30 2019**	December 31 2018
Current:		
Deferred payment (i)	**$ 6,575**	$ --
Non-current:		
Deferred payment (i)	**--**	6,644
Obligations to non-controlling interests (ii)	**19,893**	19,006
	$ 26,468	$ 25,650

i) The deferred payment is the current value of the expected payments of $5,000 USD arising from the 2018 acquisition of 70% of a U.S.-based investment management firm, due on or about January 1, 2020, discounted at 2.7%. Additional future payments, to a maximum amount of $5,000 USD, may be payable over a period ending January 1, 2022, which payments are dependent upon the level of assets under management then achieved in certain investment strategies.
ii) Under the terms of the acquisition of the U.S.-based investment management firm in 2018, the minority partners of the business were granted options to sell their remaining interests in the firm to the Company in the future at prices determined based on the level of revenue achieved by the firm at that time. The obligation is an estimated present value of the payments potentially required on the earliest date the option becomes exercisable and due, discounted at 11.6%. The options are exercisable at certain times between January 2, 2023 and January 2, 2033.

7. CAPITAL STOCK

(a) Authorized

i) Unlimited preferred shares, without par value, may be issued in an unlimited number of series, the designation, rights, privileges, conditions and other provisions of which are to be determined by the Board of Directors.

ii) Unlimited Class A non-voting shares without par value, convertible into common shares on a one-for-one basis, under certain terms and conditions, the highlights of which are as follows: if any person other than an insider of the Company acquires ownership, control or direction over in excess of 50% of the common shares, or makes an offer to all common shareholders to buy common shares, the Class A shares may be converted into common shares, unless holders of over 50% of the outstanding common shares do not accept the offer, or an equivalent offer is made to the holders of Class A shares.

iii) Unlimited common shares, without par value, convertible on a one-for-one basis into Class A non-voting shares.

(b) Issued and outstanding

A summary of the changes in the Company's capital stock is as follows:

For the three months ended September 30	2019		2018	
	Shares	**Amount**	Shares	Amount
Class A shares				
Outstanding, beginning of period	**24,828**	**$ 17,978**	25,793	$ 18,722
Acquired and cancelled	**--**	**--**	--	--
Outstanding, end of period	**24,828**	**17,978**	25,793	18,722
Common shares				
Outstanding, beginning of period	**3,128**	**756**	3,219	778
Acquired and cancelled	**--**	**--**	--	--
Converted into class A	**--**	**--**	--	--
Outstanding, beginning and end of period	**3,128**	**756**	3,219	778
Total outstanding, end of period	**27,956**	**$ 18,734**	29,012	$ 19,500

For the nine months ended September 30	2019		2018	
	Shares	**Amount**	Shares	Amount
Class A shares				
Outstanding, beginning of period	**25,186**	**$ 18,282**	26,304	$ 19,093
Acquired and cancelled	**(449)**	**(326)**	(511)	(371)
Converted from Common	**91**	**22**	--	--
Outstanding, end of period	**24,828**	**17,978**	25,793	18,722
Common shares				
Outstanding, beginning of period	**3,219**	**778**	3,219	778
Converted into class A	**(91)**	**(22)**	--	--
Outstanding, end of period	**3,128**	**756**	3,219	778
Total outstanding, end of period	**27,956**	**$ 18,734**	29,012	$ 19,500

(c) Issuer bid

A summary of the Company's activity under its Normal Course Issuer Bid ("NCIB") is as follows:

For the periods ended September 30	**Three months**		**Nine months**	
	2019	2018	**2019**	2018
Shares purchased and cancelled				
Class A	**--**	--	**449**	511
Consideration paid	**$ --**	$ --	**$ 10,361**	$ 13,201
Less average issue price, charged to share capital	**--**	--	**326**	371
Excess consideration charged to retained earnings	**$ --**	$ --	**$ 10,035**	$ 12,830

Under the current NCIB, which commenced on November 21, 2018 and expires on November 20, 2019, the Company may purchase up to 161 common shares and 1,829 class A shares. As of September 30, 2019, the Company had purchased and cancelled nil common shares and 1,056 class A shares under the current NCIB, 449 in the current year and 607 in the fourth quarter of 2018.

(d) Dividends

The dividends the Company declared and paid on the common and Class A shares outstanding are as follows:

For the periods ended September 30	Three months		Nine months	
	2019	2018	**2019**	2018
Dividends declared and paid, per share	**$ 0.150**	$ 0.125	**$ 0.425**	$ 0.350

The Company has also declared dividends of $0.15 per share payable on October 18, 2019 and January 17, 2020, on the common and class A shares outstanding. These dividends, which will be recognized on the record dates, have not been reflected in these financial statements.

8. TREASURY STOCK

The Company provides stock-based entitlements to certain senior employees of the Company through an Employee Profit Sharing Plan Trust (the “EPSP Trust”). The EPSP Trust purchases and holds shares of the Company related to the stock-based entitlements, which are in the form of either equity-based entitlements or option-like entitlements, and the shares are accounted for as treasury stock. The purchases are financed by a bank loan facility from a major chartered bank, which is secured by the shares held by the EPSP Trust and a guarantee issued by the Company.

(a) Changes in treasury stock

A summary of the changes in the Company’s treasury stock is as follows:

For the three months ended September 30	2019		2018	
	Shares	**Amount**	Shares	Amount
Balance, beginning of period	**2,303**	**$ 28,230**	2,207	$ 25,523
Acquired	**--**	**--**	--	--
Disposed	**(1)**	**(20)**	(33)	(280)
Balance, end of period	**2,302**	**$ 28,210**	2,174	$ 25,243

For the nine months ended September 30	2019		2018	
	Shares	**Amount**	Shares	Amount
Balance, beginning of period	**2,173**	**$ 25,235**	2,178	$ 23,764
Acquired	**130**	**2,995**	91	2,255
Disposed	**(1)**	**(20)**	(95)	(776)
Balance, end of period	**2,302**	**$ 28,210**	2,174	$ 25,243

During the periods, the treasury stocks were disposed for proceeds equal to their cost.

As at September 30, 2019, the treasury stock was composed of 30 common shares (2018 – 30) and 2,272 class A shares (2018 – 2,144).

(b) Equity-based entitlements

Equity-based entitlements allow the employees to purchase shares of the Company from the EPSP Trust at zero cost, subject to predetermined vesting arrangements and other conditions.

A summary of the changes in the number of shares under equity-based entitlements is as follows:

For the periods ended September 30	Three months		Nine months	
	2019	2018	**2019**	2018
Equity-based entitlements, beginning of period	**1,175**	1,053	**1,045**	1,011
Provided	**--**	--	**130**	91
Exercised	**(1)**	(8)	**(1)**	(57)
Forfeited	**(2)**	--	**(2)**	--
Equity-based entitlements, end of period	**1,172**	1,045	**1,172**	1,045

During the nine months ended September 30, 2019, the equity-based entitlements provided had a fair value of $2,995 (2018 - $2,255).

Equity-based entitlements are valued at the fair market value of the shares purchased by the EPSP Trust on the date of the provision of the entitlement. This value is recorded by the Company as compensation cost over the vesting period, and is credited to contributed surplus. On exercise of an entitlement, treasury stock and contributed surplus are reduced for the value of the entitlement exercised.

(c) Option-like entitlements

The option-like entitlements allow the employees to purchase shares of the Company from the EPSP Trust for an amount that is equal to the amount of borrowings pertaining to those shares, subject to predetermined vesting arrangements and other conditions. Due to the nature of these entitlements and the conditions attached to them, the contractual life of the entitlement is indeterminable.

A summary of the changes in the option-like entitlements is as follows:

For the three months ended September 30	**2019**			2018		
	Shares		**Weighted average exercise price**	Shares		Weighted average exercise price
Option-like entitlements, beginning of period	**1,128**	**$**	**9.64**	1,154	$	9.62
Exercised	**--**		**--**	(25)		8.55
Option-like entitlements, end of period	**1,128**	**$**	**9.64**	1,129	$	9.64

For the nine months ended September 30	**2019**			2018		
	Shares		**Weighted average exercise price**	Shares		Weighted average exercise price
Option-like entitlements, beginning of period	**1,128**	**$**	**9.64**	1,167	$	9.62
Exercised	**--**		**--**	(38)		8.94
Option-like entitlements, end of period	**1,128**	**$**	**9.64**	1,129	$	9.64

No option-like entitlements were provided in 2018 or 2019.

These entitlements are accounted for as options and valued using the Black-Scholes option pricing model. The value of the entitlements provided is recorded as compensation cost over the vesting period of the entitlements, and is credited to contributed surplus. On exercise of an entitlement, treasury stock is reduced for the value of the entitlement exercised.

9. DIVIDEND AND INTEREST INCOME

Dividend and interest income is composed of the following:

For the periods ended September 30		**Three months**				**Nine months**		
		2019		2018		**2019**		2018
Dividends on Bank of Montreal shares	**$**	**3,605**	$	3,552	**$**	**10,755**	$	10,434
Other dividends		**1,211**		1,155		**3,469**		3,934
Dividend income		**4,816**		4,707		**14,224**		14,368
Interest income		**972**		1,040		**3,438**		2,954
	$	**5,788**	$	5,747	**$**	**17,662**	$	17,322

10. NET GAINS

Net gains are composed of the following:

For the periods ended September 30		**Three months**				**Nine months**		
		2019		2018		**2019**		2018
Bank of Montreal common shares	**$**	**(4,025)**	$	18,352	**$**	**32,139**	$	22,052
Other securities		**3,197**		8,926		**37,854**		12,703
Net gains on securities (i)		**(828)**		27,278		**69,993**		34,755
Disposal of intangible assets		**341**		148		**809**		753
Foreign exchange gains (losses) (ii)		**(787)**		1,055		**1,764**		(2,159)
	$	**(1,274)**	$	28,481	**$**	**72,566**	$	33,349

(i) Net gains (losses) on securities are a result of net amounts realized on disposal and changes in fair value of securities, securities backing third party investor liabilities, and the third party investor liabilities.

(ii) Foreign exchange gains (losses) arise from monetary assets and liabilities denominated in currencies which are different from the functional currency of the Company or its subsidiaries.

11. CALCULATIONS OF EARNINGS PER SHARE

The calculations of net earnings per share are based on the following number of shares and net earnings:

For the periods ended September 30	Three months 2019	Three months 2018	Nine months 2019	Nine months 2018
Weighted average number of Class A and common shares outstanding:				
Basic	**25,654**	26,822	**25,856**	26,864
Effects of outstanding entitlements from stock-based compensation plans	**1,685**	1,585	**1,640**	1,592
Diluted	**27,339**	28,407	**27,496**	28,456
Net earnings available to shareholders:				
Basic	**$ 8,275**	$ 34,320	**$ 92,333**	$ 53,497
Effects of outstanding entitlements from stock-based compensation plans	**127**	106	**384**	292
Diluted	**$ 8,402**	$ 34,426	**$ 92,717**	$ 53,789

12. BUSINESS SEGMENTS

The Company operates in the following three main business segments: a) Investment Management, which primarily involves earning management fees relating to investment management services provided to clients; b) Financial Advisory, which relates to the earning of commissions from the sale of life insurance products, mutual funds and other securities, and the continuing service commissions related to these products; and c) Corporate Activities and Investments, which relates substantially to the investment of the Company's securities holdings, as well as corporate management and development activities. The allocation of costs to individual business segments is undertaken to provide management information on the cost of providing services and a tool to manage and control expenditures.

(a) Business segments

The following tables disclose certain information about the Company's operations by business segment:

For the three months ended September 30	Investment Management 2019	Investment Management 2018	Financial Advisory 2019	Financial Advisory 2018	Corporate Activities and Investments 2019	Corporate Activities and Investments 2018	Inter-Segment Transactions 2019	Inter-Segment Transactions 2018	Consolidated 2019	Consolidated 2018
Net revenue										
Commission revenue	$ --	$ --	$ 37,505	$ 37,308	$ --	$ --	$ (797)	$ (546)	$ 36,708	$ 36,762
Commissions paid to advisors	--	--	(24,896)	(25,263)	--	--	--	--	(24,896)	(25,263)
Net commission revenue	--	--	12,609	12,045	--	--	(797)	(546)	11,812	11,499
Management fees	26,327	24,040	--	--	--	--	(418)	(370)	25,909	23,670
Fees paid to referring agents	(2,413)	(2,185)	--	--	--	--	797	546	(1,616)	(1,639)
Net management fees	23,914	21,855	--	--	--	--	379	176	24,293	22,031
Administrative services income	1,638	1,446	2,439	2,038	13	12	--	--	4,090	3,496
Dividend and interest income	130	119	562	503	4,930	5,036	166	89	5,788	5,747
	25,682	23,420	15,610	14,586	4,943	5,048	(252)	(281)	45,983	42,773
Expenses										
Employee compensation and benefits	11,251	9,709	5,955	5,099	2,851	2,717	--	--	20,057	17,525
Amortization	1,590	1,259	1,722	1,341	283	114	--	--	3,595	2,714
Interest	77	44	228	250	788	1,072	(66)	(174)	1,027	1,192
Other expenses	6,300	5,773	4,409	4,215	(1,324)	(983)	(186)	(107)	9,199	8,898
	19,218	16,785	12,314	10,905	2,598	2,920	(252)	(281)	33,878	30,329
Operating earnings	6,464	6,635	3,296	3,681	2,345	2,128	--	--	12,105	12,444
Net gains	72	76	341	147	(1,687)	28,258	--	--	(1,274)	28,481
Net earnings before income taxes	6,536	6,711	3,637	3,828	658	30,386	--	--	10,831	40,925
Income tax expense	1,115	1,686	1,056	1,005	(292)	3,155	--	--	1,879	5,846
Net earnings	$ 5,421	$ 5,025	$ 2,581	$ 2,823	$ 950	$ 27,231	$ --	$ --	$ 8,952	$ 35,079
Net earnings attributable to:										
Shareholders	$ 5,015	$ 4,599	$ 2,310	$ 2,490	$ 950	$ 27,231	$ --	$ --	$ 8,275	$ 34,320
Non-controlling interests	406	426	271	333	--	--	--	--	677	759
	$ 5,421	$ 5,025	$ 2,581	$ 2,823	$ 950	$ 27,231	$ --	$ --	$ 8,952	$ 35,079
Additions to segment assets:										
Intangible assets	$ 511	$ 26	$ 656	$ 2,123	$ 28	$ 210	$ --	$ --	$ 1,195	$ 2,359
Equipment	877	--	31	1,137	46	102	--	--	954	1,239

For the nine months ended September 30	Investment Management		Financial Advisory		Corporate Activities and Investments		Inter-Segment Transactions		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Net revenue										
Commission revenue	$ --	$ --	$ 112,373	$ 108,463	$ --	$ --	$ (2,170)	$ (1,567)	$ 110,203	$ 106,896
Commissions paid to advisors	--	--	(73,457)	(73,778)	--	--	--	--	(73,457)	(73,778)
Net commission revenue	--	--	38,916	34,685	--	--	(2,170)	(1,567)	36,746	33,118
Management fees	75,537	72,321	--	--	--	--	(960)	(1,093)	74,577	71,228
Fees paid to referring agents	(6,923)	(6,260)	--	--	--	--	2,168	1,567	(4,755)	(4,693)
Net management fees	68,614	66,061	--	--	--	--	1,208	474	69,822	66,535
Administrative services income	5,155	4,535	6,814	5,666	38	37	--	--	12,007	10,238
Dividend and interest income	502	315	1,759	1,348	15,064	15,150	337	509	17,662	17,322
	74,271	70,911	47,489	41,699	15,102	15,187	(625)	(584)	136,237	127,213
Expenses										
Employee compensation and benefits	32,392	31,470	17,551	14,773	8,543	7,957	--	--	58,486	54,200
Amortization	4,604	3,755	4,837	3,286	840	347	--	--	10,281	7,388
Interest	227	137	825	380	2,568	2,353	(338)	(247)	3,282	2,623
Other expenses	19,126	17,041	13,814	14,615	(4,336)	(2,567)	(287)	(337)	28,317	28,752
	56,349	52,403	37,027	33,054	7,615	8,090	(625)	(584)	100,366	92,963
Operating earnings	17,922	18,508	10,462	8,645	7,487	7,097	--	--	35,871	34,250
Net gains	139	(210)	799	754	71,628	32,805	--	--	72,566	33,349
Net earnings before income taxes	18,061	18,298	11,261	9,399	79,115	39,902	--	--	108,437	67,599
Income tax expense	3,751	4,874	3,150	2,454	6,884	4,226	--	--	13,785	11,554
Net earnings	$ 14,310	$ 13,424	$ 8,111	$ 6,945	$ 72,231	$ 35,676	$ --	$ --	$ 94,652	$ 56,045
Net earnings attributable to:										
Shareholders	$ 13,048	$ 11,908	$ 7,054	$ 5,913	$ 72,231	$ 35,676	$ --	$ --	$ 92,333	$ 53,497
Non-controlling interests	1,262	1,516	1,057	1,032	--	--	--	--	2,319	2,548
	$ 14,310	$ 13,424	$ 8,111	$ 6,945	$ 72,231	$ 35,676	$ --	$ --	$ 94,652	$ 56,045
Capital expenditure on segment assets										
Intangible assets	$ 1,395	$ 66,602	$ 6,905	$ 26,213	$ 83	$ 220	$ --	$ --	$ 8,383	$ 93,035
Equipment	877	58	88	2,171	385	222	--	--	1,350	2,451

As at September 30, 2019 and December 31, 2018	Investment Management		Financial Advisory		Corporate Activities and Investments		Inter-Segment Transactions		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Segment assets and liabilities:										
Assets	$ 198,384	$ 213,673	$ 156,749	$ 160,984	$ 714,222	$ 671,774	$ (52,856)	$ (57,563)	$ 1,016,499	$ 988,868
Liabilities	97,527	113,757	127,843	137,439	180,027	183,256	(52,856)	(57,563)	352,541	376,889

(b) Geographic segments

The Company's business units operate in various geographic regions. The Company attributes revenues generated by a business unit to the geographic region based on where that business unit resides. The following tables disclose certain information about the Company's operations by geography:

	Canada		Rest of the World		Inter-Segment Transactions		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018
For the three months ended September 30								
Net revenue	$ 36,322	$ 35,390	$ 10,864	$ 7,533	$ (1,203)	$ (150)	$ 45,983	$ 42,773
For the nine months ended September 30								
Net revenue	$ 109,395	$ 105,083	$ 29,741	$ 22,439	$ (2,899)	$ (309)	$ 136,237	$ 127,213
As at September 30, 2019 and December 31, 2018								
Non-current assets:								
Intangible assets	$ 55,002	$ 52,011	$ 63,086	$ 68,469	$ --	$ --	$ 118,088	$ 120,480
Equipment	13,120	4,472	3,736	698	--	--	16,856	5,170
Goodwill	13,827	13,826	20,334	20,934	--	--	34,161	34,760

13. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

Net change in non-cash working capital items is comprised of the following:

For the periods ended September 30	Three months 2019	Three months 2018	Nine months 2019	Nine months 2018
Decrease (increase) in non-cash working capital assets:				
Interest-bearing deposits with banks	**$ 1,360**	$ (6,428)	**$ 18,188**	$ (4,115)
Accounts receivable and other	**168**	(33)	**(5,462)**	(2,990)
Receivables from clients and broker	**(4,941)**	(9,178)	**13,171**	10,929
Increase (decrease) in non-cash working capital liabilities:				
Client deposits	**(1,267)**	6,019	**(18,025)**	2,501
Accounts payable and accrued liabilities	**7,612**	6,163	**(3,935)**	295
Payable to clients	**5,564**	9,178	**(7,268)**	(10,929)
	$ 8,496	$ 5,721	**$ (3,331)**	$ (4,309)

14. FINANCIAL RISKS MANAGEMENT

The Company's goal in managing financial risk is to evaluate the risks being taken against the benefits that are targeted to be achieved and, where those risks are deemed acceptable, to mitigate those risks, where practicable. The following are the more significant risks associated with financial instruments to which the Company is subject:

(a) Concentration risk

The Company is exposed to concentration risk associated with the $341,425 (December 31, 2018 – $329,670) investment in the Bank of Montreal shares, which represents 51% (December 31, 2018 – 53%) of the Company's securities. The Company monitors the investment in the Bank of Montreal shares on a continuous basis. A change in the price of the Bank of Montreal shares by 10% would result in gain or loss of $34,143 (December 31, 2018 - $32,967) being recorded in net gains.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, currency risk and interest rate risk.

i) Price risk

Price risk, the risk of a gain or loss resulting from movements in the price of securities, arises when the Company invests in securities. The Company is exposed to price risk with its investment in equity securities. Changes in the fair values of its securities are recognized in net gains (losses) and can have a significant impact on net earnings (loss) attributable to shareholders. This risk is managed through the use of professional in-house expertise, which takes a disciplined approach to investment management. The securities holdings, excluding the Bank of Montreal shares, are diversified by asset class and, as shown in the chart below, by geographical region. The chart also indicates the gain or loss which would be recognized in net earnings as a result of a 10% change in the market prices:

	Securities classified as fair value through the profit and loss	Gain or loss recognized from a 10% change in fair value
As at September 30, 2019		
Canada	**$ 36,614**	**±$ 3,661**
Rest of World	**239,346**	**23,935**
	$ 275,960	**±$ 27,596**
As at December 31, 2018		
Canada	$ 37,842	±$ 3,784
Rest of World	192,705	19,271
	$ 230,547	±$ 23,055

This risk is managed through the use of professional in-house portfolio management expertise, which takes a disciplined approach to investment management. The Company's securities holdings, excluding the Bank of Montreal shares, are also diversified by asset class and by geographical region. The price risk associated with Securities backing third party investor liabilities and Third party investor liabilities are equal to and offsetting as a result, they have been excluded from the above analysis.

ii) Currency risk

Currency risk, the risk of gain or loss resulting from the movements in currency exchange rates, arises when the Company or one of its subsidiaries is party to financial instruments which are denominated in a currency which is different from its functional currency. The Company's most significant exposure to currency risk is as follows:

As at	September 30 2019	December 31 2018
Bank loans and borrowings	**$ 51,636**	$ 57,049

The Company's currency risk is primarily related to the USD borrowings used to finance the purchase of a US-based subsidiary in 2018. This risk is mitigated by the USD cash flows which are generated by the US-based subsidiary which was acquired. A change in the CAD-USD exchange rate by +/-10% would result in a foreign exchange gain or loss of $5,164 (2018 – $5,704) being recognized in net earnings.

From time to time, a foreign subsidiary may hold an unhedged position in Canadian dollar, which can result in foreign exchange gains or losses in that subsidiary. Upon translation of their results on consolidation, the Company will recognize an equal and offsetting foreign currency translation adjustment in other comprehensive income. This is not considered to be a currency risk as there is no economic risk to the Company.

iii) Interest rate risk
Interest rate risk, the risk of increased or decreased income and expense or gain or loss resulting from changes in interest rates, arises when the Company is party to an interest-bearing financial instrument. The Company's significant exposure to interest rate risk is as follows:

As at	September 30 2019	December 31 2018
Interest rate sensitive assets:		
Interest-bearing deposits with banks	$ 41,808	$ 61,730
Short term securities	23,530	36,257
Fixed-income securities	18,177	20,746
Amortized cost securities	5,000	10,000
	$ 88,515	$ 128,733
Interest rate sensitive liabilities:		
Bank loans and borrowings	$ 120,393	$ 138,902
Client deposits	41,743	61,747
	$ 162,136	$ 200,649

The Company's most significant exposure to interest rate risk is through its bank loans and borrowings as detailed above. The interest rates on these borrowings are short-term and, if short-term rates increase, the Company's interest expense will increase and net earnings will decrease. The Company's investment in short-term securities partially offsets this risk.

The Company holds $18,177 (2018 – $20,746) of fixed-income securities which are primarily investments in fixed-income funds that are managed by its investment management subsidiary. The interest rate risk associated with these fixed-income securities is managed first by the Company, which selects appropriate fixed-income funds for various interest rate environments, and then by the subsidiary, which manages the funds selected in accordance with each fund's investment policy. The interest rate risk on interest-bearing deposits with banks and the client deposits, both of which arise in the international banking operation, is considered to be low, as the Company manages by matching interest and maturities on the assets and liabilities. The interest rate risk associated with the Company's investment in amortized cost securities is minimal, as the Company intends to hold this investment until maturity. Should the Company change its intention and dispose of the investment prior to maturity, it will be exposed to a gain or loss from changes in interest rates at that time.

(c) Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss to another party by failing to discharge an obligation. The Company's total credit risk exposure, without consideration of any collateral or other credit enhancements, is as outlined below:

As at	September 30 2019	December 31 2018
Cash	$ 34,126	$ 32,362
Interest-bearing deposits with banks	41,808	61,730
Accounts receivable and other	49,089	47,113
Receivables from clients and broker	44,541	57,712
Short-term securities	23,530	36,257
Fixed-income securities	18,177	20,746
Amortized cost securities	5,000	10,000
	$ 216,271	$ 265,920

The cash and interest-bearing deposits with banks and the majority of the accounts receivable are due from major institutions. The Company reviews the credit worthiness of any banks with which it places deposits, and does not deal with a bank if it is not satisfied with the bank's financial strength. The accounts receivable and other are generally amounts due from customers, and the credit risk is low due to the nature of the Company's customers. The accounts receivable may also include amounts that the Company is owed from advisors for advances or commission reversals. The credit risk associated with these amounts is mitigated by management's review of the advisors' ability to repay the advances or commission reversals, particularly, before amounts are paid to the advisors. The credit exposure on receivables from clients is offset with securities, which are held in the client margin accounts of the securities dealer subsidiary. There are controls on the amounts that these clients may borrow, depending upon the securities that are pledged. The credit risk associated with the Company's investment in fixed-income securities are managed by the periodic monitoring of the activities of the portfolio manager who, through diversification and credit quality reviews of the fund's investments, manages the fund's credit risk. The short-term securities are government treasury bills, investments in money market funds which hold government treasury bills or investment-quality securities with very short duration and low credit risk. The credit risk on the investment in the amortized cost security was minimized by a careful and through examination of the borrower's business by the Company and its in-house investment professionals.

(d) Liquidity risk
Liquidity risk, the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities, arises when the Company has insufficient resources to meet its obligations as they come due. The Company is exposed to liquidity risk because it has significant obligations which are due within one year. The Company manages this financial risk by managing its cash flows from operations, maintaining a portfolio of liquid securities, and by arranging for significant borrowing facilities, which are secured by collateral, with two major Canadian banks.

15. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

During the second quarter of 2019, the Company purchased from non-controlling shareholders, an additional 3.7% interest in its subsidiary, IDC Worldsource Insurance Networks Inc. ("IDCWIN") for cash consideration of $4,462. This transaction reduced the carrying value of non-controlling interests by $1,646 and retained earnings for the excess. In addition, an executive of IDCWIN subscribed for $904 of IDCWIN shares which amounted to a 0.6% interest. This transaction increased the carrying value of non-controlling interests by $294 and retained earnings for the excess. Following these transactions, the Company's ownership interest in IDCWIN was 84.7%.

16. FINANCIAL STATEMENT REVIEW

These interim consolidated financial statements have not been reviewed by the Company's auditors.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In accordance with securities regulatory requirements, the discussion and analysis which follows for Guardian Capital Group Limited and its subsidiaries and other controlled entities ("Guardian") pertains to the three and nine month periods ended September 30, 2019 and the comparative periods in the year 2018, as well as to certain other prior quarterly periods. Readers are encouraged to refer to the discussions and analyses contained in the 2018 Annual Report and 2019 quarterly reports previously issued. This discussion and analysis has been prepared as of November 7, 2019.

On January 1, 2019, Guardian adopted IFRS 16 - Leases ("IFRS 16") on a modified retrospective basis. As permitted under this method, the prior period comparative figures were not restated and, as a result, they may not be entirely comparable. Readers are encouraged to refer to note 2(b) of Guardian's third quarter Consolidated Financial Statements for further discussion on the adoption of IFRS 16 and the impact on the current financial results.

Additional information relating to Guardian and its business, including Guardian's Annual Information Form, is available on "SEDAR" at www.sedar.com.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Guardian may, from time to time, make "forward-looking statements" in annual and quarterly reports, and in other documents prepared for shareholders or filed with securities regulators. These statements, characterized by such words as "goal", "outlook", "intends", "expects", "plan", "prospects", "are confident", "believe" and "anticipate", are intended to reflect Guardian's objectives, plans, expectations, estimates, beliefs and intentions.

By their nature, forward-looking statements involve risks and uncertainties. There is a risk that the expectations reflected in such forward-looking statements will not be achieved. Undue reliance should not be place on these statements, as a number of factors could cause actual results to differ materially from Guardian's objectives, plans, expectations and estimates reflected in the forward-looking statements. Factors which could cause actual results to differ from expectations include, among other things, general economic and market conditions, including interest rates, business competition, changes in government regulations or in tax laws, and other factors.

OVERVIEW OF GUARDIAN'S BUSINESS

Guardian is a diversified financial services company, which serves the wealth management needs of a range of clients through its various business segments. The areas in which Guardian operates are: institutional and private wealth investment management; financial advisory, which includes an insurance managing general agency ("MGA"), a mutual fund dealer and a securities dealer (together, the "Dealers"); and corporate activities and investments. Guardian is headquartered in Canada and operates in Canada, the United Kingdom, the United States and the Caribbean. As at September 30, 2019, Guardian had $30.2 billion of assets under management ("AUM") and $19.0 billion of assets under administration ("AUA"). In addition, Guardian has a diversified portfolio of securities which had a fair value of approximately $664 million at the end of the quarter.

USE OF NON-IFRS MEASURES

Guardian uses certain measures to evaluate and assess the performance of its business, which are not defined within International Financial Reporting Standards ("IFRS"). These measures are EBITDA, EBITDA per share, adjusted cash flow from operations, adjusted cash flow from operations per share, equity per share, and securities per share. Non-IFRS measures do not have standardized meanings prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. However, Guardian believes that most shareholders, creditors, other stakeholders and investment analysts prefer to include the use of these measures in analyzing Guardian's results. On pages 26 and 27 of this report, a description of how these measures are defined by Guardian is provided, with reconciliations to their most comparable IFRS measures.

CONSOLIDATED FINANCIAL RESULTS

The comparative financial results of Guardian on a consolidated basis are summarized in the following table:

For the periods ended September 30	Three months		Nine months	
($ in thousands, except per share amounts)	**2019**	2018	**2019**	2018
Net revenue	**$ 45,983**	$ 42,773	**$ 136,237**	$ 127,213
Expenses	**33,878**	30,329	**100,366**	92,963
Operating earnings	**12,105**	12,444	**35,871**	34,250
Net gains (losses)	**(1,274)**	28,481	**72,566**	33,349
Net earnings before income taxes	**10,831**	40,925	**108,437**	67,599
Income tax expense	**1,879**	5,846	**13,785**	11,554
Net earnings	**$ 8,952**	$ 35,079	**$ 94,652**	$ 56,045
Net earnings attributable to shareholders	**$ 8,275**	$ 34,320	**$ 92,333**	$ 53,497
EBITDA	**16,036**	15,562	**46,783**	41,346
Adjusted cash flow from operations	**13,053**	11,083	**36,081**	30,157
Diluted per share amounts				
Net earnings attributable to shareholders	**$ 0.31**	$ 1.21	**$ 3.37**	$ 1.89
EBITDA	**0.59**	0.55	**1.72**	1.46
Adjusted cash flow from operations	**0.48**	0.39	**1.33**	1.07

As at	2019	2018	
($ in millions, except per share amounts)	**September 30**	December 31	September 30
Assets under management	**$ 30,243**	$ 26,962	$ 29,185
Assets under administration	**19,040**	17,385	18,096
Shareholders' equity	**654**	599	670
Securities	**664**	627	688
Diluted per share			
Shareholders' equity	**$ 23.93**	$ 21.57	$ 23.57
Securities	**24.30**	22.58	24.20

RESULTS OF OPERATIONS

For the quarter ended September 30, 2019, Guardian's Operating earnings were $12.1 million, a 3% decrease from the $12.4 million reported for the same quarter in 2018. The main drivers of the Operating earnings by segment are described below.

The Investment Management Segment's Operating earnings in the current quarter were $6.5 million, a slight decrease compared to $6.6 million in the same quarter in the prior year. The slight decrease can largely be attributed to lower Operating earnings in the Domestic investment management business, stemming from outflows of Canadian equity assets over the past year. This decrease was largely offset by the growing positive Operating earnings contribution from the UK-based business, which grew its AUM to $3.5 billion as at September 30, 2019. Guardian's overall AUM were $30.2 billion as at September 30, 2019, a 4% increase from $29.2 billion in the prior year.

The Financial Advisory Segment's Operating earnings in the current quarter were $3.3 million, compared to $3.7 million in the same quarter in the prior year. The decrease in Operating earnings for this segment can mainly be attributed to increased expenses in our Dealers business, as we continue to reinvest into this business to leverage the new technology platform to improve advisor experience and prepare it for our next growth phase. The MGA business continues to perform well, albeit with Operating earnings increase at a more modest level this quarter than in prior quarters. The focus on recruitment of top-producing advisors has resulted in significantly larger but more variable levels of insurance policies being placed. This has increased fluctuations in both sales commissions and servicing commissions being earned in the MGA, quarter over quarter.

The Corporate Activities and Investments Segment's Operating earnings for the current quarter were $2.3 million, slightly up compared to $2.1 million during the same quarter in the prior year.

Net losses in the current quarter were $1.3 million compared to net gains of $28.3 million in the prior year. The current quarter's losses were partially related to changes in fair values of our corporate holdings of securities and partially to foreign currency exchange losses on the US dollar denominated loan, driven by the financial equity markets and foreign currency market fluctuations.

The Net earnings available to shareholders were $8.3 million, compared to $34.3 million in the prior year. The decrease was largely due to the decrease in Net gains (losses), as well as the decreases in Operating earnings, as described above.

EBITDA for the quarter was $16.0 million, 3% higher than the $15.5 million for the same period in 2018. Adjusted cash flow from operations for the quarter was $13.1 million, an 18% increase compared to $11.1 million in the same period in 2018. The increase in Adjusted cash flow from operations was largely due to lower income taxes paid in the current quarter, compared to the prior year. The adoption of IFRS 16 also resulted in both EBITDA and Adjusted cash flow from operations being higher by $0.7 million and $0.5 million respectively in the current quarter than they would have been under the previous accounting standard. Further discussion on the adoption of IFRS 16 is provided under Changes in Accounting Policies on page 26 of this report.

ASSETS UNDER MANAGEMENT AND ADMINISTRATION

The following is a summary of the assets under management and administration:

As at	2019	2018	
($ in millions)	**September 30**	December 31	September 30
Assets under management			
Institutional			
Canadian equities	**$ 9,008**	$ 9,122	$ 10,269
Global equities	**10,686**	8,089	8,611
Fixed income	**7,380**	6,900	7,289
	27,074	24,111	26,169
Private wealth and international private banking	**3,169**	2,851	3,016
Total assets under management	**$ 30,243**	$ 26,962	$ 29,185
Assets under administration	**$ 19,040**	$ 17,385	$ 18,096

Guardian's AUM at the end of the current quarter reached $30.2 billion, an increase of 4% from $29.2 billion at the end of the third quarter in 2018, and 12% from $27.0 billion at the end of 2018. The growth in AUM can mainly be attributed to the financial market improvements and the continued inflow of new client assets into the Fundamental Global Equity strategy, managed by our UK subsidiary, offset partially by the outflow of assets from our domestic strategies. AUM at our UK subsidiary has now reached $3.5 billion, lifting our global equity AUM to $10.9 billion or approximately 40% of our institutional AUM.

The AUA at September 30, 2019 was $19.0 billion, a new historic high, up from $17.4 billion at the end of 2018 and $18.1 billion as at September 30, 2018. The positive global financial market performance, successful net recruitment of advisors in the past year and net sales contributed to the growth in AUA.

REVENUES AND EXPENSES

Net Management Fees

Management fees, net of fees paid to referring agents ("Net management fees") earned by Guardian is generated by providing continuing investment management services to client AUM. Net management fees generated for the quarter ended September 30, 2019 were $24.3 million, a 10% increase from the $22.0 million in the same quarter in the prior year. The following analysis of Net management fees should be read in conjunction with note 12 (a) – Business Segments in Guardian's third quarter Consolidated Financial Statements. The totals for the Segment quoted below are before inter-segment transactions.

Institutional Net management fees earned in the current quarter were $19.4 million, an 11% increase from the $17.5 million a year earlier. The increase in institutional Net management fees was driven largely by the growth in the Fundamental Global Equity management fees in our UK operations. Partially offsetting this was the lower Net management fees earned in the domestic business. As our Global equity strategies earn fees at higher rates, the recent growth in the Fundamental Global Equity strategy assets has continued to increase our average fees earned on client assets. This is evident in our revenue growth of 11%, while the AUM only grew by 3%, when comparing the current quarter to the same period in the prior year. Net management fees from our Global equity AUM now accounts for 60% of total institutional Net management fees, compared to 50% in the same quarter in 2018. Private wealth and international private banking Net management fees earned in the current quarter amounted to $4.5 million, substantially unchanged from $4.4 million in the prior year.

Net Commission Revenue

Net commission revenue earned by Guardian is generated from the sale of life insurance products, mutual funds and other securities, as well as from continuing trailer and servicing commissions related to AUA and in-force life insurance policies, net of commissions paid to advisors. Net commission revenue generated for the current quarter was $12.6 million, a 5% increase from $12.0 million a year earlier. The following analysis of net commission revenue should be read in conjunction with note 12 (a) – Business Segments in Guardian's third quarter Consolidated Financial Statements. The totals for the Segment quoted below are before inter-segment transactions.

Net commissions from the MGA business in the current quarter were $8.7 million, a 7% increase compared to $8.1 million a year earlier, benefiting from continued organic growth and the successful advisor recruitments completed in 2018, albeit at a tempered pace from the growth earlier this year. Included in this growth is a $0.5 million increase, compared to the prior year, in annual service commission revenue to $4.2 million, a 13% increase. Although up from the prior year, this is down from $4.9 million reported in the second quarter of 2019. As we continue to focus on recruiting top-producing advisors with larger books of business, depending on the timing of these policies being placed, the contractual premiums on life insurance policies sold ("Premiums Sold"), and the resulting commission revenue, will fluctuate quarter-to-quarter. The Premiums Sold were $20 million in the current quarter, compared to $21 million in the same period in the prior year. As these policies are renewed in subsequent years, our MGA will receive additional annual service commissions associated with these premiums. Net commissions from the Dealers business in the current quarter were $3.9 million, consistent with the prior year.

Administrative Services Income

Administrative services income is comprised of registered plan administration and other fees earned in the Financial Advisory Segment, trust and corporate administration and other related fees earned in the International Private Banking business, and fund administration fees earned from managed investment funds in the Investment Management Segment. This income amounted to $3.9 million for the current quarter, as compared to $3.5 million in the prior year. Both the Investment Management and Financial Advisory Segments contributed to the increase in fee revenue, with larger contribution coming from the Dealer business driven by increased number of registered client accounts opened than in the prior year.

Dividend and Interest Income

The following is a summary of Guardian's dividend and interest income:

For the periods ended September 30	Three months		Nine months	
($ in thousands)	**2019**	2018	**2019**	2018
Dividends on Bank of Montreal shares	**$ 3,605**	$ 3,552	**$ 10,755**	$ 10,434
Other dividends	**1,211**	1,155	**3,469**	3,934
Dividend income	**4,816**	4,707	**14,224**	14,368
Interest income	**972**	1,040	**3,438**	2,954
	$ 5,788	$ 5,747	**$ 17,662**	$ 17,322

Dividend income remained relatively consistent when comparing the current quarter to the same quarter in the prior year. Dividends on the BMO shares increased slightly as the dividend rate increased since the third quarter of 2018, partially offset by the lower number of BMO shares held in the current quarter. The lower interest income earned in the current quarter compared to the same quarter in the prior year is primarily due to the partial redemption of a preferred share investment at the end of the second quarter.

Expenses

Guardian's expenses increased to $34.0 million in the current quarter, compared to $30.3 million in the same quarter in the prior year. Expenses in the Investment Management Segment increased by $2.4 million over the prior year. The most significant increase occurred in the UK operations relating to increased incentive compensation expenses and other marketing and distribution expenses. In the Financial Advisory Segment, the expenses increased by $1.4 million, largely in the Dealers business, as we continue to invest into the business to better leverage the new technology platform and add additional staff to enhance the advisor experience and improve operational efficiencies. This increased level of expenses in the Dealers is expected to continue over the short term.

NET GAINS (LOSSES)

The following chart summarizes the main components of net gains during the current period, with the prior year as a comparison.

For the periods ended September 30	Three months		Nine months	
	2019	2018	**2019**	2018
Bank of Montreal common shares	**$ (4,025)**	$ 18,352	**$ 32,139**	$ 22,052
Other securities	**3,197**	8,926	**37,854**	12,703
Net gains on securities	**(828)**	27,278	**69,993**	34,755
Disposal of intangible assets	**341**	148	**809**	753
Foreign exchange gains (losses)	**(787)**	1,055	**1,764**	(2,159)
	$ (1,274)	$ 28,481	**$ 72,566**	$ 33,349

With the increased volatility in the global financial markets, the fair values of Guardian's securities have experienced significant fluctuations, resulting in significant volatility in Net gains (losses). In the current quarter, Net losses of $1.3 million were recorded, compared to $28.5 million in net gains in the same quarter in the prior year. In the current quarter, the losses resulted largely from the decrease in the fair value of the BMO shares, partially offset by $3.2 million in increase in fair value of investments in proprietary investment funds. In addition, Guardian recorded a $0.8 million in foreign exchange losses related largely to the US dollar loan outstanding, resulting from the depreciation in Canadian dollar against the US dollar during the quarter.

LIQUIDITY AND CAPITAL RESOURCES

The strength of Guardian's balance sheet has enabled Guardian to attract Associates; provide clients with a high comfort level; maintain appropriate levels of working capital in each of its areas of operation; make the necessary capital expenditures and investments to develop its businesses; and make appropriate use of borrowings, including financing the expansion of its businesses. We are confident that the strength of Guardian's balance sheet will continue to provide benefits in the future. Guardian's balance sheet is supported by the substantial securities portfolio, as presented below:

As at	**2019**	2018	
($ in thousands, except per share amounts)	**September 30**	December 31	September 30
Securities, carried at fair value			
Proprietary investment strategies			
Fixed-income securities	**$ 18,177**	$ 20,746	$ 20,141
Canadian equities	**9,538**	13,159	14,983
Global equities	**229,995**	182,954	216,211
Real estate	**21,466**	19,560	18,041
	279,176	236,419	269,376
Bank of Montreal common shares	**341,425**	329,670	394,198
Other securities	**38,490**	51,131	14,701
	659,091	617,220	678,275
Securities, carried at amortized cost	**5,000**	10,000	10,000
Securities	**$ 664,091**	$ 627,220	$ 688,275
Total securities per share, diluted	**$ 24.30**	$ 22.58	$ 24.20

Guardian's securities as at September 30, 2019 had a fair value of $664 million, or $24.30 per share, diluted, compared with $627 million, or $22.58 per share, diluted, at the end of 2018. Shareholders' equity as at September 30, 2019 amounted to $654 million, or $23.92 per share, diluted, compared to $599 million, or $21.57 per share, diluted, at the end of 2018.

As at September 30, 2019, BMO represented 51.4% of the total securities (Dec. 31, 2018 – 52.6%).

In addition to its strong balance sheet, Guardian has, under various borrowing arrangements, total borrowing capacity of $155 million. As at September 30, 2019, the total borrowings amounted to $120.4 million, $18.5 million lower compared to $138.9 million at the end of 2018. Guardian's Adjusted cash flow from operations for the current quarter was $13.1 million, an 18% increase compared to $11.1 million in the same quarter in 2018. Guardian uses its Adjusted cash flow from operations primarily to fund its working capital, quarterly dividends, share repurchases under its Normal Course Issuer Bid, capital expenditures and, when possible, debt repayments. From time to time, Guardian may use a combination of debt and partial disposal of Securities to help finance temporary working capital requirements or capital expenditures.

During the current quarter, using its Adjusted cash flow from operations, Guardian funded its working capital needs, paid dividends of $4.0 million and reduced borrowing s by $5.7 million.

CONTRACTUAL OBLIGATIONS

Guardian has contractual commitments for the payment of certain obligations over a period of time. A summary of those commitments, including a summary of the periods during which they are payable, is shown in the following table:

As at September 30, 2019 *($ in thousands)*	Total	Within one year	One to three years	Three to five years	After five years
Bank loans and borrowings	$ 120,393	$ 120,393	$ --	$ --	$ --
Client deposits	41,743	41,743	--	--	--
Payable to clients	48,879	48,879	--	--	--
Accounts payable and accrued liabilities	49,344	49,344	--	--	--
Other liabilities	19,893	--	--	19,893	--
Investment commitments	26,055	26,055	--	--	--
Scheduled lease payments	15,095	2,751	5,174	4,049	3,121
Third party investor liabilities	11,658	11,658	--	--	--
Total contractual obligations	$ 333,060	$ 300,823	$ 5,174	$ 23,942	$ 3,121

Guardian's contractual commitments are supported by its strong financial position, including its securities, referred to above under the heading "Liquidity and Capital Resources". The payable to clients, in Guardian's securities dealer subsidiary, which can fluctuate with client activities, is offset by the receivable from clients and broker. Client deposits in the offshore banking subsidiary are supported by the interest-bearing deposits with banks. The third party investor liabilities are supported by securities backing third party investor liabilities.

SUMMARY OF QUARTERLY RESULTS

The following chart summarizes Guardian's financial results for the past eight quarters:

For the three months ended *($ in thousands)*	**Sep 30, 2019**	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017
Net revenue	**$ 45,983**	$ 45,963	$ 44,291	$ 44,300	$ 42,773	$ 42,924	$ 41,516	$ 39,097
Operating earnings	**12,105**	12,590	11,176	12,137	12,444	11,302	10,504	13,046
Net gains (losses)	**(1,274)**	7,957	65,883	(89,001)	28,481	20,800	(15,932)	38,186
Net earnings (loss)	**8,952**	17,601	68,099	(69,652)	35,079	26,245	(5,279)	44,466
Net earnings (loss) attributable to shareholders	**8,275**	16,838	67,220	(70,449)	34,320	25,385	(6,208)	43,982
Shareholders' equity	**653,983**	647,983	656,167	599,311	670,382	644,956	623,511	634,416
Per Class A and Common share (in $)								
Net earnings (loss) attributable to shareholders								
Basic	**$ 0.32**	$ 0.65	$ 2.57	$ (2.63)	$ 1.28	$ 0.95	$ (0.23)	$ 1.59
Diluted	**0.31**	0.62	2.43	(2.63)	1.21	0.90	(0.23)	1.51
Shareholders' equity								
Basic	**$ 25.49**	$ 25.26	$ 25.14	$ 22.85	$ 24.98	$ 24.06	$ 23.27	$ 23.20
Diluted	**23.93**	23.73	23.66	21.57	23.57	22.74	21.98	21.88
Dividends paid	**$ 0.150**	$ 0.150	$ 0.125	$ 0.125	$ 0.125	$ 0.125	$ 0.100	$ 0.100
As at								
Total Class A and Common shares outstanding (in thousands of shares)	**27,956**	27,956	28,405	28,405	29,012	29,012	29,012	29,523

Over the past 8 quarters presented above, Guardian's Net revenue has generally shown an upward trend, although it has fluctuated from time to time. These fluctuations have influenced operating earnings and have been driven largely by the factors described below.

Management fees earned in the Investment Management Segment and trailer commissions earned on mutual funds and segregated funds in the Financial Advisory Segment are highly correlated to the changes in AUM and AUA, which are affected by the volatility of the financial markets and additions and withdrawals of client assets. Offsetting this volatility is the significant insurance commissions earned in the MGA business, which are less correlated to the volatility of the financial markets. However, the volatility in the MGA revenue can also arise from the timing of large insurance policies being placed by the advisors. With the focus on recruiting top-producing advisors, these advisors deal in significantly larger insurance policies which can influence the timing and the level of the insurance commission revenue earned, depending on when these policies are placed. In the Corporate Investing and Activities Segment, some fluctuations in dividend income can be seen in the second quarter and, to a lesser extent, in the fourth quarter of each year, due largely to dividends from foreign equities, which pay semi-annual dividends and some "special" dividends mid-year during those periods. In addition, the timing of consolidation or deconsolidation of certain investment funds can also have an impact on the level of dividend income recorded in the period.

Net revenue in the fourth quarter of 2018 increased although the AUM and AUA decreased, due to the increase in insurance commission revenues offsetting the reduction in other revenues during the period. The most significant increase was in the annual service commission revenue which is not correlated to the financial markets. In 2018, the increases in net revenue included the contributions from Alta, which was acquired on January 1, 2018. Net gains (losses) reflect changes in fair values of the securities during each period, driven by the volatility of the financial markets in which Guardian's securities trade. The volatility of Net gains (losses) also directly impacted Net earnings (losses) attributable to shareholders during those periods.

The quarterly fluctuations in shareholders' equity shown above are caused largely by Guardian's Net earnings (loss), less dividends paid and shares repurchased.

RISK FACTORS

The largest business segment at Guardian is investment management, in which clients look to Guardian to manage risks within their portfolios. Guardian applies many of the same risk management principles to its business as a whole. One of these principles is that risk can pose challenges as well as provide opportunities, depending upon the effectiveness of the way in which it is managed. Readers are encouraged to refer to note 14 to Guardian's third quarter 2019 Consolidated Financial Statements for additional information on financial risk management.

Market Risk

Market fluctuations can have a significant effect on the value of both clients' portfolios and our earnings, since management fees are generally based on market values. In the financial advisory business, market fluctuations can have a significant impact on the amounts being invested by the clients, increasing or reducing our commission revenues. We manage the risk of market fluctuations by having a diversified client base with different investment needs and by having a variety of products and services, which may be attractive in different market environments and which have different correlations to equity and other financial markets and to each other. Guardian's security holdings are managed independently of clients' assets, except for those of our assets that are invested in Guardian's investment funds.

Portfolio Value and Concentration Risks

Guardian's securities are subject to price risk. The potential impact of market fluctuations on the value of the securities is provided in note 14 to Guardian's third quarter 2019 Consolidated Financial Statements. Guardian manages this risk through professional in-house investment management expertise, which takes a disciplined approach to investment management. Guardian currently holds $341 million in Bank of Montreal shares, which represents 51% (December 31, 2018 – 53%) of Guardian's securities at fair value. Guardian has accepted this concentration risk, as the bank is a diversified company with a history of steady and growing dividend payments. However, Guardian has been reducing its exposure over time, having sold over 1.46 million shares of the bank since the third quarter of 2013. With the exception of the investment in the Bank of Montreal shares, the securities are diversified from both an asset class and a geographical perspective. At the end of the current quarter, the corporate holding of securities consisted of 57% (December 31, 2018 - 59%) domestic equities, consisting mainly of the Bank of Montreal shares, 36% (December 31, 2018 – 31%) non-Canadian equities and 6% (December 31, 2018 – 10%) short-term investments and fixed income securities. All securities are held by well-known independent custodians chosen by Guardian.

Foreign Currency Risk

Guardian's investments in its foreign subsidiaries are subject to the risk of foreign currency exchange rate fluctuations. The effects of changes in foreign currency exchange rates on the values of these investments are not included in Net earnings (loss), but are recorded as changes in the "foreign currency translation adjustment" in Other Comprehensive Income, and the cumulative effect is included in Accumulated Other Comprehensive Income in the Shareholders' Equity section of the Consolidated Balance Sheets. Following the acquisition of Alta, Guardian recognized Obligations to non-controlling interests on its balance sheet, which are denominated in US dollars. As these are transactions between equity interests, the changes in the value of the obligation, including changes resulting from foreign exchange rate fluctuations, are recorded directly in the Statements of Equity. This currency risk is managed in a manner similar to the investments in other foreign subsidiaries. These are not actively managed, due to the long-term nature of these investments, but are closely monitored by management. As Guardian continues to expand into foreign jurisdictions and the revenue and earnings sources grow and diversify into other currencies, the operating results can fluctuate with the changes in foreign currency exchange rates compared to the Canadian dollar. As the foreign operations grow, Guardian will be increasingly exposed to foreign currency risks. From time to time, Guardian may record certain foreign exchange Net gains (losses), such as on the current USD borrowing used to finance the acquisition of Alta or the Net gains (losses) on Canadian dollar cash balances recorded by foreign subsidiaries. However, these foreign exchange gains and losses result in substantially offsetting Net gains (losses) being recorded in Other comprehensive income. Readers are encouraged to refer to note 14 in Guardian's third quarter Consolidated Financial Statements for further discussion and sensitivity analysis.

Credit Risk

Guardian's credit risk is generally considered to be low. Because of the nature of Guardian's business, its receivables are mainly from large institutions, which are considered to pose a relatively low credit risk, or from individuals, which are secured by marketable securities. Guardian periodically reviews the financial strength of all of its counterparties, and if the circumstances warrant it Guardian takes appropriate action to reduce its exposure to certain counterparties. The credit risk associated with Guardian's investment in fixed-income mutual funds is managed by monitoring of activities of the portfolio manager who, through diversification and credit quality reviews of the funds' investments, manage the funds' credit risk. The credit risk associated with the investment in amortized cost securities is managed by monitoring the issuer's operations through discussions with the issuer's management. From time to time, advisors in the Financial Advisory segment may owe to the Dealers or the MGA, advances made or amounts resulting from the reversal of commissions. The credit risk associated with these amounts is mitigated by management's review of the advisors' ability to repay the advances or the potential commission reversals, particularly in the MGA business, before amounts are paid to the advisors.

Interest Rate Risk

Guardian's most significant exposure to interest rate risk is through its bank loans and borrowings. The interest rates on these borrowings are short-term, and Guardian's interest expense and net earnings will fluctuate with the changes in short-term rates. Guardian manages interest rate risk in its international banking operations, through matching the interest rates and maturity dates of client deposit liabilities with the assets, interest-bearing deposits with banks. The interest rate risk associated with Guardian's investment in fixed-income mutual funds is managed by monitoring the activities of the portfolio manager, who manages this risk by positioning the portfolio for various interest rate environments. The interest rate risk associated with the investment in amortized cost securities is not actively managed, as it is a long-term investment, but monitored by management.

Liquidity Risk

Guardian manages liquidity risk through the monitoring and managing of cash flows from operations, by establishing sufficient cash borrowing facilities with major Canadian banks, which currently total $155 million through two credit facilities, and leveraging the support of its significant security portfolio. The maturities of Guardian's contractual commitments are outlined under "Contractual Commitments" in this discussion and analysis. The combination of the cash flows from operations, the securities holdings and the borrowing facilities provide sufficient cash resources to manage its liquidity risk.

Regulatory and Legal Risk

Guardian and its subsidiaries operate in an environment subject to various laws and regulations. Given the nature of certain of Guardian's subsidiaries, they may, from time to time, be subject to claims or complaints from investment clients and sanctions from governing bodies. These risks are mitigated by maintaining relevant in-house competence in laws and regulations, compliance and product review oversight, adequate insurance coverage and, where appropriate, utilizing assistance from external advisors.

Financial Advisory Risk

Because of the number of advisors who publicly represent each of the Worldsource operating entities, there are risks associated in their dealings with their clients. These risks are mitigated by the strong compliance and product review capabilities of the Worldsource organization, significant management oversight and insurance coverage carried by both Worldsource and the advisors.

Information Technology and Cybersecurity Risk

Guardian uses information technology and the internet to streamline business operations and to improve client and advisor experience. However, the use of information technology can also introduce operational risk related to its use by employees, which may result in errors and lead to financial loss to Guardian. In addition, through the use of mobile devices and the use of internet, such as emails and other online capabilities, Guardian is exposed to information security and other technology disruption risks that could potentially have an adverse impact on its business. Guardian actively monitors these risks and continues to develop controls to protect against such threats that are becoming more sophisticated and pervasive.

Competition Risk

Guardian operates in a highly competitive environment, with competition based on a variety of factors including investment performance, the type and quality of products offered, business reputation and financial strength. Loss of client assets to competition will result in losses of revenue and earnings to Guardian. Guardian attempts to mitigate this risk by developing and maintaining a competitive product line and competitive relative performance of its products, through the recruitment and retention of high quality investment professionals and a high quality management team. Our ability to compete is also enhanced by our large capital base, which provides Guardian with the financial strength to invest in the development or acquisition of businesses. It also provides existing and future clients with comfort, which allows Guardian to better compete in winning and retaining these clients.

CHANGES IN ACCOUNTING POLICIES

On January 1, 2019, Guardian adopted IFRS 16 – *Leases.* The new standard provides a single lease accounting model for lessees, under which substantially all leases will be accounted for as asset acquisitions, financed by lease obligations. The Right of use assets and Lease obligations recognized will be equal to the present value of the contractual lease payments adjusted for certain items. The Right of use assets are amortized over their useful lives, which will generally be the lease terms. Lease payments will be accounted for as repayments of the Lease obligation, and interest will be recorded on the obligation. This differs from the prior standard, under which most of Guardian's leases did not result in the recognition of an asset or a lease obligation, and Guardian's lease payments were expensed over the term of the leases as part of Other expenses.

IFRS 16 was implemented on a modified retrospective basis, which resulted in the effects of the initial application of the new standard being recorded only in the current period, with no restatement of prior period results. Therefore, current period results may not be entirely comparable to prior periods.

The adoption of IFRS 16 did not have a significant impact on Guardian's Operating earnings. However, it resulted in the reclassification of expenses from Other expenses to Amortization and Interest expenses, and the reclassification of cash flows from Operating activities to Financing activities. The reclassification of expenses and cash flows resulted in increases in both EBITDA and Adjusted cash flow from operations under the new standard by $0.7 million and $0.5 million, respectively, in the current quarter. The adoption of IFRS 16 is discussed in further detail in note 2 (b) of Guardian's third quarter 2019 Consolidated Financial Statements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the reported amounts of assets, liabilities, contingencies, revenues and expenses. These estimates and assumptions are listed in note 2 (c) to Guardian's December 31, 2018, Consolidated Financial Statements. The most significant accounting estimates are related to the impairment assessment of goodwill and the determination of fair value of securities which are classified as level 3 within the fair value hierarchy. These valuation approaches are most sensitive to the levels of AUA and annual service fees for goodwill and the level of AUM for the determination of fair value of level 3 securities. No changes to the valuation methodologies were made during the current quarter.

NON-IFRS MEASURES

EBITDA and EBITDA per share

Guardian defines EBITDA as net earnings before interest, income tax, amortization, stock-based compensation, and net gains or losses, less amounts attributable to non-controlling interests. EBITDA per share is calculated using the same method, which is used to determine net earnings available to shareholders per share, including any adjustment to the average number of shares outstanding, or to income, to calculate the dilutive effect. Guardian believe these are important measures, as they allow management to assess the operating profitability of our business and to compare it with other investment management companies, without the distortions caused by the impact of non-core business items, different financing methods, levels of income taxes, the amounts of net earnings available to non-controlling interests and the level of capital expenditures. The most comparable IFRS measures are "Net earnings" and "Net earnings available to shareholders per share, diluted", which are disclosed in Guardian's Consolidated Statements of Operations.

The following is a reconciliation of the IFRS measures to the non-IFRS measures:

For the periods ended September 30 *($ in thousands)*	Three months **2019**	 2018	Nine months **2019**	 2018
Net earnings, as reported	**$ 8,952**	$ 35,079	**$ 94,652**	$ 56,045
Add (deduct):				
Income tax expense	**1,879**	5,846	**13,785**	11,554
Net (gains) losses	**1,274**	(28,481)	**(72,566)**	(33,349)
Stock-based compensation	**650**	669	**1,812**	1,483
Interest expense	**1,027**	1,192	**3,282**	2,623
Amortization	**3,595**	2,714	**10,281**	7,388
Non-controlling interests	**(1,341)**	(1,457)	**(4,463)**	(4,398)
EBITDA	**$ 16,036**	$ 15,562	**$ 46,783**	$ 41,346

The adoption of IFRS 16 on January 1, 2019 resulted in an increase in EBITDA by $0.7 million in the quarter, due to a reduction in other expenses and an increase in Interest and Amortization expenses.

Adjusted cash flow from operations and adjusted cash flow from operations per share

Guardian defines Adjusted cash flow from operations as net cash from operating activities, net of changes in non-cash working capital items and non-controlling interests. Adjusted cash flow from operations and the per share amount are used by management to measure the amount of cash, either provided by or used, in Guardian's operating activities available to shareholders, without the distortions caused by fluctuations in its working capital. The most comparable IFRS measure is "Net cash from operating activities", which is disclosed in Guardian's Consolidated Statements of Cash Flow. Adjusted cash flow from operations per share is calculated using the same method, which is used to determine Net earnings available to shareholders per share, including any adjustment to the average number of shares outstanding, or to income, to calculate the dilutive effect.

The following is a reconciliation of the IFRS measure to the non-IFRS measures:

For the periods ended September 30 *($ in thousands)*	Three months **2019**	 2018	Nine months **2019**	 2018
Net cash from operating activities, as reported	**$ 22,749**	$ 18,101	**$ 36,690**	$ 29,597
Add (deduct):				
Net change in non-cash working capital items	**(8,496)**	(5,721)	**3,331**	4,309
Non-controlling interests	**(1,200)**	(1,297)	**(3,940)**	(3,749)
Adjusted cash flow from operations	**$ 13,053**	$ 11,083	**$ 36,081**	$ 30,157

The adoption of IFRS 16 on January 1, 2019 resulted in an increase in Adjusted cash flow from operations by $0.5 million in the quarter, as a portion of the lease payments made were reclassified from Other expenses to Interest and Amortization expenses and Cash flows were reclassified from Operating activities to Financing activities.

Shareholders' equity per share

Shareholders' equity per share, diluted, is used by management to indicate the retained value per share available to shareholders which has been created by Guardian's operations. The most comparable IFRS measure is Shareholders equity, which is disclosed in Guardian's Consolidated Balance Sheet. Shareholders' equity per share is calculated by dividing shareholders' equity by the number of shares and dilutive shares outstanding as at period end.

Securities per share

Securities per share is used by management to indicate the value available to shareholders created by Guardian's investment in securities, without the netting of debt or deferred income taxes associated with the unrealized gains. The most comparable IFRS measure is Securities which is disclosed in Guardian's Consolidated Balance Sheet. Securities per share is calculated by dividing securities by the number of shares and dilutive shares outstanding as at period end.

OUTLOOK

Trade frictions remains the wild card in determining the market outlook, it is arguable that the balance of risks appear to be somewhat tilted to the upside as two of the main issues clouding the outlook (the China/US trade conflict and Brexit) have recently shown indications of abating, while the renewed push toward adding stimulus by central banks around the world means the risks of a monetary-policy driven downturn are next to zero any time soon. Economic growth globally remains positive, but shows signs of moderating, and the inversion of the US Treasury yield curve creates a cautious signal for growth in the mid to long term, but accommodative central bank monetary policy is "ahead of the curve" and may be able to forestall any longer term pressure on the economy. The expectation of continued positive but slowing growth trends combine with benign inflationary pressures to support expectations of positive performance in risk assets, there is, however, no expectation that market volatility is set to subside, with recent political developments in the US all but assuring that event/tweet risks are going to remain ever-present for the foreseeable future.

For Guardian, the performance of equity and fixed income markets is a very important factor in our short-term financial performance, both because of our company-owned investments, and because much of our revenue is tied to fees based on the size of our AUM or AUA. The performance of the markets is also a totally exogenous factor, which we have no way of controlling. As a result, we must focus on investing in the growth of our business, while containing costs as much as practical. In order to succeed in growing our business, we must continually innovate and raise awareness of our capabilities. To assist us in our goal, we continuously take advantage of our strong portfolio management capability and our balance sheet to seed, incubate and develop new strategies, which in the fullness of time, have a chance to become strong revenue-generating parts of our business. We will continue to invest in these new products, in the hope that we will be able to offer more and better investment solutions to clients, and prospective clients.

Strong investment track records are definitely helpful in finding clients, and there are certainly some instances of prospective clients finding us in a database and initiating contact with us, but in order to truly maximize our potential, we need to increase awareness of the Company and our capabilities. Over the past few years, Guardian has focused on restructuring and improving our sales and marketing capabilities, both within Canada and in other parts of the world. We will continue to seek capable and seasoned people to assist us in our efforts to raise awareness of our firm, and ultimately increase our net sales.

We also expect to continue considering inorganic growth with potential acquisitions in the Investment Management business segment, the MGA space or any other investment that will broaden or improve the offering of our existing business lines. Firm-wide, we will continue to explore and invest in technology improvements in order to offer the best solutions for management, employees, clients and our partner advisors. We will focus on developing strategies to assist our advisor-partners in managing their client assets efficiently and winning new business. Over time, we expect we will strategically raise cash from operations, through existing available credit facilities, partial sale of our BMO position and other investments on our balance sheet to pursue any opportunity that arises, whether it is seeding new products, making acquisitions, or opportunistic share buybacks.

GUARDIAN
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