


## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

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# GUARDIAN i<sup>3</sup> GLOBAL QUALITY GROWTH FUND

DECEMBER 31, 2022



This annual management report of fund performance contains financial highlights, but does not contain either the annual financial report or annual financial statements of the investment fund. You can obtain a copy of the annual financial report or annual financial statements at your request, and at no cost, by calling 1-866-383-6546, by writing to us at Guardian Capital LP, Commerce Court West, 199 Bay Street, Suite 2700, P.O. Box 201, Toronto, Ontario, M5L 1E8, or by visiting our website at [www.guardiancapital.com/investmentsolutions](http://www.guardiancapital.com/investmentsolutions) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Investment Objective and Strategies

Guardian i<sup>3</sup> Global Quality Growth Fund (the “Fund”) seeks to achieve long-term capital appreciation through investing in equity securities of businesses with operations around the world. Relying on a bottom-up, quantitative approach, the Fund’s Manager selects securities based on an analysis of multiple factors and information, including rates of change in fundamental factors.

### Risk

The risks associated with investing in the Fund remain as discussed in the prospectus. The Fund may be suitable for investors with a medium tolerance for risk, particularly those who seek exposure to equity securities of issuers with business operations around the world.

### Results of Operations

*(This commentary is based on the performance of Series I units of the Fund. Returns for other Series of units may vary, largely due to differences in fees and expenses. Please refer to the Past Performance section for specific Series level performance details.)*

The Fund’s net asset value decreased by 28% to \$30.5 million at December 31, 2022 from \$42.6 million at December 31, 2021. Of this change, a decrease of \$11.1 million was due to investment performance and a decrease of \$1.1 million was attributable to net redemptions.

Series I units of the Fund posted a return of -25.6% for the year. The Fund’s benchmark, the MSCI World Index (Net C\$) returned -12.2% for the same period. The Fund’s return is after the deduction of fees and expenses, where applicable for the Series, unlike the benchmark’s return.

Rising interest rates, inflation, geopolitics, supply chain issues dominated equity markets throughout the year.

At the beginning of the year, equity markets came under

pressure, as rising interest rates and inflation were the two main concerns when, globally, central banks began a tightening cycle and inflationary pressures continued higher. Russia’s invasion of Ukraine and its potential knock-on effects further exacerbated negative sentiment and risk aversion in the market. Concerns surrounding growth and the possibility of recession amid tightening monetary conditions led to a further pullback in equities globally.

The year 2022 was very challenging for global equities. Given the higher sensitivity to interest rates for growth stocks, their earnings multiple compression has contributed to some of the most significant declines for growth stocks seen in recent history. We saw widespread multiple compression for growth stocks regardless of quality.

In 2022, the Fund underperformed its benchmark, the MSCI World Index, which was mainly driven by stock selection, as growth stocks have underperformed during the year.

The Fund’s overweight position in the Energy sector was the largest contributor to relative performance, as the sector outperformed due to rising commodity prices and supply and demand disruption during the year. The Fund’s underweight position in the Communication Services and Consumer Discretionary sectors contributed positively, as these were the worst performing sectors during the year.

The Fund’s overweight position and stock selection in the Information Technology sector detracted the most from relative performance due to multiple compression of stocks within the sector. Stock selection within the Health Care sector also detracted from performance due to multiple compression, especially amongst biotech and equipment stocks. Positions in the Industrials sector lagged the benchmark, contributing to a negative stock selection impact from the sector.

The Fund’s positions in Equinor, APA and Woodside Energy in the Energy sector had the largest contributions to performance, as the Energy sector outperformed during the year due to rising energy prices. AstraZeneca in the Health Care sector and Broadcom in the Information Technology sector also contributed positively.

The Fund's positions in Alphabet, Zebra Technologies, and NVIDIA detracted the most from relative performance due to market worries about rising interest rates, as well as compressing margins in the Communication Services and Information Technology sectors in the short term.

The Fund's weighting in Energy was added to, with the purchase of Woodside Energy, Steris, APA Corp, ENI, and Range Resources as the sector offered the most attractive risk/reward opportunity and deep value with improving quality and growth at the beginning of the year. However, the weight in these positions was reduced during the second half of the year due to earnings growth projections trending down throughout the year.

In the Health Care sector, positions in Life Science tools and pharmaceuticals were bought. The Fund took positions in Thermo Fisher, AstraZeneca, and Centene, as the Manager saw a stable growth outlook for managed care. Costco was added to the Fund's portfolio to increase exposure to US-centric consumer staples, which the Manager expects to do well in any inflation-dominated market corrections.

In the second half of the year, some weight was added back to the Information Technology sector in both Semiconductors and Software Services. The Manager looked for quality growth companies with still reasonable valuations, hence buying Microchip Technology and Broadcom for semiconductors, and also Visa and Accenture for Software Services. The Consumer Staples weight was increased as a hedge to inflation, taking positions in Coca Cola and Sysco. In Financials, Prudential (as defensive insurance) was sold in favour of Factset, to gear the Fund's portfolio more towards quality growth in Fintech.

In the Manager's opinion, inflation and recession fears overwhelmed any upside from continued re-opening post-COVID-19 through increased travel and consumer spending. Thus, Airbnb and Booking were sold. The Fund's overweight to Information Technology was reduced as rates continued to rise, and Tokyo Electron, Taiwan Semiconductor and Paypal were sold. Also in Information Technology, Digital Ocean was sold as the macroeconomic effects of inflation and rates on small and medium businesses

pared back expectations on cloud spending. ASML was also sold, as performance was correlated with decreased earnings projections.

Overall, the Fund is overweight the Energy, Information Technology and Consumer Staples sectors and underweight Consumer Discretionary, Financials and Communication Services sectors. Overall, geographically, the Fund is underweight Europe and overweight North America.

## Recent Developments

Beginning 2023, markets are facing headwinds due to the impact of capital allocation and overpriced securities over the last several years; high inflation and rising interest rates have highlighted this. At the same time, global growth momentum is slowing and there remain headwinds, with the raised risk of an economic downturn materializing sooner rather than later. Factoring in the impact of central banks' interest rate hikes and the risk of recession when evaluating stocks will be critical going forward.

In this environment, the Manager believes that using unbiased predictors becomes all the more critical going forward. The Manager's proprietary AI model predictions\* for 1-year EPS growth rates have fallen and continue to show a negative slope, with Europe in the negative territory across most sectors, while the US seems to be stabilizing near zero.

Growth companies' valuations tend to feel particular heat from higher interest rates and although we may see some relief from a pause in Fed hikes, this may be limited or short-lived as the Fed keeps interest rates in restrictive territory. Accordingly, the Manager looks for higher quality companies in this space while staying true to the style and maintaining exposure to what we believe are the best growth themes in the long term. Although earnings trends have fallen, companies that can innovate, launch new products, or benefit from new trends may be able to compensate for this and are likely to outperform. The Manager also believes that careful selection of companies that can sustain their cash flows and grow earnings is paramount, and the Manager is consistently monitoring the Fund's exposures with respect to expected earnings growth and probability of earnings disappointments.

## Related Party Transactions

Guardian Capital LP, the Manager of the Fund, is considered to be a “related party” of the Fund. The Manager is responsible for the day-to-day operations of the Fund and also acts as the portfolio manager, managing the investment portfolio of the Fund. These services are in the normal course of operations and the Fund pays a management fee to the Manager for these services, as detailed in the Management Fees section below. The Manager also receives an Administration Fee from the Fund, amounting to 0.19% of the average daily net asset value of the Fund, in return for the payment by the Manager of all the variable operating expenses of the Fund. The Independent Review Committee (“IRC”) has approved the Manager’s Policy for this item, and the Manager relies on this approval as a standing instruction from the IRC. The Manager received the Administration Fee and paid Fund expenses in accordance with this Policy during the period. The Manager is a wholly-owned subsidiary of Guardian Capital Group Limited, a publicly traded firm listed on the Toronto Stock Exchange.

The Fund may invest some of its available short-term cash in units of Guardian Canadian Short-Term Investment Fund, another investment fund managed by Guardian Capital LP and a related issuer, which invests its assets in high-quality short-term fixed-income securities. With respect to investments in related issuers, the Manager has relied on the approval that it has received from the IRC. The approval requires the Manager to comply with its current policy and procedures regarding investments in related issuers and to report periodically to the IRC. The Manager will not duplicate management fees paid to an underlying fund that is a related issuer.

## Management Fees

No management fees are payable or collected for Series I units of the Fund. Series A and Series F units are subject to a management fee which is based on a percentage of the average Series NAV during each month, calculated and accrued daily, and payable monthly. The Series A management fee is 1.65% per annum. The Series F management fee is 0.65% per annum. The table below provides a breakdown of services received in consideration of the management

fees, as a percentage of the management fees, for the period.

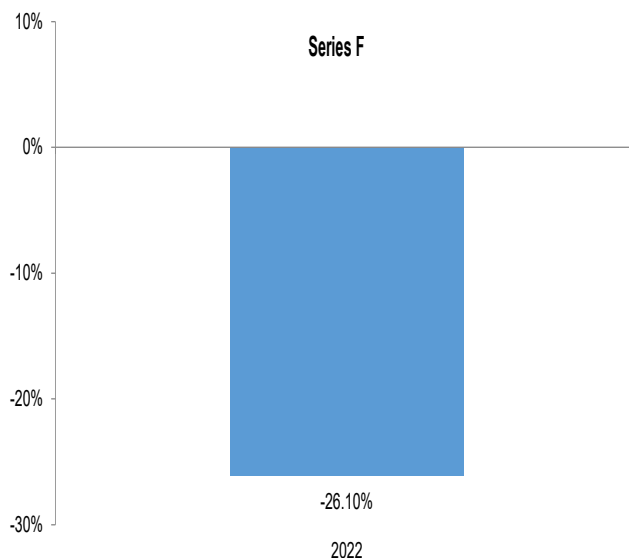
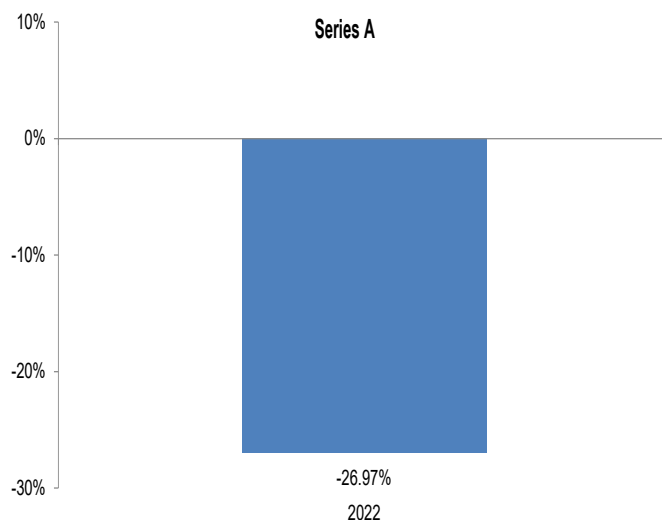
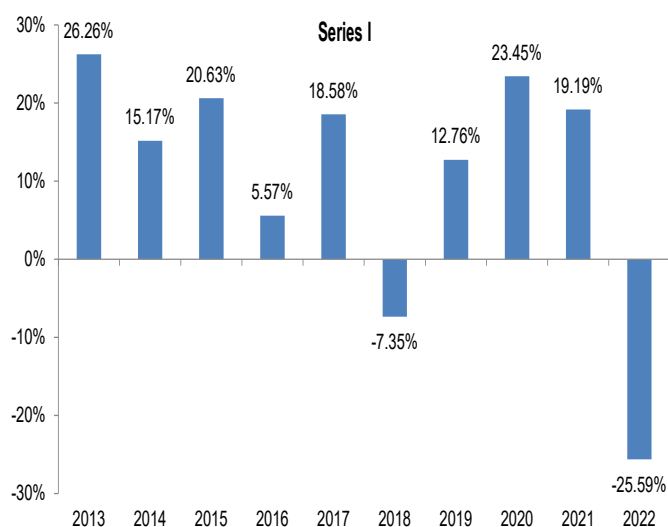
	Series I	Series A	Series F
Investment management and other general administration	n/a	39.4%	100%
Trailer Commission	n/a	60.6%	n/a

## Past Performance

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

## Year-by-Year Returns

The bar charts show the Fund's performance for the period from January 1, 2022 to December 31, 2022, and annual performance for each of the prior years shown, and illustrates how the Fund's performance has changed from year to year. The chart shows in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of that financial year.



## Annual Compound Returns

The tables below show the historical compound returns of the Fund's Series I, Series A and Series F units for the periods indicated, as at December 31, 2022. The returns of a broad based market index are also shown.

	1 Yr	3 Yrs	5 Yrs	10 Yrs
Series I (%)	-25.59	3.07	2.72	9.65
MSCI World Index (Net C\$) (%)	-12.19	6.49	7.83	12.27

\* Inception date - December 31, 2002.

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
Series A (%)	-26.97	n/a	n/a	n/a	-13.81
MSCI World Index (Net C\$) (%)	-12.19	n/a	n/a	n/a	-2.91

\* Inception date - July 05, 2021

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
Series F (%)	-26.10	n/a	n/a	n/a	-16.56
MSCI World Index (Net C\$) (%)	-12.19	n/a	n/a	n/a	-4.93

\* Inception date - August 04, 2021

The MSCI World Index (Net, C\$) is designed to be a broad measure of both large and mid cap equities across Developed Countries.

## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the periods indicated. The information is derived from the Fund's audited annual financial statements.

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

	12 months ended Dec. 31, 2022	12 months ended Dec. 31, 2021	12 months ended Dec. 31, 2020	12 months ended Dec. 31, 2019	12 months ended Dec. 31, 2018
Net Assets per unit, Beginning of Period <sup>[1]</sup>	\$12.81	\$11.46	\$9.72	\$8.75	\$9.60
<b>Increase (decrease) from operations per unit: <sup>[1]</sup></b>					
Total revenue	0.12	0.09	0.14	0.15	0.19
Total expenses	(0.05)	(0.05)	(0.05)	(0.04)	(0.04)
Realized gains (losses)	(0.05)	0.80	0.48	(0.06)	(0.02)
Unrealized gains (losses)	(3.31)	1.39	1.76	1.13	(1.24)
Total increase (decrease) from operations per unit	(3.29)	2.23	2.33	1.18	(1.11)
Distributions per unit from: <sup>[1][2]</sup>					
Income (excluding dividends)	-	-	-	-	-
Canadian dividends	-	-	-	-	-
Foreign dividends	(0.08)	(0.06)	(0.12)	(0.16)	(0.14)
Capital gains	-	(0.79)	(0.41)	-	-
Return of capital	-	-	-	-	-
Total Distributions per unit	(0.08)	(0.85)	(0.53)	(0.16)	(0.14)
Net Assets per unit, End of Period <sup>[1]</sup>	\$9.45	\$12.81	\$11.46	\$9.72	\$8.75

<sup>[1]</sup> Net assets per unit and distributions per unit are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations per unit is based on the weighted average number of units outstanding over the financial period.

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

### Ratios and Supplemental Data (Series I)

	12 months ended Dec. 31, 2022	12 months ended Dec. 31, 2021	12 months ended Dec. 31, 2020	12 months ended Dec. 31, 2019	12 months ended Dec. 31, 2018
Total net asset value (000's) <sup>[1]</sup>	\$30,044	\$42,193	\$36,382	\$34,123	\$37,925
Number of units outstanding <sup>[1]</sup>	3,178,260	3,293,041	3,174,419	3,512,382	4,332,041
Management expense ratio <sup>[2]</sup>	0.21%	0.22%	0.22%	0.22%	0.22%
Management expense ratio before waivers and absorptions	0.21%	0.22%	0.22%	0.22%	0.22%
Trading expense ratio <sup>[3]</sup>	0.03%	0.03%	0.09%	0.21%	0.17%
Portfolio turnover rate <sup>[4]</sup>	228.87%	64.02%	91.99%	153.36%	132.89%
Net asset value per unit <sup>[1]</sup>	\$9.45	\$12.81	\$11.46	\$9.72	\$8.75

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

<sup>[2]</sup> The management expense ratio is based on total expenses (excluding commissions, other portfolio transaction costs and withholding taxes) of the Fund and its proportionate share of the total expenses of the Underlying Funds, where applicable, for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

<sup>[3]</sup> The trading expense ratio represents total commissions and other portfolio transaction costs of the Fund and its proportionate share of the Underlying Funds' portfolio transaction costs, where applicable, expressed as an annualized percentage of daily average net asset value for the period.

<sup>[4]</sup> The Fund's portfolio turnover rate indicates how actively its portfolio advisor trades portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in the portfolio once in the course of a year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.



## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the periods indicated. The information is derived from the Fund's audited annual financial statements.

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

	12 months ended Dec. 31, 2022	Period from Apr. 30 to Dec. 31, 2021
Net Assets per unit, Beginning of Period <sup>[1]</sup>	\$10.76	\$10.00
<b>Increase (decrease) from operations per unit: <sup>[1]</sup></b>		
Total revenue	0.04	0.05
Total expenses	(0.18)	(0.18)
Realized gains (losses)	(0.13)	0.44
Unrealized gains (losses)	(2.09)	1.06
Total increase (decrease) from operations per unit	(2.36)	1.37
Distributions per unit from: <sup>[1][2]</sup>		
Income (excluding dividends)	-	-
Canadian dividends	-	-
Foreign dividends	-	-
Capital gains	-	(0.66)
Return of capital	-	-
Total Distributions per unit	0.00	(0.66)
Net Assets per unit, End of Period <sup>[1]</sup>	\$7.85	\$10.76

<sup>[1]</sup> Net assets per unit and distributions per unit are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations per unit is based on the weighted average number of units outstanding over the financial period.

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

### Ratios and Supplemental Data (Series A)

	12 months ended Dec. 31, 2022	Period from Apr. 30 to Dec. 31, 2021
Total net asset value (000's) <sup>[1]</sup>	\$162	\$139
Number of units outstanding <sup>[1]</sup>	20,638	12,899
Management expense ratio <sup>[2]</sup>	2.08%	2.08%
Management expense ratio before waivers and absorptions	2.08%	2.08%
Trading expense ratio <sup>[3]</sup>	0.03%	0.03%
Portfolio turnover rate <sup>[4]</sup>	228.87%	64.02%
Net asset value per unit <sup>[1]</sup>	\$7.85	\$10.76

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

<sup>[2]</sup> The management expense ratio is based on total expenses (excluding commissions, other portfolio transaction costs and withholding taxes) of the Fund and its proportionate share of the total expenses of the Underlying Funds, where applicable, for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

<sup>[3]</sup> The trading expense ratio represents total commissions and other portfolio transaction costs of the Fund and its proportionate share of the Underlying Funds' portfolio transaction costs, where applicable, expressed as an annualized percentage of daily average net asset value for the period.

<sup>[4]</sup> The Fund's portfolio turnover rate indicates how actively its portfolio advisor trades portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in the portfolio once in the course of a year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.



## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the periods indicated. The information is derived from the Fund's audited annual financial statements.

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

	12 months ended Dec. 31, 2022	Period from Apr. 30 to Dec. 31, 2021
Net Assets per unit, Beginning of Period <sup>[1]</sup>	\$10.77	\$10.00
<b>Increase (decrease) from operations per unit: <sup>[1]</sup></b>		
Total revenue	0.04	0.04
Total expenses	(0.09)	(0.08)
Realized gains (losses)	(0.11)	0.64
Unrealized gains (losses)	(2.58)	0.10
Total increase (decrease) from operations per unit	(2.74)	0.70
Distributions per unit from: <sup>[1][2]</sup>		
Income (excluding dividends)	-	-
Canadian dividends	-	-
Foreign dividends	(0.01)	(0.06)
Capital gains	-	(0.67)
Return of capital	-	-
Total Distributions per unit	(0.01)	(0.73)
Net Assets per unit, End of Period <sup>[1]</sup>	\$7.95	\$10.77

<sup>[1]</sup> Net assets per unit and distributions per unit are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations per unit is based on the weighted average number of units outstanding over the financial period.

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

### Ratios and Supplemental Data (Series F)

	12 months ended Dec. 31, 2022	Period from Apr. 30 to Dec. 31, 2021
Total net asset value (000's) <sup>[1]</sup>	\$276	\$290
Number of units outstanding <sup>[1]</sup>	34,788	26,952
Management expense ratio <sup>[2]</sup>	0.90%	0.95%
Management expense ratio before waivers and absorptions	0.90%	0.95%
Trading expense ratio <sup>[3]</sup>	0.03%	0.03%
Portfolio turnover rate <sup>[4]</sup>	228.87%	64.02%
Net asset value per unit <sup>[1]</sup>	\$7.95	\$10.77

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

<sup>[2]</sup> The management expense ratio is based on total expenses (excluding commissions, other portfolio transaction costs and withholding taxes) of the Fund and its proportionate share of the total expenses of the Underlying Funds, where applicable, for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

<sup>[3]</sup> The trading expense ratio represents total commissions and other portfolio transaction costs of the Fund and its proportionate share of the Underlying Funds' portfolio transaction costs, where applicable, expressed as an annualized percentage of daily average net asset value for the period.

<sup>[4]</sup> The Fund's portfolio turnover rate indicates how actively its portfolio advisor trades portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in the portfolio once in the course of a year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

## SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2022

Portfolio Allocation	% of Net Asset Value	Top 25 Holdings	% of Net Asset Value
Communication Services	5.4%	Nestle SA	6.4%
Consumer Discretionary	4.2%	Microsoft Corporation	5.6%
Consumer Staples	13.2%	Alphabet Inc., Class 'C'	5.4%
Energy	11.5%	Costco Wholesale Corporation	4.8%
Financials	1.4%	Apple Inc.	4.3%
Health Care	14.4%	Wolters Kluwer NV	3.9%
Industrials	15.5%	Schneider Electric SE	3.6%
Information Technology	28.2%	Woodside Energy Group Limited	3.5%
Materials	2.0%	Equinor ASA, ADR	3.4%
Short-Term Securities	2.9%	Keysight Technologies Inc.	3.1%
Other net assets	1.3%	Agilent Technologies Inc.	3.1%
		McDonald's Corporation	3.1%
		Centene Corporation	3.0%
		AstraZeneca PLC, ADR	3.0%
		APA Corporation	2.9%
		Atlas Copco AB, Class 'B'	2.9%
		Farm Credit Canada	2.9%
		W. W. Grainger Inc.	2.6%
		Rockwell Automation Inc.	2.5%
		IQVIA Holdings Inc.	2.2%
		Microchip Technology Inc.	2.2%
		The Sherwin-Williams Company	2.0%
		EPAM Systems Inc.	2.0%
		Broadcom Inc.	1.8%
		Accenture PLC, Class 'A'	1.7%
		<b>Top 25 Holdings as a percentage of net asset value</b>	<b>81.9%</b>
		<b>Total Net Asset Value</b>	<b>\$30,482,350</b>

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



**GUARDIAN CAPITAL**

# GUARDIAN CAPITAL LP

199 Bay Street, Suite 2700  
Commerce Court West, P.O. Box 201  
Toronto, Ontario  
M5L 1E8

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



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