

Management's Discussion and Analysis

In accordance with securities regulatory requirements, the management's discussion and analysis which follows for Guardian Capital Group Limited, its subsidiaries and other controlled entities (together, "Guardian") pertains to the year ended December 31, 2020, with comparatives for the year ended December 31, 2019. Readers are encouraged to refer to Guardian's Consolidated Financial Statements contained in the 2020 Annual Report. This discussion and analysis has been prepared as of February 24, 2021.

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 placed on these statements, as a number of factors could cause actual results to differ 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, the duration and severity of the current COVID pandemic, 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. Guardian is headquartered in Canada and has offices in Canada, the United Kingdom ("UK"), the United States ("US") and the Caribbean. The areas in which Guardian operates are: institutional and private wealth investment management, financial advisory and corporate activities and investments. Guardian operates its institutional investment management business through Guardian Capital LP, based in Canada; GuardCap Asset Management Limited, based in the UK; and Alta Capital Management, LLC and Agincourt Capital Management, LLC, both based in the US. Other investment management businesses are operated through Guardian Capital Advisors LP's Canadian private wealth business, Modern Advisor Canada Inc., a Canadian robo-advisory business, and Alexandria Bancorp a Caribbean-based international private bank. The financial advisory business is operated through IDC Worldsource Insurance Network Inc. ("IDCWIN"), an insurance managing general agency ("MGA"), Worldsource Financial Management Inc. ("WFM"), a mutual fund dealer, and Worldsource Securities Inc., a securities dealer (together, the "Dealers"). As at December 31, 2020, Guardian had \$46.0 billion of assets under management ("AUM") and \$22.3 billion of assets under administration ("AUA"). In addition, Guardian has a diversified portfolio of securities, which includes its investment in Bank of Montreal ("BMO") shares, with a fair value of approximately \$633 million as at December 31, 2020.

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, Shareholders' 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 utilize these measures in their analysis of Guardian's results. On page 23 of this report, a description of how these measures are defined by Guardian is provided, with reconciliations to their most comparable IFRS measures

2020 HIGHLIGHTS

The year 2020 was a notable year in many ways for Guardian. The onset of the COVID-19 pandemic and the resulting worldwide financial market disruptions in the first quarter created much uncertainty. This initially raised concerns about a potential significant drop in revenues as the fee earnings client assets declined alongside global equities markets. The fair value of Guardian's securities holdings also suffered significant declines. In response to the pandemic, Guardian enacted its business continuity plan ("BCP") on March 16 and transitioned substantially all of its Associates to remote work. In doing so, Guardian was able to protect its Associates and continue to service its clients without interruptions to the business. In addition, to protect its balance sheet and create liquidity during the initial stage of the disruption, Guardian sold a portion of its holdings in BMO shares, and the proceeds were used to pay down a portion of its debt. Today, we continue to operate effectively from remote locations, and are prepared to continue to do so. Throughout the pandemic, Guardian was able to retain all its Associates, without the need to apply for government subsidies or assistance. This decision benefited Guardian as having a full complement of Associates better prepared Guardian to emerge from the lows of Q1. The continued impact of COVID-19 on the global financial markets, their economies, and ultimately Guardian is difficult to predict. Prolonged period of public health restrictions and lockdowns are likely to result in continued market volatility and negative economic impact.

As global equities markets started to stabilize and recover, Guardian, was well positioned to emerge and finish strong in the second half of the year. Guardian is reporting historic highs in substantially all of its financial metrics in 2020. Net revenue grew 16% to \$215.8 million, Operating earnings grew 12% to \$54.8 million, AUM grew 48% to \$46.0 billion, and AUA grew 10% to \$22.3 billion. The current year was also the most active year we have ever had for acquisitions. Including the acquisition closed on December 31, 2019, Guardian completed four acquisitions and entered into an agreement on another, which is expected to close in early 2021. All these were achieved while substantially the entire staff worked remotely.

In 2020, Guardian continued to make significant progress in its strategic objective to expand its non-domestic AUM, and to continue to diversify its revenue sources away from a historical concentration in Canadian equities. The UK subsidiary's Fundamental Global Equity strategy completed another strong year, with AUM growing to \$10.7 billion, from \$4.0 billion at the end of 2019. With this growth, the non-Canadian equity AUM is now more than double the Canadian Equity AUM.

To further support this strategic objective, Guardian completed the acquisition of a 70% interest in Agincourt Capital Management, LLC ("Agincourt") on October 1, 2020 for a purchase price of \$13.0 million USD on closing, and contingent payments of up to \$4.0 million USD over the next two years. On closing, Agincourt had AUM of approximately \$7.2 billion USD. This acquisition provides Guardian with further diversification in its revenue sources by both product and geography, while also providing improved distribution capabilities in key US markets. The management and key employees of Agincourt retained the remaining 30% interest in the business, ensuring continuity in the business operations.

Within the Financial Advisory Segment, IDCWIN followed up its acquisition of Aurrea Signature Inc. ("Aurrea") on December 31, 2019, and completed its second acquisition in the Quebec market with the acquisition of Copoloff Insurance Agencies ("Copoloff") on October 1, 2020 for a purchase price of \$17.5 million. This acquisition is well aligned with our objective to expand into the Quebec market. Key management employees were retained as part of the transaction.

Guardian completed the acquisition of a 71% interest in Modern Advisor Canada Inc. ("Modern Advisor") on February 28, 2020 for a purchase price of \$3.7 million. Modern Advisor is a leading Canadian digital advisor platform and will provide Guardian with a foundational building block for its digital strategy, serving as part of Guardian's overall technology strategy and plans. Key management employees were retained as part of the transaction.

In addition to acquisitions, Guardian also made investments to strengthen its retail distribution capabilities in Canada by initiating a buildout of the Canadian Retail Asset Management business. By the end of the year, the initial recruitment phase of the team was substantially finalized, technology infrastructure to support a digitized marketing strategy was substantially built, and the launch of its initial suite of Exchange Traded Funds was completed.

During the second half of 2020, Guardian initiated a more active strategy to reduce its holdings of BMO shares. In Q3, Guardian underwrote its initial set of call options on BMO shares, hedging these positions with a portion of its holdings of the shares. The options were underwritten with strike prices at levels where Guardian was prepared to dispose of those shares. This established a more intentional disposition process, while earning premium income from the underwritten options. An additional 400,000 shares of BMO were disposed in the last quarter of 2020, as a result of delivering the shares on exercise of these options. In aggregate, 1.2 million shares of BMO were disposed of in 2020.

CONSOLIDATED FINANCIAL RESULTS

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

For the year ended December 31 (\$ in thousands, except per share amounts)	2020	2019	% change
Net revenue	\$ 215,791	\$ 186,102	16%
Expenses	160,950	137,201	17%
Operating earnings	54,841	48,901	12%
Net gains (losses)	(1,313)	96,706	-101%
Earnings (losses) before income taxes	53,528	145,607	-63%
Income tax expense	7,460	19,147	-61%
Net earnings (losses)	\$ 46,068	\$ 126,460	-64%
Attributable to shareholders:			
Net earnings (losses)	\$ 42,358	\$ 123,120	-66%
EBITDA	70,325	63,214	11%
Adjusted cash flow from operations	56,773	51,634	10%
Attributable to shareholders, per share, diluted:			
Net earnings (losses)	\$ 1.57	\$ 4.50	-65%
EBITDA	2.60	2.32	12%
Adjusted cash flow from operations	2.10	1.90	11%
As at December 31 (\$ in millions, except per share amounts)	2020	2019	% change
Shareholders' equity	\$ 700	\$ 683	2%
Securities	633	682	-7%
Per share, diluted:			
Shareholders' equity	\$ 25.69	\$ 25.01	3%
Securities	23.23	24.99	-7%
For the years ended December 31 (\$ in millions)	2020	2019	% change
Annual premiums on insurance policies sold	\$ 140	\$ 125	12%

Guardian's consolidated Operating earnings for the year ended December 31, 2020 were \$54.8 million, as compared to \$48.9 million for the year ended December 31, 2019, a 12% increase. The largest growth in Operating earnings came from GuardCap, our UK-based subsidiary, and IDCWIN, our MGA business.

Operating earnings from the Investment Management Segment were \$28.8 million in 2020, a 23% increase over 2019 of \$23.4 million. The increase is largely attributable to a \$10.6 million increase in Operating earnings from GuardCap, a \$0.9 million contribution from the recently acquired Agincourt, and \$0.6 million growth from our Private Wealth business. GuardCap delivered another successful year of growth, driving its AUM to \$10.7 billion from \$4.0 billion at the end of 2019. We are excited about the prospects for 2021 with this business. The anticipated full year's revenue on the current year's asset inflows alone has the potential to significantly increase its revenue in 2021.

This growth in Operating earnings was partially offset by Operating losses and lower Operating earnings in other business units, including \$3.8 million in combined Operating losses incurred by the Canadian Retail Asset Management business and Modern Advisor. The Operating losses in these two new strategically important businesses are expected to continue and may rise in the short term, before positive Operating earnings contributions can be expected.

The Financial Advisory Segment is reporting Operating earnings of \$18.9 million, as compared to \$15.7 million in 2019, a 20% increase. This was largely driven by another year of significant growth in Net commission revenue and Operating earnings in the MGA business, including contributions from acquisitions. This business continued to benefit from increased sales generated by the advisors recruited in the current and prior years, as well as from the acquisitions of Aurrea and Copoloff. The Operating earnings contributions from these two acquisitions were \$1.2 million in 2020.

The MGA's Operating earnings grew to \$17.5 million from \$13.7 million in 2019 and hit historic highs in many other financial measures, such as contractual annual premiums on life insurance policies sold ("Premiums Sold"), AUA, and Net commission revenue. Partially offsetting this growth was a decrease in Operating earnings from the Dealers business to \$1.4 million in 2020. Investments into strategically important initiatives resulted in elevated expenses. The securities Dealer completed a conversion onto a new platform in Q4, continued to make enhancements to the new technology platform and integrated digital workflow leveraging Modern Advisor's technology. These investments are meant to improve advisor experience and operational efficiencies while better preparing the business for the next phase of growth. While we make these investments, we expect the Operating earnings in the Dealers business to continue to be modest in the near-term, with the expectation of much higher earnings in future periods.

The Corporate Activities and Investments Segment earned \$7.1 million in Operating earnings in 2020, compared to \$9.8 million in 2019. The decrease in Operating earnings was due to a combination of lower income from securities and higher expenses in 2020. The lower dividend income from securities was due largely to the reduction of dividends resulting from the 1.2 million shares of BMO sold during the year, as discussed in the 2020 Highlights section above. A portion of the proceeds from the sales were used to partially pay down Guardian's bank borrowings. The increased expenses were largely associated with investments made into additional staffing to support the growth of the operating businesses and the expenses associated with consolidated investments funds.

Guardian's Net losses in 2020 were \$1.3 million, compared to Net gains of \$96.7 million in 2019. Although current losses are a relatively small amount, the year proved to be a very volatile one. During the first quarter of 2020, as global equities markets experienced significant decline at the initial onset of the pandemic, Net losses reached \$161.3 million. This was largely the result of significant decreases in the fair values of securities. As global equities markets started to recover in the second quarter, the fair values of securities began to do the same, and by the end of the year, these initial Net losses were substantially recovered.

Net earnings attributable to shareholders in 2020 were \$42.4 million, compared to \$123.1 million in 2019. The decrease was caused by the large swing in Net gains to Net losses from 2019 to 2020, partially offset by the increase in Operating earnings in 2020, as described above.

EBITDA for the year ended December 31, 2020 was \$70.3 million, compared to \$63.2 million in 2019, a \$7.1 million or a 11% increase. Adjusted cash flow from operations for the year amounted to \$56.8 million, compared to \$51.6 million in 2019, a 10% increase.

The following is a summary of Guardian's assets under management and assets under administration:

For the years ended December 31 (\$ in millions)	2020	2019
Assets under management, beginning of year	\$ 31,147	\$ 26,962
Agincourt acquisition	9,618	–
Modern Advisor acquisition	102	–
Net additions (reductions) from clients during year	3,242	(73)
Market appreciation	1,875	4,258
Assets under management, end of year	\$ 45,984	\$ 31,147
End of year amounts comprised of:		
Institutional	\$ 42,496	\$ 27,930
Private wealth, Robo-advisory and international private banking	3,488	3,217
Total Assets under management, end of year	\$ 45,984	\$ 31,147
Institutional AUM is comprised of:		
Canadian equities	\$ 7,356	\$ 8,937
Global equities	18,510	11,528
Fixed-income	16,630	7,465
Total institutional AUM	\$ 42,496	\$ 27,930
Assets Under Administration ¹	\$ 22,289	\$ 20,248

(1) 2020 AUA includes \$430 million associated with the acquisition of Copoloff Insurance Agencies.

REVENUES AND EXPENSES

Guardian's Net revenue in 2020 was \$215.8 million, a growth of 16% from \$186.1 million in 2019. The growth came from both the Investment Management and the Financial Advisory Segments, partially offset by lower income from securities earned in the Corporate Activities and Investments Segment.

Investment Management Revenues

The largest source of revenue at Guardian is management fees received from clients, which vary as a result of changes in the amounts of client assets managed, and variations in the rates of management fees charged. The investment management revenue discussions below do not include the effects of the inter-segment eliminations, which are provided in Note 19 to Guardian's 2020 Consolidated Financial Statements.

Guardian's total AUM was \$46.0 billion at December 31, 2020, an increase of 48% from \$31.1 billion at December 31, 2019. The growth was due to a combination of significant net inflow of assets into the Fundamental Global Equity strategy, the acquisitions of Agincourt and Modern Advisor and positive financial market performance, offset by the net redemption of assets from the Domestic Strategies.

Management fees, net of referral fees paid, were \$113.6 million for the year ended December 31, 2020, 22% higher than the \$93.3 million in fees earned in 2019. Institutional management fees were \$95.1 million in 2020, a 26% increase from

\$75.5 million in 2019. The growth can be attributed largely to the growth in AUM, as described above, the acquisitions during 2020 and the improved net average fee earned on assets. GuardCap now accounts for 38% of the institutional management fees. Also included in the institutional management fees was the \$3.5 million contribution from Agincourt. Private Wealth, International Private Banking and Modern Advisor earned management fees, net of referral fees paid, of \$18.5 million in the current year, an increase of 4% from \$17.8 million in 2019.

Financial Advisory Commission Revenues

Net commission revenue earned from the Financial Advisory Segment is generated from the sale of life insurance products, mutual funds and other securities, as well as from continuing trailer and renewal (former referred to as servicing) commissions related to AUA and in-force life insurance policies, net of commissions paid to advisors.

Total AUA at Guardian at the end of 2020 amounted to \$22.3 billion, 10% higher than the \$20.2 billion at the end of 2019. The Dealers' AUA was \$15.1 billion at the end of 2020, compared to \$14.3 billion at the end of 2019. The MGA's AUA was \$7.2 billion at the end of 2020, compared to \$6.0 billion at the end of 2019. The increase was due largely to a combination of market performance, the \$0.4 billion of AUA added through the acquisition of Copoloff, net recruitment of advisors and net flows during the year.

The contractual premiums on life insurance policies sold ("Premiums Sold") in 2020 by the MGA subsidiary were \$140 million, compared to \$125 million in 2019. This growth was driven by the contributions from Copoloff and Aurrea acquisitions, new sales contributed by the advisors recruited in 2020 and the full year's impact of the recruitments in 2019. The Financial Advisory Commission revenue discussions that follow do not include the effects of the inter-segment eliminations, which are provided in Note 19 to Guardian's 2020 Consolidated Financial Statements.

Net commission revenue from the Financial Advisory Segment was \$65.7 million for the year ended December 31, 2020, an increase of 21% over the \$54.4 million earned in 2019. The MGA net commission revenue increased to \$49.2 million from \$39.0 million in 2019. The acquisitions of Copoloff and Aurrea added \$8.6 million in net commission revenue to the MGA business. Included in the MGA's total net commission revenue are the recurring renewal commissions, which are earned on renewal of Premiums Sold in prior years. It increased to \$23.4 million in 2020 from \$18.9 million in 2019. The Dealers net commission revenue increased to \$16.5 million in 2020 from \$15.4 million in 2019, an increase of 7%.

Administrative Services Income

Administrative services income amounted to \$17.1 million in 2020, compared to \$16.1 million in 2019. This revenue is comprised of \$9.6 million of registered plan and other fees earned in the Financial Advisory Segment, as compared to \$9.3 million in 2019, and \$7.5 million in fund administration, trust and corporate administration and other fees earned in the Investment Management Segment in 2020, as compared to \$6.8 million in 2019.

Dividend and Interest Income

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

For the years ended December 31 (\$ in thousands)	2020	2019
Bank of Montreal common shares	\$ 12,402	\$ 14,360
Other securities	5,364	4,708
Dividend income	18,036	19,068
Interest income on securities	709	1,457
Interest income from operations	1,697	3,026
Interest income	2,406	4,483
Total dividend and interest income	\$ 20,447	\$ 23,551

Dividend and interest income decreased to \$20.4 million in 2020, from the \$23.6 million in 2019. Dividends on the BMO shares decreased by \$2.0 million as a result of fewer shares being held throughout 2020. Dividends on other securities increased by \$0.7 million, as additional investments were made to seed new proprietary strategies in 2020. Interest income on securities decreased by \$0.7 million compared to the prior year, largely due to the full redemption of a preferred share investment in 2020. Interest income from operations, which is earned in the Dealers business, decreased by \$1.3 million, largely as a result of the significant decrease in interest rates during 2020.

Expenses

Guardian's operating expenses, excluding commissions paid and referral fees, were \$161.0 million in 2020, compared with \$137.2 million in 2019, an increase of 17%. Included in the 2020 expenses are expenses of \$11.9 million associated with the newly acquired businesses of Agincourt, Copoloff, Aurrea and Modern Advisor. The remaining increases in expenses can largely be attributed to GuardCap and the Canadian Retail Asset Management team. GuardCap's increases were largely related to incentive compensation expenses and the expenses incurred by the Canadian Retail

Asset Management team were associated with the buildout of the team and the launch of the initial suite of ETFs during the year. These increased expenses were partially offset by discretionary expenses which were either deferred or eliminated due to the onset of the COVID-19 pandemic and the resulting restrictions. The largest of these decreases in discretionary expenses in 2020 were related to travel, entertainment and marketing.

NET GAINS (LOSSES)

For the years ended December 31 (\$ in thousands)	2020	2019
Bank of Montreal common shares	\$ (38,900)	\$ 42,464
Other securities	37,400	50,291
Net gains (losses) on securities	(1,500)	92,755
Net gains on disposal of intangible assets	1,570	1,049
Net gains on disposal of equipment	420	–
Net foreign exchange gains (losses)	(1,803)	2,902
	\$ (1,313)	\$ 96,706

The Net losses were \$1.3 million in the current year, compared to net gains of \$96.7 million in 2019. Although the Net losses in the current year is a relatively a modest balance, the volatility in global financial markets relating to the COVID-19 pandemic resulted in significant fluctuations in Net gains (losses) throughout the year. In the first quarter, at the onset of the COVID-19 pandemic, as the global financial markets suffered significant losses and the Canadian dollar depreciated against the US dollar, Guardian's Net losses on Securities reached \$155.7 million and foreign exchange losses reached \$5.9 million. As the global financial markets stabilized and started to recover in the second quarter, Guardian also started to recover from the losses on Securities and foreign exchange. By the end of the year, the fair values of securities, other than the BMO shares, increased to record Net gains of \$37.4 million for the year and the foreign exchange losses were reduced to \$1.8 million. The Net losses on BMO shares for the year were \$38.9 million. This is due to 1.2 million shares being disposed of during the year at average price below the January 1, 2020 levels and also due to the remaining shares being fair valued at year end closing price which was below the levels at the beginning of the year.

During 2020, Guardian undertook a more active strategy to continue to reduce its exposure to BMO shares. In the third quarter of 2020, Guardian underwrote call options on BMO common shares, utilizing a portion of its holding to hedge the obligations on the call options. These options were underwritten with strike prices at levels Guardian was willing to dispose those shares at. As a result, 400,000 out of the total of 1.2 million shares disposed of during the year were disposed as a result of delivering those shares to close out these call options.

LIQUIDITY AND CAPITAL RESOURCES

The strength of Guardian's balance sheet has enabled Guardian to provide clients with a high level of comfort, maintain the appropriate levels of working capital in each of its areas of operation, make the necessary capital expenditures to develop and support its businesses, attract strong Associates and make appropriate use of borrowings, including financing the expansion of its businesses. The hallmark of Guardian's balance sheet is the significant liquid marketable securities portfolio, as presented below:

As at December 31 (\$ in thousands, except per share amounts)	2020	2019
Securities, carried at fair value		
Proprietary investment strategies:		
Short-term and fixed-income securities	\$ 36,244	\$ 18,049
Canadian equities	11,422	10,717
Global equities	300,204	243,703
Real estate	24,847	22,364
	372,717	294,833
Bank of Montreal common shares	222,295	351,750
Short-term securities	20,857	14,725
Equities	16,702	15,971
	632,571	677,279
Security, carried at amortized cost	–	5,000
Securities	\$ 632,571	\$ 682,279
Total securities per share, diluted	\$ 23.23	\$ 24.99

Guardian's securities as at December 31, 2020 had a fair value of \$633 million, or \$23.23 per share, compared with \$682 million, or \$24.99 per share, as at December 31, 2019. The lower fair value of securities in the current year is due largely to the disposition of 1.2 million shares of BMO during the year and the year end price of BMO shares being lower than at the

end of 2019. The proceeds from the sale were primarily used to partially pay down debt and to partially fund acquisitions during the year. Guardian's Shareholders' equity as at December 31, 2020 amounted to \$700 million, or \$25.69 per share, compared to \$683 million, or \$25.01 per share, as at December 31, 2019. The increase reflect the Net earnings in 2020, partially offset by dividends paid and share repurchases.

In addition to its large liquid marketable securities portfolio, Guardian has, under various borrowing arrangements, total borrowing capacity of \$160 million, an increase of \$5.0 million from 2019. The total bank borrowing amounted to \$95.7 million at the end of the current year, as compared with \$113.7 million at December 31, 2019.

Guardian generated Adjusted cash flow from operations of \$56.8 million during the current year, compared to \$51.6 million in 2019. Guardian uses its Adjusted cash flow from operations primarily to fund its working capital, pay its quarterly dividends, repurchase shares under its Normal Course Issuer Bid, repay debt where possible and for capital expenditures, including acquisitions. At current levels of cash flow and anticipated dividend payout rates, Guardian generates sufficient cash flow to meet its operating obligations, necessary capital expenditures, other than significant acquisitions, dividend payments and normalized levels of share repurchases.

In 2020, by utilizing its strong balance sheet and cash flows, Guardian returned \$19.6 million to the shareholders in the form of dividends and share repurchases, funded \$48.8 million in acquisitions, funded \$6.3 million in net recruitment of advisors in the Financial Advisory Segment, and reduced debt by \$18 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 December 31, 2020 (\$ in thousands)	Total	Within one year	One to three years	Three to five years	After five years
Bank loans and borrowings	\$ 95,737	\$ 95,737	\$ –	\$ –	\$ –
Client deposits	43,128	43,128	–	–	–
Payable to clients	77,313	77,313	–	–	–
Accounts payable and other	75,994	75,994	–	–	–
Other liabilities	31,093	–	26,048	5,045	–
Investment commitments	22,195	22,195	–	–	–
Scheduled lease payments	15,262	3,293	5,901	3,971	2,097
Third party investor liabilities	59,063	59,063	–	–	–
Total contractual obligations	\$ 419,785	\$ 376,723	\$ 30,890	\$ 8,383	\$ 2,097

Guardian's contractual obligations are supported by its strong financial position, including its securities and its borrowing capacity, referred to above under "Liquidity and Capital Resources". Client deposits, in the offshore banking subsidiary, are largely supported by interest-bearing deposits with banks. The third party investor liabilities are offset by securities backing third party investor liabilities. 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. Guardian has two investment commitments. The first is a commitment to further invest \$13.9 million into a real estate limited partnership managed by a subsidiary, and the second is a commitment to invest an additional \$8.3 million in a private equity fund. Guardian will decide on the appropriate strategy for funding these commitments when called upon by the funds.

SELECTED ANNUAL INFORMATION

Years ended December 31 (\$ in thousands, except per share amounts)	2020	2019	2018
Net revenue	\$ 215,791	\$ 186,102	\$ 171,513
Net earnings (losses) attributable to shareholders	42,358	123,120	(16,952)
Per share			
Net earnings (losses) attributable to shareholders:			
Basic	\$ 1.67	\$ 4.77	\$ (0.63)
Diluted	1.57	4.50	(0.63)
Dividends paid	0.630	0.575	0.475
As at December 31 (\$ in thousands)	2020	2019	2018
Total assets	\$ 1,153,562	\$ 1,129,963	\$ 988,868

The increase in total assets in 2020 as compared to 2019 is largely attributable to an increase in the market value of securities in 2020, an increase in interest-bearing deposits and increases in intangible assets and goodwill in the MGA during the year.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes Guardian's financial results for the past eight quarters.

As at (\$ in millions)	2020				2019			
	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31	Sept 30	Jun 30	Mar 31
Assets under management	\$ 45,984	\$ 32,734	\$ 31,196	\$ 27,527	\$ 31,147	\$ 30,243	\$ 30,088	\$ 29,631
Assets under administration	22,289	20,755	20,010	18,152	20,248	19,040	18,784	18,745
Quarters ended (\$ in thousands)								
Net revenue	\$ 63,724	\$ 52,042	\$ 50,124	\$ 49,901	\$ 49,865	\$ 45,983	\$ 45,963	\$ 44,291
Operating earnings	18,493	12,108	13,427	10,813	13,030	12,105	12,590	11,176
Net gains (losses)	80,983	35,739	43,254	(161,289)	24,140	(1,274)	7,957	65,883
Net earnings (losses)	87,083	42,652	51,244	(134,911)	31,808	8,952	17,601	68,099
Net earnings (losses) attributable to shareholders	86,039	42,201	50,486	(136,368)	30,787	8,275	16,838	67,220
Quarters ended (in \$)								
Net earnings (losses) attributable to shareholders:								
Per Class A and Common share								
Basic	\$ 3.38	\$ 1.66	\$ 1.99	\$ (5.35)	\$ 1.20	\$ 0.32	\$ 0.65	\$ 2.57
Diluted	3.17	1.56	1.87	(5.35)	1.13	0.31	0.62	2.43
Dividends paid	0.160	0.160	0.160	0.150	0.150	0.150	0.150	0.125
As at								
Shareholders' equity (\$ in thousands)	\$ 699,610	\$ 631,863	\$ 596,265	\$ 562,821	682,777	653,983	647,983	656,167
Per Class A and Common share (in \$)								
Basic	\$ 27.43	\$ 24.80	\$ 23.50	\$ 22.18	\$ 26.73	\$ 25.49	\$ 25.26	\$ 25.14
Diluted	25.69	23.25	22.07	20.94	25.01	23.93	23.73	23.66
Total Class A and Common shares outstanding (shares in thousands)	27,740	27,758	27,758	27,758	27,839	27,956	27,956	28,405

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

Management fees earned in the Investment Management Segment and trailer and other recurring commission revenues earned on mutual funds and segregated funds in the Financial Advisory Segment are highly correlated to the change in AUM and AUA, which can fluctuate with the performance of the global financial market. Partially offsetting this correlation is the continued growth in significance of insurance commissions earned by our MGA business, which are less influenced by the volatility of those financial markets. Some seasonality in commission revenues occurs in the MGA business, where the last quarter of the year could result in increased revenues from "volume bonus" commissions earned from the life insurance companies based on the levels of sales achieved. In the Corporate Activities and Investments 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.

The first quarter of 2020 was the onset of the COVID-19 pandemic, which resulted in significant decline in the global financial markets, impacting the value of securities, net earnings, shareholders equity, AUM and AUA.

RISK FACTORS

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. The following sections discuss the most significant risks and Guardian's management processes to mitigate them. Readers are encouraged to refer to Note 21 of the Consolidated Financial Statements, contained in Guardian's 2020 Annual Report, 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 the largest portion of our revenues are generated from AUM and AUA. The recent market volatilities arising from the onset of the COVID-19 pandemic has increased this risk. 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 securities 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 Risk

Guardian's securities are subject to the risk of price fluctuations. The potential impact of market fluctuations on the value of Guardian's securities is quantified in Note 21 of the Consolidated Financial Statements. Guardian manages this risk through professional in-house investment management expertise, which takes a disciplined approach to investment management. All securities are held by well-known independent custodians chosen by Guardian. As at December 31, 2020, Guardian holds \$222 million of BMO shares (2019 – \$352 million), which represents 35% of Guardian's securities (2019 – 52%). 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 concentrated exposure over several years, having sold 2.7 million shares, or 52% of its holdings since the second quarter of 2013 including 1.2 million shares in 2020. The proceeds are used to support our business by investing in new products that are managed by our Investment Management business, fund acquisitions and pay down debt. The remainder of Guardian's security portfolio is more diversified, from both an asset class and a geographical perspective. At December 31, 2020, the corporate holding of securities consisted of 35% Canadian equities (2019 – 57%), primarily consisting of Bank of Montreal shares, 52% of non- Canadian equities (2019 – 37%) and 9% short term investments and fixed-income securities (2019 – 6%).

In the third quarter of 2020, Guardian commenced underwriting call options on BMO common shares as part of its covered-call option strategy. The risk of underwriting call options is the risk that the holder of the options may exercise their right to call those shares from the underwriter at the strike price when the market price is higher. Under such a scenario, Guardian, as the underwriter, must acquire the shares at prices higher than the strike price and deliver those shares to the option holder and incur a loss. To mitigate against such risk, Guardian hedges the obligations associated with these options by holding the same number of shares as the number of options underwritten.

The financial market disruptions and volatility caused by the COVID-19 pandemic has made valuing securities more challenging, especially those that are not traded on an active market. The assumptions and key inputs used in financial models to estimate fair values of those securities may not be appropriate or are not available. As a result, there is a higher risk that the estimated fair values may materially differ from actual amounts realized in an arm's length market transaction.

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 (losses), but are recorded in the "Net change in foreign currency translation on foreign subsidiaries" in Guardian's Consolidated Statements of Operations and Comprehensive Income, and the cumulative effect is included in Accumulated Other Comprehensive Income in the Shareholders' Equity section of the Consolidated Balance Sheets. With the acquisition of Alta in 2018 and more recently, Agincourt, Guardian also recognizes obligations to non-controlling interests on its balance sheet, which are denominated in US dollars. As these are expected future transactions between equity interest holders, the changes in the value of these obligations, 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, in that they are not actively managed, due to the long-term nature of the 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 the foreign currency exchange rate compared to the Canadian dollar. From time to time, Guardian may record certain foreign exchange gains (losses) in Net earnings, such as on the current US Dollar borrowings used to finance the acquisition of Alta and Agincourt. This risk is partially offset by a similar but offsetting amount being recognized on those investments through Other comprehensive income, as discussed above. Guardian may also record gains (losses) in Net earnings on Canadian dollar cash balances held by foreign subsidiaries. These foreign exchange gains and losses result in similar but offsetting Net gains (losses) being recorded in Other comprehensive income as discussed above. Readers are encouraged to refer to Note 21 in the Consolidated Financial Statements for further discussion and sensitivity analyses.

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 the monitoring of the activities of the portfolio manager who, through diversification and credit quality reviews of the funds' investments, manages 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 advances received or amounts resulting from reversal of commissions to the Dealer or the MGA. The credit risk associated with these amounts is mitigated by management's review of the advisors' abilities 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 of client deposit liabilities with the assets, which consist of interest-bearing deposits with banks or other similar interest-earning instruments. 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.

Liquidity Risk

Guardian manages liquidity risk through the monitoring and managing of cash flows from operations, by establishing sufficient borrowing facilities with major Canadian banks, which currently has \$64 million of the \$160 million available to be drawn upon through three credit facilities, and by leveraging the support of its significant security portfolio. The maturities of Guardian's contractual commitments are outlined under "Contractual Commitments" in this MD&A. Management believes the combination of the cash flows from operations, the securities holdings and the borrowing facilities provides sufficient resources to manage Guardian's liquidity risk.

Regulatory Risk 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 changes in regulations, 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.

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.

Performance Risk

Product performance risk is the risk that we will not perform as well as the market, our peers, or in line with our clients' expectations. The nature of this risk is both relative and absolute. We manage this risk by having a disciplined approach to investment management, and by ensuring that our compliance capabilities are strong. With respect to clients' expectations, we also seek to ensure that we are aware of those expectations, and that we properly communicate with our clients to develop, report on and comply with client mandates on a continuous basis.

Key Personnel Risk

The success of Guardian is highly dependent on key personnel, including its senior management and investment professionals. The loss of any of these individuals, or an inability to retain these individuals and attract the best of the brightest talent, could have a negative impact on Guardian. To mitigate this risk, Guardian monitors the industry to competitively compensate these individuals, invests into the business to create an environment where both Guardian and these individuals can succeed, and evaluates, on an ongoing basis, the succession plans in place for these key individuals. Guardian's financial strength provides resources necessary to competitively compensate these individuals and to allow us to invest in the business.

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, in both the Investment Management Segment and the Financial Advisory Segment, will result in losses of revenue and earnings to Guardian. Guardian attempts to mitigate this risk by developing and maintaining strong client and advisor relationships, a competitive product line with competitive relative performance of its products, the recruitment and retention of high-quality 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.

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 disruptions risks that could potentially have an adverse impact on its business. Guardian actively monitors this risk and continues to develop controls to protect against such threats that are becoming more sophisticated and pervasive. The cyber security risk has increased during the current period while the majority of Guardian's employees are working remotely and connecting to Guardian's data centres as part of its Business Continuity Plan. Guardian has heightened its monitoring of the internal network traffic and the monitoring of developments in latest known cyber threats.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions which affect the reported amounts of assets, liabilities, contingencies, revenues and expenses. These estimates and judgements are listed in Note 2(c) to Guardian's 2020 Consolidated Financial Statements. The most significant accounting estimates and judgements are related to the impairment assessment of goodwill, and the determination of fair value of securities classified as level 3 within the fair value hierarchy and the determination of whether an acquisition is of a business or of a group of assets, along with the identification and estimation of fair value of assets acquired or liabilities assumed in a business combination.

The impairment assessment of goodwill includes a comparison of the carrying value and the recoverable amount of each business unit to verify that the recoverable amount of the business unit is greater than its carrying value. In the current periods, the recoverable amounts were estimated using the fair value less cost to sell method for each of the business units. Guardian used valuation approaches to determine estimated fair values in the current periods, based on a multiple of AUM, AUA, annual service fee revenues and first year's commissions. These multiples are developed by management based on recent transactions and research reports by independent research analysts and are the most significant internally generated unobservable input used in these valuations. These valuations approaches are also sensitive to the levels of AUM, AUA and annual service commissions.

A financial instrument is classified as level 3 when the fair value of the instrument is determined using valuation techniques based on inputs which are not observable in the market. The fair values of securities classified as level 3 in Note 4(b) to Guardian's 2020 Consolidated Financial Statements were determined based on a valuation approach using a multiple of AUM and further corroborated by a multiple of EBITDA observed in market transactions. The multiple was developed based on prior tender offers and recent research reports by independent research analysts for similar types of business and is the most significant internally generated unobservable input used in this valuation. This valuation is also sensitive to the level of AUM and the EBITDA generated by the investment.

Accounting for business combinations requires judgement to identify the assets acquired and liabilities assumed in a transaction. It also requires fair values to be estimated for these identified assets and liabilities. Guardian uses various assumptions and available information to determine these estimated fair values. Until the purchase price is finalized, changes to these assumptions and available information would result in changes to these estimates.

NON-IFRS MEASURES

EBITDA and EBITDA per share

Guardian defines EBITDA as net earnings before interest, income tax, amortization, stock-based compensation, and any net gains or losses, less amounts attributable to non-controlling interests. EBITDA per share is calculated using the same average shares outstanding that are used in calculating net earnings attributable to shareholders per share. Guardian believes 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 distortion caused by the impact of non-core business items, different financing methods, levels of income taxes, and the level of capital expenditures. The most comparable IFRS measure is "Net earnings (losses)", which is disclosed in Guardian's Consolidated Statements of Operations.

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

For the years ended December 31 (\$ in thousands)	2020	2019
Net earnings (losses) as reported	\$ 46,068	\$ 126,460
Add (deduct):		
Income tax expense	7,460	19,147
Net (gains) losses	1,313	(96,706)
Stock-based compensation	2,678	2,453
Interest expense	2,000	4,014
Amortization	18,183	14,116
Non-controlling interests	(7,377)	(6,270)
EBITDA	\$ 70,325	\$ 63,214

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 Statement of Cash Flows. Adjusted cash flow from operations per share is calculated using the same average shares outstanding as are used in calculating net earnings attributable to shareholders per share.

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

For the years ended December 31 (\$ in thousands)	2020	2019
Net cash from operating activities, as reported	\$ 71,790	\$ 49,112
Add (deduct):		
Net change in non-cash working capital items	(8,740)	8,097
Non-controlling interests	(6,277)	(5,575)
Adjusted cash flow from operations	\$ 56,773	\$ 51,634

Shareholders' Equity per share

Shareholders' equity per share, diluted, is used by management to indicate the retained value per share available to shareholders which is 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 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 and dilutive shares outstanding as at period end.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROL

Management is responsible for establishing and maintaining adequate internal controls over financial reporting, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There have been no changes in Guardian's internal control over financial reporting during the quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, Guardian's internal control over financial reporting.

Management of Guardian has evaluated the effectiveness of its disclosure controls and procedures and internal controls over financial reporting (as defined under National Instrument 52-109) as of December 31, 2020, under the supervision of the Chief Executive Officer and the Chief Financial Officer. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the design and operation of those disclosure controls and procedures and internal controls over financial reporting were effective.

OUTLOOK

Those who lived through 2020 will never forget it. A global pandemic cost millions of lives, shut down entire countries, and led to unprecedented declines in economic activity all over the world. As the year neared its end, we saw two US presidential candidates each garner more votes than any other candidate in American history, with the incumbent refusing to acknowledge defeat. Even after all that, the S&P 500 returned more than 18% in one of the most chaotic years in a century.

COVID-19, the public health crisis that turned into a global economic crisis, dealt a shock to the world of a magnitude without parallel in modern times. Activity plunged across the G7 economies in the first half of 2020, more than doubling the peak-to-trough drop recorded in the aftermath of the financial crisis of 2008/09, a period that had once been thought of as the multi-generational benchmark for economic contractions. The nature of this shock, however, was distinctly different from those experienced in earlier times. The collapse in activity was not the result of overly tight credit conditions stymieing both business and household demand but, instead, was due to a supply-side shock that prevented businesses from operating. The proof of this was the incredible scale of the rebound in economic activity, assisted by massive fiscal and monetary stimulation, as restrictions on activity were eased globally through the late spring and summer, in response to falling rates of contagion.

The pandemic is not yet over. However, the miracle of modern science has provided plenty of reason to be optimistic that the main source of the hardships experienced in 2020 will soon be in the rearview mirror. In a true testament to the capabilities of humankind, only a year since the first recorded case of the disease caused by COVID-19, there are several vaccines that have not only been developed, but also passed through full clinical trials, gone into mass production and are being distributed and administered. If the expectation that the COVID-19 pandemic will recede in 2021 holds true, there is ample scope for consumers to play a large role in the recovery going forward. People that have been living under restrictions and have increased their savings (helped by generous government support) are likely to go on a multi-year spending binge once the coast is clear; mirroring the experience in the 1920s in the aftermath of World War I and the Spanish Flu. We can expect substantial rebounds in services such as movies, dining out, attending sporting or cultural events, travelling and the other luxuries of life that have been forgone during the pandemic.

In the longer term, investors will need to consider the impact of all the government support on their balance sheets, including the ability to react to future economic crises and the potential for inflation, as consumer spending rebounds. In the near term, there is visible pent-up demand and cash in the hands of consumers to pay for it. Given minuscule yields in government bonds, we expect positive earnings momentum leading to outperformance in corporate bonds and equities, but our expectations for economic growth will need to be met for this to come true.

In mid-March of 2020, Guardian's senior management decided that it would be prudent to initiate our Business Continuity Plan, (BCP), and ask all Associates to work from home if they could do so. Our BCP has stood up to our requirements and expectations extremely well, and no significant problems have been encountered. As of the writing of this report, substantially all of our Associates continue to work remotely. We have dedicated considerable efforts to developing a phased approach to safely bringing our Associates back to our physical workplaces when the time is right to do so. The process of this return continues to be based on government and health official guidelines, local conditions and an abundance of caution on our side, and we are prepared to change course if and when conditions warrant such a decision. We extend our thanks to all our Associates who are making this possible.

Over the past decade, Guardian has evolved from its home base in Canada to a much more geographically diversified investment company, as our balance sheet now is more than half invested in non-Canadian assets, primarily seed investments in a variety of products and mandates managed internally. After a very strong year of inflows into our Fundamental Global Equity strategy, allied with positive markets for our existing US-based equities team in Alta Capital, and i3, our Toronto-based Global Systematic investment team, we now manage more than \$18 billion of non-Canadian equities. With the recent acquisition of a 70% stake in Agincourt, which has more than \$9 billion in fixed-income AUM, greater than half of our \$46 billion in AUM is non-Canadian. With an expanded and diversified investment management offering across the group we expect to have a more resilient base of AUM. There will naturally be strategies whose styles will be less in favour at times and face certain headwinds; however, we remain positive about our potential to grow AUM in the Investment Management division in 2021 and beyond.

Last year we discussed a new initiative for Guardian, pertaining to the expansion of our distribution effort in Canada's retail investment marketplace. Since then, we have assembled a strong team with many years of successful experience in creating and marketing retail investment products, while introducing a range of ETFs to complement our existing mutual fund offering. We believe this effort is timely, as both the demand from the marketplace and our growing investment capabilities present significant opportunities for Guardian. Over the long term, our goal is to build a reputation as an innovative and high-quality brand assisting Canadians in reaching their financial goals. We believe we have initiated an engaged market launch and awareness of our offering, despite the challenges inherent in a year when person-to-person contact has been all but impossible. Both patience and a commitment to fund this initiative are required to make retail assets under management a meaningful contributor to Guardian's value. However, with success, it will add a new, higher fee-generating client segment to our core asset management business.

Guardian's Financial Advisory business segment, Worldsource, generates a meaningful amount of revenue and Operating earnings for us. To further leverage the benefits of the operating business units that represent this business, we are exploring opportunities to enable Guardian's investment management capabilities to add value to our partner-advisors and end clients. Over the past several years, a small percentage of Worldsource client assets have been referred to Guardian to invest. Historically, this business was largely focused on referrals to our private wealth management business, but we are now seeing increasing flows into investment funds managed by Guardian. There is still much opportunity to grow Guardian's share of investment assets throughout the Worldsource ecosystem, as we have only recently surpassed \$1 billion of assets under management on the Worldsource distribution platform. Our IIROC and MFDA dealerships are focusing on attracting new individual advisors, as well as corporate partners, as well as increasing the Net revenues earned from their clients' investments. To support these strategic initiatives, we expect to continue to invest in additional technology in the near term, so that our success in these initiatives will lead to a significant increase in the value of these dealers to Guardian.

IDCWIN, the MGA unit, had another year of meaningful growth, and we expect this to continue for the foreseeable future. In 2020, we achieved meaningful representation in the Quebec MGA market due to the acquisition and integration of two large Quebec MGAs, Aurrea Signature Inc., at the end of last year and Copoloff Insurance Agencies at the beginning of the fourth quarter of 2020. These acquisitions have allowed IDC WIN to become a truly national distributor of life insurance solutions. They give us greater scale, while providing a very solid platform to recruit and contract new advisors, as well as to grow revenue and profitability in what was previously a significantly underrepresented part of the country for our MGA. IDC WIN was also able to add value by continuing to attract and recruit successful advisors in other regions throughout the year.

The Financial Advisory business segment's strategic plan is to focus on recruitment, assist our advisors with business development and where opportunities arise, consider tuck-in acquisitions. We also expect further success in selling both our existing investment products and new products, which may be developed as part of newly-expanded ambitions to win business in the wider Canadian retail market.

Beyond our allocation of capital toward investing in organic growth opportunities within each of our business segments, we will continue to look at increasing our potential for growth through acquisitions, and consider buying back some of our shares, which we believe to be trading at a discount. In 2020, Guardian was unusually active with corporate acquisitions, acquiring the aforementioned two large MGAs, robo-advisor Modern Advisor and Agincourt. Once the upcoming closing of our acquisition of BNY Mellon's Canadian Wealth Management Advisory Services division has taken place, we anticipate a great deal of work this year, focused on integrating these new businesses and allocating further capital to assist them to accelerate organic growth, while continuing to keep our eyes open for future prospects. Going forward, we will continue to invest to create new opportunities, whether by strengthening our existing offerings, organically creating new lines of business, or seeking to acquire capabilities complementary to Guardian's strategic plans.

Ten Year Review

Note ^(c)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
(\$ in millions)										
Assets under management	\$ 45,984	\$ 31,147	\$ 26,962	\$ 27,250	\$ 27,280	\$ 24,278	\$ 24,968	\$ 22,228	\$ 18,832	\$ 15,928
Assets under administration	22,289	20,248	17,385	17,795	16,489	14,943	13,126	11,559	9,918	8,654
(\$ in thousands)										
Net revenue	\$215,791	\$186,102	\$171,513	\$151,238	\$142,686	\$132,911	\$119,275	\$101,278	\$ 86,360	\$ 73,693
Expenses ^(a)	160,950	137,201	125,126	103,069	98,019	89,913	81,134	74,347	66,222	56,560
Operating earnings	54,841	48,901	46,387	48,169	44,667	42,998	38,141	26,931	20,138	17,133
Net gains (losses)	(1,313)	96,706	(55,652)	65,231	94,525	(19,414)	55,283	58,446	33,825	(17,415)
Net earnings (losses)										
attributable to shareholders	42,358	123,120	(16,952)	96,819	118,319	16,903	78,354	74,971	46,471 ^(b)	(623)
Shareholders' equity	699,610	682,777	599,311	634,416	580,177	504,255	488,835	414,985	353,756	322,618
Securities	632,571	682,279	627,220	652,176	620,218	539,920	525,352	449,179	379,956	364,182
(In dollars)										
Per common and Class A share:										
Net earnings attributable to Shareholders										
Basic	\$ 1.67	\$ 4.77	\$ (0.63)	\$ 3.49	\$ 4.16	\$ 0.57	\$ 2.60	\$ 2.46	\$ 1.48 ^(b)	\$ (0.02)
Diluted	1.57	4.50	(0.63)	3.30	3.95	0.56	2.50	2.39	1.45 ^(b)	(0.02)
Shareholders' equity										
Basic	27.43	26.73	22.85	23.20	20.75	17.37	16.33	13.68	11.44	10.12
Diluted	25.69	25.01	21.57	21.88	19.62	16.55	15.62	13.17	11.16	9.90
Dividends paid	0.630	0.575	0.475	0.385	0.330	0.290	0.240	0.300	0.170	0.160
Share prices:										
Common										
high	28.80	28.00	27.00	29.50	25.98	24.61	21.45	18.00	11.65	12.75
low	16.00	22.38	20.40	23.41	16.20	16.55	15.30	11.50	9.41	9.49
Class A										
high	28.10	27.98	27.05	29.00	25.10	19.25	18.85	16.82	10.55	11.63
low	16.05	21.68	20.05	23.45	15.58	15.50	15.10	10.40	9.00	8.70
(In thousands)										
Year end common and Class A shares outstanding										
Basic	25,506	25,542	26,232	27,345	27,963	29,029	29,940	30,333	30,917	31,890
Diluted	27,234	27,302	27,782	29,001	29,576	30,472	31,300	31,510	31,696	32,604

NOTES

(a) Excluding commissions paid, referral fees and income taxes.

(b) Net earnings attributable to shareholders in 2012 reflect a \$1.1 million (\$0.03 per share) increase in future income taxes, resulting from increased income tax rates enacted during the year.

(c) Results in 2017 and prior years have been restated to reflect the impact of IFRS 9.