

GUARDIAN CAPITAL GROUP LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
SECOND QUARTER
June 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

In accordance with securities regulatory requirements, the discussion and analysis which follows for Guardian Capital Group Limited and its subsidiaries and other controlled entities ("Guardian") pertains to the three month period ended June 30, 2023 and the comparative periods in the year 2022, as well as to certain other prior quarterly periods. Readers are encouraged to refer to the discussions and analyses contained in the 2022 Annual Report. This discussion and analysis has been prepared as of August 11, 2023.

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

Certain information included in this Management's Discussion and Analysis constitutes forward-looking information within the meaning of applicable Canadian securities laws. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events or the negative thereof. Forward-looking information in this Management's Discussion and Analysis includes, but is not limited to, statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations. Such forward-looking information reflects management's beliefs and is based on information currently available. All forward-looking information in this Management's Discussion and Analysis is qualified by the following cautionary statements.

Although Guardian believes that the expectations reflected in such forward-looking information are reasonable, such information involves known and unknown risks and uncertainties which may cause Guardian's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information. Important factors that could cause actual results to differ materially include but are not limited to: general economic and market conditions, including interest rates, business competition, changes in government regulations or in tax laws, the duration and severity of pandemics, such as COVID-19, the current conflict in the Ukraine, as well as those risk factors discussed or referred to in this Management's Discussion and Analysis and the other disclosure documents filed by Guardian with the securities regulatory authorities in certain provinces of Canada and available at www.sedar.com. The reader is cautioned to consider these factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information, as there can be no assurance that actual results will be consistent with such forward-looking information.

The forward-looking information included in this Management's Discussion and Analysis is provided as of the date of this Management's Discussion and Analysis and should not be relied upon as representing Guardian's views as of any date subsequent to the date of this Management's Discussion and Analysis. Guardian undertakes no obligation, except as required by applicable law, to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

OVERVIEW OF GUARDIAN'S BUSINESS

Guardian is a financial services company, which provides extensive investment management services to institutional, retail and private high and ultra-high-net worth clients through its subsidiaries. At the end of the current quarter, Guardian had \$52.8 billion of assets under management ("AUM") and \$3.8 billion of assets under advisement ("AUA") (together the "Total Client Assets"). Guardian is headquartered in Canada and operates in Canada, the United Kingdom, the United States and the Caribbean. Investment Management business is operated through the Toronto, Ontario-based Guardian Capital LP ("GCLP"), Guardian Smart Infrastructure Management Inc. ("GSIM"), Guardian Capital Advisors LP ("GCA") and Guardian Partners Inc. ("GPI"), the Waterloo, Ontario-based Rae & Lipskie Investment Counsel Inc. ("RaeLipskie"), Vancouver, British Columbia-based Modern Advisor Canada Inc. ("Modern Advisor"), the London, UK-based GuardCap Asset Management Limited ("GuardCap"), the Salt Lake City, Utah-based Alta Capital Management, LLC ("Alta"), the Richmond, Virginia-based Agincourt Capital Management LLC ("Agincourt") and the Caribbean-based Alexandria Bancorp Limited ("ABL"). Guardian also manages its proprietary investment portfolio which had a fair market value of \$1.3 billion at the end of the current quarter.

On March 1, 2023, Guardian sold its subsidiaries, Worldsource Financial Management Inc., Worldsource Securities Inc. and IDC Worldsource Insurance Network Inc. ("IDC WIN") for gross proceeds of \$750 million, subject to adjustments for net working capital and amounts due to minority shareholders of IDC WIN ("Proceeds"). In the following discussion and analysis, these businesses will be referred to as Worldsource Businesses.

USE OF NON-IFRS MEASURES

Guardian uses certain measures to evaluate and assess the performance of its business, some of which are not defined within International Financial Reporting Standards ("IFRS"). These measures are EBITDA, EBITDA attributable to shareholders, EBITDA attributable to shareholders per share, Adjusted cash flow from operations, Adjusted cash flow from operations attributable to shareholders, Adjusted cash flow from operations attributable to shareholder per share. As a result of the sale of the Worldsource businesses as discussed below, we have updated the definition of EBITDA to exclude Net earnings from discontinued operations. More detailed definition of EBITDA is provided on page 27 of the Management Discussions and Analysis. Other Non-IFRS measures are equity per share, and securities per share. Non-IFRS measures do not have standardized meanings prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. However, Guardian believes that most shareholders, creditors, other stakeholders and investment analysts prefer to include the use of these measures in analyzing Guardian's results. In the Non-IFRS Measures section of this Management Discussion and Analysis a description of how these measures are defined by Guardian is provided, with reconciliations to their most comparable IFRS measures.

CONSOLIDATED FINANCIAL RESULTS

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

For the periods ended June 30, (\$ in thousands, except per share amounts)	Three months			Six months		
	2023	2022 <i>restated</i>	% Inc (Dec)	2023	2022 <i>restated</i>	% Inc (Dec)
Net revenue	\$ 61,833	\$ 50,056	23.5%	\$ 116,326	\$ 101,878	14.2%
Expenses	44,795	38,652	15.9%	88,048	76,968	14.4%
Operating earnings	17,038	11,404	49.4%	28,278	24,910	13.5%
Net gains (losses)	(3,736)	(91,545)	95.9%	14,398	(101,294)	114.2%
Earnings (loss) before income taxes	13,302	(80,141)	116.6%	42,676	(76,384)	155.9%
Income tax expense (recovery)	1,770	(6,678)	126.5%	4,702	(3,145)	249.5%
Net earnings (loss) from continuing operations	11,532	(73,463)	115.7%	37,974	(73,239)	151.8%
Net earnings from discontinued operations	--	5,239	-100.0%	553,743	10,830	5,013.0%
Net earnings (loss)	\$ 11,532	\$ (68,224)	116.9%	\$ 591,717	\$ (62,409)	1,048.1%
EBITDA	\$ 23,199	\$ 16,158	43.6%	\$ 40,570	\$ 33,661	20.5%
Adjusted cash flow from operations	15,903	9,699	64.0%	34,000	26,477	28.4%
Attributable to shareholders:						
Net earnings (loss) from continuing operations	\$ 11,145	\$ (74,053)	115.1%	\$ 37,259	\$ (74,406)	150.1%
Net earnings (loss)	11,145	(69,698)	116.0%	498,748	(65,436)	862.2%
EBITDA	22,303	15,040	48.3%	38,698	31,456	23.0%
Adjusted cash flow from operations	14,967	8,577	74.5%	32,080	24,212	32.5%
Per share amounts (diluted):						
Net earnings (loss) from continuing operations	\$ 0.45	\$ (3.03)	114.9%	\$ 1.48	\$ (3.04)	148.7%
Net earnings (loss)	0.45	(2.85)	115.8%	19.45	(2.68)	825.7%
EBITDA	0.89	0.57	56.1%	1.54	1.19	29.4%
Adjusted cash flow from operations	0.60	0.33	81.8%	1.28	0.92	39.1%
As at (\$ in millions, except per share amounts)						
	2023 June 30	2022 December 31	% Inc (Dec)	2023 June 30	2022 June 30	% Inc (Dec)
Shareholders' equity	\$ 1,213	\$ 768	57.9%	\$ 743	\$ 743	63.2%
Securities	1,274	660	92.9%	651	651	95.7%
Per share amounts (diluted):						
Shareholders' equity	\$ 47.63	\$ 29.43	61.8%	\$ 28.74	\$ 28.74	65.7%
Securities	50.05	25.31	97.7%	25.17	25.17	98.8%

SECOND QUARTER HIGHLIGHTS

On May 19, 2023, Guardian acquired an incremental 24% interest in its subsidiary Alta Capital Management LLC ("Alta"), and increased its ownership interest from 70% to 94%, for a purchase price of \$14.8 million USD. This transaction is part of Guardian's commitment to continue its expansion in the US market. All key management employees continued their employment with Alta, subsequent to the transaction. In addition, more depth and capabilities were added to the distribution team to support the expansion plans in the USA. This acquisition was initially funded by a combination of debt and Adjusted cash flow from operations. Subsequent to the quarter end, the debt was repaid using the Proceeds.

With the disposition of the Worldsource Businesses completed in the prior quarter, the current quarter's Guardian's operating results benefited from over \$7 million in interest income earned on the Proceeds. The impact of this new revenue source overshadowed the increase in Net management fee revenue for the quarter and lifted the Operating earnings to over \$17.0 million. The interest income is not expected to continue at this level over the longer term as the Proceeds are expected to be used to pay the associated income taxes in early 2024, to fund continued share buybacks and to be redeployed in various forms as Guardian's strategic plan takes shape over the coming months.

During the current quarter, a portion of the Proceeds were used to fund share buybacks and redeployed to support existing and new proprietary investment funds. These activities continued subsequent to the quarter end with share buybacks of \$7.5 million and increased seeding of new proprietary investment funds of over \$35.0 million were funded from the Proceeds.

As described in the prior quarter's Management's Discussion & Analysis, the following discussion and analysis and in Guardian's Consolidated Financial Statements, the Worldsource Businesses, up to the date of sale, have been classified as discontinued operations with prior period results reflecting this reclassification. In the Statement of Operations and Comprehensive Income, the current and comparative period results, including the Net gains realized on the sale of the Worldsource Businesses, have been presented on a single line called Net earnings from discontinued operations.

Subsequent to the sale of the Worldsource Businesses, Guardian streamlined its businesses into two Segments, Investment Management Segment and Corporate Activities and Investments Segment. The businesses which were previously included in the Wealth Management Segment have now been consolidated into the Investment Management Segment.

ASSETS UNDER MANAGEMENT AND ADVISEMENT

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

As at (\$ in millions)	2023 June 30	2022 December 31	% Inc (Dec)	2022 June 30 <i>Restated</i>	% Inc (Dec)
Assets under management					
Institutional					
Global equities	\$ 28,160	\$ 23,050	22.2%	\$ 22,239	26.6%
Canadian equities	5,219	5,199	0.4%	5,246	-0.5%
Fixed income	13,909	16,124	-13.7%	15,376	-9.5%
Institutional assets under management	47,288	44,373	6.6%	42,861	10.3%
Private wealth and OCIO	5,466	5,214	4.8%	4,070	34.3%
Total assets under management	52,754	49,587	6.4%	46,931	12.4%
Assets under advisement	3,773	3,716	1.5%	3,944	-4.3%
Total client assets	\$ 56,527	\$ 53,303	6.0%	\$ 50,875	11.1%

Guardian is reporting Total Client Assets of \$56.5 billion as at June 30, 2023, compared to \$53.3 billion, as at December 31, 2022 and \$50.9 billion, as at June 30, 2022. The change since December 31 was due mainly to the positive market performance along with a modest inflow of net new assets. The year-over-year change was largely the result of the positive returns in the global equities market and the addition of \$1.1 billion on the acquisition of RaelLipskie, which occurred on September 1, 2022, partially offset by a modest net outflow of assets.

OPERATING RESULTS

The Operating earnings of Guardian's business segments are summarized in the following table:

For the periods ended June 30, (\$ in thousands)	Three months			Six months		
	2023	2022 <i>restated</i>	% Inc (Dec)	2023	2022 <i>restated</i>	% Inc (Dec)
Investment management	\$ 10,245	\$ 10,072	1.7%	\$ 20,082	\$ 22,326	-10.1%
Corporate activities and investments	6,793	1,332	410.0%	8,196	2,584	217.2%
	\$ 17,038	\$ 11,404	49.4%	\$ 28,278	\$ 24,910	13.5%

Guardian's consolidated Operating earnings for the current quarter ended June 30, 2023, were \$17.0 million and \$28.3 million year to date, increases of 49% and 14%, respectively from \$11.4 million and \$24.9 million for the same respective periods in the prior year. The EBITDA for the current quarter was \$23.2 million and year to date of \$40.6 million, increases of 44% and 21%, respectively, from \$16.2 million and \$33.7 million for the same respective periods in the prior year. Additional discussions on these two measures are provided below in the Investment Management Segment and Corporate Activities and Investments Segment discussions.

Net revenues grew to \$61.8 million in the current quarter and \$116.3 million year to date, increases of 24% and 14%, respectively, from \$50.1 million and \$101.9 million in the same respective periods in the prior year. The increase was largely driven by interest income earned on the Proceeds and increase in net management fee revenue, including the contribution from RaelLipskie, acquired in Q3 of 2022. Total expenses in the current quarter were \$44.8 million and \$88.0 million year to date, increases of 16% and 14%, respectively, from \$38.7 million and \$77.0 million in the same respective periods in the prior year. The increased expenses were due to the addition of expenses associated with RaelLipskie, higher interest expenses, increases in technology expenses, increased travel and marketing activities and the continued multi-year strategic investments in our additional future growth sources. As part of our strategic investments, we plan on increasing our technology investments, which will further add to the growth in expenses in the near term.

Net losses in the current quarter were \$3.7 million, compared to Net losses of \$91.5 million in the same quarter in the prior year. Current year to date Net gains were \$14.4 million, compared to Net losses of \$101.3 million in the same period in the prior year. These gains and losses largely reflect the changes in fair values of our Securities portfolio driven by the volatility in the global financial markets over those periods.

Net earnings attributable to shareholders in the current quarter was \$11.1 million and year to date of \$498.7 million, compared to Net losses attributable to shareholders of \$69.7 million and \$65.4 million in the same respective periods in the prior year. The increase in the current quarter compared to the same period in the prior year was due to the increase in Operating earnings and significantly lower Net losses recorded in the current quarter. The most significant driver of the year to date increase in Net Earnings attributable to shareholders was the Net earnings from discontinued operations recorded in the first quarter of 2023 when the disposal of the Worldsource Businesses was completed.

Adjusted cash flow from operations for the quarter was \$15.9 million and year to date of \$34.0 million, compared to \$9.7 million and \$26.5 million in the same respective periods in 2022. The increases were driven by improved Operating earnings in the current quarter and year to date periods.

The discussion on Guardian's operating results by Segments are provided below. The discussion should be read in conjunction with Note 12 (a), Business Segments, contained in Guardian's Second Quarter 2023 Consolidated Financial Statements.

Investment Management Segment

Operating earnings from the Investment Management Segment were \$10.2 million in the current quarter and \$20.1 million year to date, compared to \$10.1 million and \$22.3 million in the same respective periods in the prior year. EBITDA in the current quarter was \$ 13.6 million and \$26.8 million year to date, compared to \$13.4 million and \$28.7 million in the same respective periods in the prior year. The Net revenue in the current quarter was \$48.5 million and \$95.5 million year to date, compared to \$44.6 million and \$92.0 million in the same respective periods in the prior year. The increase in Net revenue is driven by the increase in AUM, largely the result of the positive global equities market performances during the current quarter and the year over year period. The net flows in institutional client AUM were slightly positive in the current quarter but slightly negative since the second quarter of

2022. The total expenses in the Segment were \$38.3 million in the current quarter and \$75.0 million year to date, compared to \$34.6 million and \$69.7 million in the same respective periods in the prior year. Increased expenses were largely the result of the addition of expenses associated with Raelipskie, which was acquired in Q3 of 2022, the continued strategic investments into our additional future growth sources, including the Canadian Retail Asset Management ("CRAM") team, the Guardian Smart Infrastructure Management ("GSIM") team, and Guardian Partners Inc. The Operating losses in these businesses were \$2.7 million in the current quarter, substantially unchanged from the same quarter in the prior year. These strategic investments are expected to continue in the near term while we continue to build these future sources of growth.

During the current quarter, as part of its continued growth strategy in the US market, Guardian increased its ownership interest in its subsidiary, Alta from 70% to 94%, for a purchase price of \$14.8 million USD. Key management continued their employment with Alta, subsequent to the transaction.

Corporate Activities and Investments Segment

The Corporate Activities and Investments Segment's Operating earnings were \$6.8 million for the current quarter and \$8.2 million year to date, compared to \$1.3 million and \$2.6 million in the same respective periods in the prior year. EBITDA in the current quarter was \$9.6 million and \$13.9 million year to date, compared to \$2.8 million and \$5.1 million in the same respective periods in the prior year. The Net revenue increased to \$13.7 million for the quarter and \$21.4 million year to date, from \$5.7 million and \$10.5 million in the same respective periods in 2022. The most significant contributor to the growth was the interest income earned on the Proceeds received on March 1, 2023. Also included in the total revenues were \$0.5 million in the current quarter and \$0.7 million year to date of fees charged to Worldsource Businesses for transitional services. The increase in Net revenue was partially offset by higher expenses in the current quarter of \$6.9 million and year to date of \$13.2, compared to \$4.4 million and \$8.0 million in the same respective periods in the prior year. The increase is mainly due to increase in interest expense, resulting from increased borrowing rates over the period, addition of employees to support our strategic investments in the operating segments, absorption of certain costs which were recovered from Worldsource Businesses in prior periods no longer being recovered in the current period, increase in technology costs and growth in travel expenditures. To support our strategic investments in various initiatives, we plan to increase our technology investments in the near term which will further dampen our earnings in the near term.

LIQUIDITY AND CAPITAL RESOURCES

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

Guardian's balance sheet is supported by our substantial securities portfolio, as presented below:

As at (\$ in millions)	2023 June 30	2022 December 31	% Inc (Dec)	2022 June 30	% Inc (Dec)
Securities, carried at fair value					
Proprietary investment strategies					
Short-term and fixed-income securities	\$ 35,991	\$ 18,495	94.6%	\$ 16,715	115.3%
Canadian equities	12,642	13,200	-4.2%	12,482	1.3%
Global equities	268,037	269,631	-0.6%	265,026	1.1%
Canadian real estate	43,423	43,182	0.6%	35,915	20.9%
	360,093	344,508	4.5%	330,138	9.1%
Bank of Montreal common shares	266,708	273,064	-2.3%	276,007	-3.4%
Short-term securities	609,397	9,341	6,423.9%	8,688	6,914.2%
Fixed-income securities	4,883	--	100.0%	--	100.0%
Equities	33,080	33,500	-1.3%	35,838	-7.7%
Securities	\$ 1,274,161	\$ 660,413	92.9%	\$ 650,671	95.8%
Securities per share amount, diluted	\$ 50.05	\$ 25.31	97.7%	\$ 25.17	98.8%

Guardian's Securities as at June 30, 2023 had a fair value of \$1,274 million, or \$50.05 per share, diluted, compared with \$660 million, or \$25.31 per share, diluted, at the end of 2022. Shareholders' equity as at June 30, 2023 amounted to \$1,213 million, or \$47.63 per share, diluted, compared to \$768 million, or \$29.43 per share, diluted, at the end of 2022. The increases in Securities and Shareholders' equity were due largely to the addition of Guardian's portion of the proceeds, net of amounts held in escrow, and net gains realized on the disposition of the Worldsource Businesses, respectively. The proceeds are invested in fixed income investments with varying maturity, all less than one year.

In addition to its strong balance sheet, Guardian has, under various borrowing arrangements, total borrowing capacity of \$175.0 million. As at June 30, 2023, the total borrowings amounted to \$131.5 million, compared to \$131.6 million at the end of 2022. Guardian's Adjusted cash flow from operations attributable to shareholders for the current quarter was \$15.0 million and \$32.1 million year to date, compared to \$9.7 million and \$24.2 million in the same respective periods in 2022. The increases in 2023, compared to the same periods one year earlier, were due to higher operating cash flow generated from higher Operating earnings, combined with lower tax payments made in the current periods.

All these resources available to Guardian were used to finance various activities during the current quarter: \$8.6 million in dividends were paid using Adjusted cash flow from operations; \$14.8 million USD purchase price paid to acquire an incremental 24% interest in Alta its minority shareholders were funded from a combination of debt and Adjusted cash flow from operations; approximately \$11 million was redeployed from the Proceeds into existing and new proprietary products to provide them with initial scale; and \$21.4 million of the Proceeds were used to fund share buy-backs during the quarter.

Subsequent to the current quarter end, the use of the Proceeds continued to back various activities. It was used to pay down the debt incurred to acquire an incremental 24% interest in Alta described above, approximately \$34 million was redeployed into new strategies to immediately achieve desired level of scale to make them more marketable, and approximately \$8 million was used to fund additional share buybacks.

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 June 30, 2023 (\$ in thousands)	Total	Payments due by period			
		Within one year	2 - 3 years	4 - 5 years	After five years
Bank loans and borrowings	\$ 131,462	\$ 131,462	\$ --	\$ --	\$ --
Third party investor liabilities	63,343	63,343	--	--	--
Client deposits	70,137	70,137	--	--	--
Accounts and income taxes payable	146,579	146,579	--	--	--
Obligations to non-controlling interests and other	18,367	4,897	8,507	4,963	--
Investment commitments	10,162	10,162	--	--	--
Scheduled lease payments, undiscounted	30,603	2,951	5,531	4,923	17,198
Total contractual obligations	\$ 470,653	\$ 429,531	\$ 14,038	\$ 9,886	\$ 17,198

Guardian's contractual commitments are supported by its strong financial position, including its Securities, referred to above under the heading "Liquidity and Capital Resources". Client deposits in the offshore banking subsidiary are supported by the Interest-bearing deposits with banks. Third party investor liabilities are supported by Securities backing third party investor liabilities. Guardian has a commitment to invest \$11.8 million in a private equity funds. Guardian will decide on the appropriate strategy for funding these commitments when called upon by the funds

SUMMARY OF QUARTERLY RESULTS

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

	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021
				Restated	Restated	Restated	Restated	Restated
<i>As at (\$ in millions)</i>								
Assets under management	\$ 52,754	\$ 52,261	\$ 49,587	\$ 47,814	\$ 46,931	\$ 53,123	\$ 56,341	\$ 53,113
Assets under advisement	3,773	4,065	3,716	3,788	3,944	4,272	4,338	5,061
Total client assets	56,527	56,326	53,303	51,602	50,875	57,395	60,679	58,174
<i>For the three months ended (\$ in thousands)</i>								
Net revenue	\$ 61,833	\$ 54,493	\$ 50,681	\$ 48,434	\$ 50,056	\$ 51,824	\$ 52,961	\$ 50,873
Operating earnings	17,038	11,240	8,790	10,419	11,404	13,507	14,086	15,385
Net gains (losses)	(3,736)	18,134	18,225	(21,148)	(91,545)	(9,749)	51,408	(8,960)
Net earnings (losses) from continuing operations	11,532	26,442	25,249	(11,582)	(73,463)	224	57,909	4,005
Net earnings from discontinued operations	--	553,743	6,386	5,034	5,239	5,591	6,542	4,592
Net earnings (losses)	11,532	580,185	31,635	(6,548)	(68,224)	5,815	64,451	8,597
Net earnings (loss) from continuing operations attributable to shareholders	11,145	26,114	24,679	(11,780)	(74,053)	(353)	56,999	3,268
Net earnings (loss) attributable to shareholders	11,145	487,603	29,961	(7,608)	(69,698)	4,262	62,422	7,054
<i>Per share amounts (in \$)</i>								
Net earnings (loss) from continuing operations attributable to shareholders								
Basic	\$ 0.47	\$ 1.09	\$ 1.02	\$ (0.49)	\$ (3.03)	\$ (0.01)	\$ 2.30	\$ 0.13
Diluted	0.45	1.02	0.96	(0.49)	(3.03)	(0.01)	2.15	0.12
Net earnings (loss) attributable to shareholders:								
Basic	\$ 0.47	\$ 20.27	\$ 1.24	\$ (0.31)	\$ (2.85)	\$ 0.17	\$ 2.52	\$ 0.28
Diluted	0.45	18.79	1.16	(0.31)	(2.85)	0.16	2.35	0.27
Dividends paid	\$ 0.34	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.18	\$ 0.18	\$ 0.18
<i>As at</i>								
Shareholders' equity (\$ in millions)	\$ 1,213	\$ 1,242	\$ 768	\$ 743	\$ 743	\$ 828	\$ 839	\$ 781
<i>Per share amounts (in \$)</i>								
Basic	\$ 51.11	\$ 52.42	\$ 31.84	\$ 30.82	\$ 30.68	\$ 33.67	\$ 33.89	\$ 31.56
Diluted	47.63	48.73	29.43	28.88	28.74	31.27	31.53	29.40
Total Class A and Common shares outstanding (shares in thousands)	25,609	26,113	26,246	26,246	26,342	26,892	26,954	26,968

Over the past eight quarters presented above, Guardian's Net revenue, largely comprised of net management and advisory fees, has generally trended in the same direction as the changes in Total Client Assets. These fluctuations can also influence Operating earnings and are driven largely by the factors described below.

Net management and advisory fees are highly correlated to the changes in Total Client Assets, which are affected by the volatility of the global financial markets and additions and withdrawals of assets by clients. Partially offsetting this volatility is the income from Securities earned in the Corporate Activities and Investments Segment, which are less directly correlated to the volatility in the global financial markets. The timing of consolidation or

deconsolidation of certain investment funds or disposal of securities can also have an impact on the level of dividend and interest income recorded in the period.

The Net revenue for each of the quarters above generally trended with the levels of Total Client Assets. During the second quarter of 2023, the Net revenue increased greater than expected from the change in Total Client Assets. This was due to over \$7.0 million in interest income being earned on the proceeds of disposition of Worldsource Businesses. During the second quarter of 2022, increased Dividend and Interest income partially offset some of the decrease in Management and advisor fee revenue. Net gains (losses) reflect changes in fair values of the securities during each period, driven by the volatility of the global financial markets in which Guardian's securities trade. The volatility of Net gains (losses) also directly affects Net earnings (losses) attributable to shareholders.

The Net earnings from discontinued operations from the third quarter of 2021 to the first quarter of 2023, includes the Net earnings from Worldsource Businesses, which was reclassified into this line as a result of its sale. Included in the first quarter of 2023 is \$553,743 of net gains realized on the disposition of the Worldsource Businesses and its operating earnings, net of taxes for the period to closing.

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

RISK FACTORS

A key component of a successful business is its ability to manage its risk. The following sections discuss the most significant risks and Guardian's management processes to mitigate them. Readers are encouraged to refer to Note 14 to Guardian's First Quarter 2023 Consolidated Financial Statements for additional information on financial risk management.

Market Risk

Markets can have a significant effect on the value of both clients' portfolios and our earnings, since investment management and advisory fees, which make up a significant part of our revenues, are generally based on market values. The market fluctuations can be driven by political, economic or other changes in various regions of the world. We manage the risks associated with 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 Risks

Guardian's securities are subject to price fluctuations risk. The potential impact of market fluctuations on the value of Guardian's securities is quantified in Note 14 of Guardian's Second Quarter 2023 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 independent custodians chosen by Guardian. As at June 30, 2023, Guardian held \$267 million of BMO shares (December 31, 2022 – \$273 million), which represents 21% of Guardian's securities (December 31, 2022 – 41%). 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 since the second quarter of 2013. In the first quarter, the Proceeds from the sale from the Worldsource Businesses were received and immediately invested in government or high-quality corporate short-term securities with varying maturities of less than one year. As a result, Guardian's securities increased its holdings in fixed-income securities, which now comprise 51% of the portfolio. The remainder of Guardian's securities portfolio is more diversified, from both an asset class and a geographical perspective.

The concentration risks by type as a percentage of total securities is summarized in the following table:

As at (as a percentage of securities)	June 30 2023	December 31 2022	% Inc (Dec)
Bank of Montreal common shares	21%	41%	-49%
Other Canadian equity securities and real estate	4%	9%	-56%
Canadian equities and real estate	25%	50%	-50%
Non-Canadian equities	24%	46%	-48%
Short-term and Fixed income securities	51%	4%	1175%
	100%	100%	0%

Foreign Currency Risk

As a result of expansion outside of Canada, Guardian's revenues, expenses and operating results from foreign operations may fluctuate with the changes in the foreign currency exchange rates compared to the Canadian dollar. The most significant foreign currency exposure is to the US dollars as most of the non-Canadian assets under management are US dollar denominated portfolios. Every 10% change in the value of the Canadian dollar against the US dollar would result in a change to Net revenues of approximately \$2.8 million and \$5.6 million for three and six month periods, respectively to June 30, 2023.

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.

From time to time, Guardian may recognize US dollar obligations to non-controlling interests on its balance sheet associated with the subsidiaries in the United States. 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 Consolidated 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. Guardian may also record certain foreign exchange gains (losses) in Net earnings, such as US Dollar borrowings or on Canadian dollar cash balances held by foreign subsidiaries. This risk is mitigated by offsetting amounts being recognized on the investment in these foreign subsidiaries as Net change in foreign currency translation on foreign subsidiaries, as discussed above. Readers are encouraged to refer to Note 14 in Guardian's Second Quarter 2023 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. Guardian periodically reviews the financial strength of all of its counterparties, and if the circumstances warrant, 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. Increased exposure to fixed-income securities resulting from the proceeds from the sale of the Worldsource Businesses being invested in these securities is managed through diversification and selection of securities issued by high-quality issuers.

Interest Rate Risk

Guardian's most significant exposure to interest rate risk is through its investment in short-term and fixed-income securities, partially offset by the bank loans and borrowings. The securities and the borrowings are both short-term, and act as a partial hedge to mitigate against interest rate fluctuations. Guardian is also exposed to interest rate risk on client deposits in its international banking operations. This risk is largely managed through matching the interest rates and maturity dates of Client deposit liabilities with Interest-bearing deposits with banks. The interest rate risk associated with Guardian's investment in fixed-income mutual funds is managed by monitoring the activities of the portfolio manager, who manages this risk by positioning the portfolio for various interest rate environments.

Liquidity Risk

Guardian manages liquidity risk through the monitoring and managing of cash flows from operations, by establishing sufficient cash borrowing facilities with major Canadian banks, which currently total \$175 million through three credit facilities, and leveraging the support of its significant security portfolio. The maturities of Guardian's contractual commitments are outlined under "Contractual Commitments" in this Management Discussion and Analysis. The combination of the cash flows from operations, the securities holdings and the borrowing facilities provides reasonable resources to manage its liquidity risk.

Certain financial market events may cause disruptions and cause a tightening of liquidity in the market, making it difficult or more expensive for Guardian to borrow under its facilities. Guardian's large portfolio of liquid securities can offset some of the risk of tightening of market liquidity.

Product 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.

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

Regulatory and Legal Risk

Guardian and its subsidiaries operate in an environment subject to various laws and regulations. Given the nature of Guardian's and certain of its subsidiaries' operations, it 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, where appropriate, utilizing assistance from external advisors and insurance coverage.

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.

Information Technology and Cybersecurity Risk

Guardian uses information technology and the internet to streamline business operations and to improve client 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 or remote connections to internal data centres, Guardian is exposed to information security and other technology disruption risks that could potentially have an adverse impact on its business. Guardian actively monitors these risks and continues to develop controls to protect against such threats that are becoming more sophisticated and pervasive.

As remote working by Guardian employees have increased, remote access to Guardian's data centre by its employees have increased cyber security risk. Guardian has heightened its monitoring of the internal network traffic and the monitoring of developments in the latest known cyber threats to enhance security controls, where appropriate.

Climate Change Risk

Guardian and its subsidiaries have mostly indirect exposure to climate risk; climate change may have an impact on financial market performance, which may, in turn, have an impact on level of income earned by Guardian; with the heightened awareness of climate change, asset managers may find retaining or attracting clients more challenging if they are viewed as not having a credible approach to climate change; and increasing regulatory requirements create onerous compliance obligations and increased costs which could impact business operations. Guardian has established a Responsible Investing Oversight Committee comprised of senior executives across its asset management subsidiaries, which is responsible for assessing and managing business risks related to the environment, social issues and corporate governance. Guardian also has a dedicated responsible investing team which is responsible for incorporating industry best practices in its asset management approach and aligning those activities across all of Guardian's asset management businesses. Guardian plans to leverage these existing structures in its plans to implement the proposed disclosure requirements of National Instrument 51-107.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions, which affect the reported amounts of assets, liabilities, contingencies, revenues and expenses. These estimates and assumptions are listed in note 2 (c) to Guardian's December 31, 2022, Consolidated Financial Statements. The most significant accounting estimates are related to the impairment assessment of goodwill and the determination of fair value of securities, which are classified as level 3 within the fair value hierarchy. The valuation approach to level 3 securities is most sensitive to the level of AUM associated with the issuer of the security. The valuation approach to Investment Management Segment goodwill is most sensitive to the levels of AUM within the Segment. The goodwill in all units are tested annually for impairment. In addition, Guardian reviews goodwill for indications of impairment at the end of each reporting period, and if indications of impairment exist, the goodwill is then assessed for impairment in that period.

NON-IFRS MEASURES

EBITDA, EBITDA attributable to shareholders, and EBITDA per share

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

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

For the periods ended June 30, (\$ in thousands)	Three months			Six months		
	2023	2022 <i>restated</i>	% Inc (Dec)	2023	2022 <i>restated</i>	% Inc (Dec)
Net earnings (loss)	\$ 11,532	\$ (68,224)	116.9%	\$ 591,717	\$ (62,409)	1,048.1%
Add (deduct):						
Net earnings from discontinued operations	--	(5,239)	100.0%	(553,743)	(10,830)	-5,013.0%
Income tax expense (recovery)	1,770	(6,678)	126.5%	4,702	(3,145)	249.5%
Net (gains) losses	3,736	91,545	-95.9%	(14,398)	101,294	-114.2%
Stock-based compensation	921	921	0.0%	1,837	1,583	16.0%
Interest expense	2,053	760	170.1%	3,982	1,305	205.1%
Amortization	3,187	3,073	3.7%	6,473	5,863	10.4%
EBITDA	23,199	16,158	43.6%	40,570	33,661	20.5%
Less attributable to non-controlling interests in continuing operations	(896)	(1,118)	19.9%	(1,872)	(2,205)	15.1%
EBITDA attributable to shareholders	\$ 22,303	\$ 15,040	48.3%	\$ 38,698	\$ 31,456	23.0%

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

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

For the periods ended June 30, (\$ in thousands)	Three months			Six months		
	2023	2022 <i>restated</i>	% Inc (Dec)	2023	2022 <i>restated</i>	% Inc (Dec)
Net cash from operating activities	\$ 14,882	\$ 27,673	-46.2%	\$ 25,069	\$ 26,981	-7.1%
Add (deduct):						
Net cash from operating activities, discontinued operations	--	8,985	-100.0%	(10,087)	(863)	-1,068.8%
Net change in non-cash working capital items	1,021	(9,188)	111.1%	9,305	11,453	-18.8%
Net change in non-cash working capital items, discontinued operations	--	(17,771)	100.0%	9,713	(11,094)	187.6%
Adjusted cash flow from operations	15,903	9,699	64.0%	34,000	26,477	28.4%
Less attributable to non-controlling interests, continuing operations	(936)	(1,122)	16.5%	(1,920)	(2,265)	15.2%
Adjusted cash flow from operations attributable to shareholders	\$ 14,967	\$ 8,577	74.5%	\$ 32,080	\$ 24,212	32.5%

Shareholders' equity per share

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

Securities per share

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

OUTLOOK

Financial market history is filled with predictions of "The Next Big Crisis" that ultimately do not materialize and while these events may cause temporary disruptions and volatility, they often prove fleeting as the outcome is rarely as bad as feared and markets resume their climb. While it is undeniably the case that the general mood in the market is less downbeat than it has been in a while, sentiment continues to be restrained by significant concerns over the outlook.

Despite the global economy's persistent resiliency and success in overcoming the numerous obstacles laid in its path over the last three years, the consensus among forecasters remains that a recession is the most likely outcome for the bulk of Developed Markets (DM) over the next year. The continuous upgrades to the near-term outlook over the last nine months that have been necessitated by persistently stronger-than-anticipated activity have just been treated as delaying an imminent downturn. The weakness has just been kicked out to the end of this year. Similarly, despite the improvement in equity performance over the last nine months, enthusiasm in markets is limited. Surveys of investors have seen the share of "bears" retreat from last year's highs towards the "neutral" category rather than straight into bullishness. Fiscal tightening is the main reason for this bearishness, higher costs of carrying debt serve to restrain demand for credit, the lifeblood of the economy. At the same time, surveys indicate its supply is being constrained as lenders raise their standards for qualifying for loans in the name of protecting their books from the assumed looming downturn. The flare-up of financial system stress earlier this year exacerbated concerns on this front as well.

While pessimism over the prospects for the future tends to create waves in the here and now, there are few indications that a hit from the negative economic sentiment is actually materializing as yet. Consumers are the most important cog in the global economic engine and, despite a series of headwinds that have clearly contributed to the dour sentiment, they continue to drive the underlying growth. The main reason for this is that household finances remain in good shape. The recovery in net worth from the early pandemic hit was historically quick and, even with last year's weakness in financial markets and the slump in housing prices, net wealth is near all-time highs. By some measures, consumers now are the least debt-reliant in generations, one reason why the impact of the tightening financial conditions has not carried the anticipated degree of verve this cycle. Consumers continue to sit on a pandemic-driven excess of savings, which should continue to underpin healthy spending, and investment.

The underlying health of the consumer has been a clear boon for the business sector. Abundant demand has meant that companies have been able to pass through the rising costs of production, keeping profit margins elevated. The improved profitability and efforts over the last decade by firms to take advantage of positive financing conditions to improve balance sheets have resulted in corporate finances being in good shape, with low leverage, extended maturities of debt and high-interest coverage providing flexibility to weather the challenges of the past three years. Looking forward, the very few companies that have had outsized returns in the past couple of quarters raises concerns about the prospect of further gains in the second half, particularly if the recent enthusiasm surrounding developments in Tech (and especially artificial intelligence) that have propelled the gains subsides, after all, market rallies are typically more durable when they have broader participation.

Positively, there is potential scope for the rest of the market to play catch-up over the rest of the year. Underpinned by a resilient consumer, economic growth continues to hold up fairly well despite numerous headwinds. Ebbing inflation and still firm labour markets suggest that some verve in real spending could persist. Earnings momentum has turned for the better across developed markets, with corporate profits broadly beating lowered expectations. This fundamental support for equities notably comes as the vast majority of stocks have registered only tepid gains means that valuations are not actually as stretched as overall metrics may suggest. Overall the outlook for equities remains positive, while fixed-income continue to offer attractive yields, which will compensate investors for any remaining risk of rate increases and the resulting bond price declines.

In the meantime, Guardian's strong balance sheet offers the comfort of making long-term plans that are not necessarily reliant on the co-operation of events outside our control. We will continue upon our long-held path of innovating new product lines created from existing teams at Guardian, in addition to identifying new capabilities we wish to add and bringing in human and technological assets that will permit us to execute on those capabilities. Success in creating new products gives us an efficient way to grow Guardian's assets under management, generating revenue and profitability. We have a number of organic initiatives that fit well with this strategy. We will evaluate them along with potential acquisition opportunities that can strengthen aspects of our business or accelerate our growth plans as part of our upcoming strategic review. Over the long term, shareholders can expect to experience the benefits of both strategies.