



GUARDIAN CAPITAL GROUP LIMITED

# 2023 ANNUAL REPORT

## 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, 2023, with comparatives for the year ended December 31, 2022. Readers are encouraged to refer to Guardian's Consolidated Financial Statements contained in the 2023 Annual Report. This discussion and analysis has been prepared as of February 22, 2024.

Additional information relating to Guardian and its business, including Guardian's Annual Information Form, is available on "SEDAR" at [www.sedarplus.ca](http://www.sedarplus.ca).

### CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Certain information included in this Management's Discussion and Analysis ("MD&A") constitutes forward-looking information within the meaning of applicable Canadian securities laws. 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 MD&A 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 MD&A 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, military conflicts in various parts of the world, as well as those risk factors discussed or referred to in the risk factors section and the other disclosure documents filed by Guardian with the securities regulatory authorities in certain provinces of Canada and available at [www.sedarplus.ca](http://www.sedarplus.ca). 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 Management's Discussion and Analysis is provided as of the preparation date of this MD&A and should not be relied upon as representing Guardian's views as of any date subsequent to the date of this MD&A. 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 investment management services to institutional, retail and private high and ultra-high-net worth clients through its subsidiaries. At the end of the current year, Guardian had \$54.7 billion of assets under management ("AUM") and \$4.1 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 Real Estate Inc. ("GCREInc"), 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 as at December 31, 2023.

### NON-IFRS MEASURES

Guardian uses certain measures to evaluate and assess the performance of its business, some of which are not defined within IFRS Accounting 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, we have updated the definition of EBITDA to exclude Net earnings from discontinued operations and Adjusted cash flow from operations to exclude cash flow from discontinued operations. A more detailed definition of EBITDA is provided on page 11 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.

## 2023 HIGHLIGHTS

On March 1, 2023, Guardian sold its subsidiaries, Worldsource Financial Management Inc., Worldsource Securities Inc. (together the "Dealers") and IDC Worldsource Insurance Network Inc. ("IDC WIN") (all together the "Worldsource Businesses") to Desjardins Group for gross proceeds of \$750 million, of which \$600 million of the proceeds related to the sale of IDC WIN and \$150 million related to the sale of the Dealers. The completion of the transaction returned Guardian's strategic focus to its roots and core competency of investment management.

With the decision to sell the Worldsource Businesses, the financial results of these businesses were reclassified into a single line on the Consolidated statements of operations and comprehensive income as Net earnings from discontinued operations and the prior period balance sheet was restated to group the assets into a single line Assets of discontinued operations and similarly for liabilities into Liabilities of discontinued operations. Guardian also streamlined its businesses into two Segments, Investment Management and Corporate Activities and Investments. The businesses which were previously included in the Wealth Management Segment have now been consolidated into the Investment Management Segment. With the proceeds from the sale of the Worldsource Businesses being added, Guardian doubled its Security portfolio and ended the current year at \$1.3 billion.

In addition, Guardian's management and board engaged in a comprehensive strategic planning process to reflect the changes in Guardian's balance sheet and business focus. For the near term, it has determined that preserving a substantial balance sheet serves as a strategic advantage in the efforts to further grow the business. Guardian plans to use the balance sheet to make sizeable seed investments for new strategies with a goal to continue attracting skilled talent and accelerate the likelihood of successful commercialization of these various initiatives and to complement the organic growth initiatives with strategic acquisitions. Guardian also intends to utilize the substantial liquidity from its balance sheet to fund share buybacks and allocate a higher percentage of the adjusted cash flows from operations towards growing its dividends.

During the third quarter of 2023, Guardian launched its initial infrastructure fund, using a commonly used multi-partnership structure for this type of vehicle, which will be referred to as Guardian Smart Infrastructure Partnerships ("GSIP"). GSIP is managed by Guardian's smart infrastructure investment management subsidiary, GSIM. Utilizing its substantial balance sheet to accelerate the launch of the fund, Guardian, along with the management team of GSIM, provided GSIP with US\$100 million in capital commitment. With its initial capital call, GSIP, through a jointly controlled entity, Juniper Holdco AS ("Juniper"), acquired 100% of the shares of Q-Free ASA ("Q-Free"), an intelligent transportation systems company listed on the Oslo Stock Exchange, and took this business private. Juniper is 70% owned by GSIP and 30% by a Norwegian private family office.

During the year, Guardian exercised its rights to acquire the remaining 30% interest in Alta for a total purchase price of US\$19.8 million. Increasing our ownership in Alta to 100% which aligns with Guardian's commitment to continue its expansion in the US market. All key management employees continued their employment with Alta.

Subsequent to the year end, on February 2, 2024, Guardian entered into an agreement to acquire 100% of Sterling Capital Management LLC. ("Sterling"), a Charlotte, North Carolina-based investment management firm with approximately US\$76 billion in AUM and AUA, from Truist Financial Corporation ("Truist"). The financial terms of the transaction include a payment of US\$70 million on closing, subject to adjustments for closing net working capital and other closing conditions, and a potential earnout amount. The earnout amount could be up to US\$45 million if the revenue earned from Truist reaches certain revenue thresholds over a period of five years from closing.

## CONSOLIDATED FINANCIAL RESULTS

In the following discussion and analysis, all referenced terms and line items are those associated with the continuing operations, unless specifically indicated otherwise.

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

<b>For the years ended December 31 (\$ in thousands, except per share amounts)</b>	<b>2023</b>	<b>2022</b>	<b>% Inc (Dec)</b>
Net revenue	\$ 241,182	\$ 200,996	20.0%
Expenses	181,333	156,873	15.6%
Operating earnings	59,849	44,123	35.6%
Net gains (losses)	57,787	(104,216)	155.4%
Net earnings (loss) before income taxes	117,636	(60,093)	295.8%
Income tax expense (recovery)	15,474	(525)	3,047.4%
Net earnings (loss) from continuing operations	102,162	(59,568)	271.5%
Net earnings from discontinued operations	554,933	22,251	2,394.0%
Net earnings (loss)	\$ 657,095	\$ (37,317)	1,860.8%
EBITDA	\$ 85,424	\$ 64,198	33.1%
Adjusted cash flow from operations	72,763	44,339	64.1%
Attributable to shareholders:			
Net earnings (loss) from continuing operations	\$ 100,250	\$ (61,503)	263.0%
Net earnings (loss)	562,929	(43,078)	1,406.8%
EBITDA	82,247	59,854	37.4%
Adjusted cash flow from operations	69,581	39,827	74.7%
Per share amounts (diluted):			
Net earnings (loss) from continuing operations	\$ 3.99	\$ (2.52)	258.3%
Net earnings (loss)	22.12	(1.76)	1,356.8%
EBITDA	3.29	2.32	41.8%
Adjusted cash flow from operations	2.79	1.55	80.0%

<b>As at December 31, (\$ in millions, except per share amounts)</b>	<b>2023</b>	<b>2022</b>	<b>% Inc (Dec)</b>
Shareholders' equity	\$ 1,241	\$ 768	61.6%
Securities	1,318	660	99.5%
Diluted per share			
Shareholders' equity	\$ 49.39	\$ 29.43	68.0%
Securities	52.44	25.31	107.2%

<b>As at December 31, (\$ in millions)</b>	<b>2023</b>	<b>2022</b>	<b>% Inc (Dec)</b>
Assets under management			
Institutional			
Global equities	\$ 26,079	\$ 23,050	13.1%
Canadian equities	4,661	5,199	-10.4%
Fixed-income	18,503	16,124	14.8%
Institutional assets under management	49,243	44,373	11.0%
Private wealth and outsourced chief investment officer	5,451	5,214	4.5%
Total assets under management	54,694	49,587	10.3%
Assets under administration and advisement	4,080	3,716	9.8%
Total client assets	\$ 58,774	\$ 53,303	10.3%

The following is an analysis of the change in Guardian's total assets under management:

<b>For the years ended December 31, (\$ in thousands)</b>	<b>2023</b>	<b>2022</b>	<b>% Inc (Dec)</b>
Beginning of year	\$ 49,587	\$ 56,341	-12%
Acquisition	–	1,134	-100%
Net additions from (withdrawals by) clients	(517)	(1,546)	66.6%
Net market appreciation (depreciation)	5,624	(6,342)	188.7%
End of year	\$ 54,694	\$ 49,587	10.3%

Guardian is reporting total client assets \$58.8 billion as at December 31, 2023, consisting of \$54.7 billion in AUM and \$4.1 billion in AUA, compared to \$49.6 billion and \$3.7 billion, respectively, at the end of the prior year. The increase in client assets since December 31, 2022, can primarily be attributed to positive market performance, partially offset by the net outflows of assets.

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

<b>For the years ended December 31 (\$ in thousands)</b>	<b>2023</b>	<b>2022</b>	<b>% Inc (Dec)</b>
Investment management	\$ 38,325	\$ 40,710	-5.9%
Corporate activities and investments	21,524	3,413	530.6%
	<b>\$ 59,849</b>	<b>\$ 44,123</b>	<b>35.6%</b>

Guardian's consolidated Operating earnings for the year ended December 31, 2023 were \$59.8 million, compared to \$44.1 million for the year ended December 31, 2022, a 35.6% increase. The EBITDA in the current year were \$85.4 million, compared to \$64.2 million in the prior year. Net revenues grew to \$241.2 million, a 20.0% increase from \$201.0 million in 2022. The increase was largely driven by increased interest income earned on the net proceeds from the sale of the Worldsource Businesses and the increased management fees earned on higher average AUM levels in the current year, including the full year's contribution from RaelLipskie, which was acquired in September 2022, and the fees earned on the transitional services being provided to Worldsource. Total expenses in 2023 were \$181.3 million, a 15.6% increase from \$156.9 million in 2022. The increase in expenses was largely driven by Guardian's strategic decision to enhance its technology platforms, increased borrowing costs due to the rise in interest rates, costs incurred to support the transitional services being provided to Worldsource Businesses, costs which were charged out to Worldsource Businesses prior to the sale that are now being absorbed, the full year's inclusion of RaelLipskie's expenses and the continued investments being made into future growth sources. The future growth sources include the build-outs of the Canadian Retail Asset Management team ("CRAM"), GSIM, GPI and Modern Advisor.

The following is a summary of Guardian's Net gains (losses):

<b>For the years ended December 31 (\$ in thousands)</b>	<b>2023</b>	<b>2022</b>	<b>% Inc (Dec)</b>
Bank of Montreal common shares	\$ 19,111	\$ (30,447)	162.8%
Other securities	34,804	(74,389)	146.8%
Net gains (losses) on securities	53,915	(104,836)	151.4%
Net gains (losses) on disposal of intangible assets	2,137	54	3,857.4%
Lease and other liabilities	565	-	100%
Net foreign exchange gains (losses)	1,170	566	106.7%
	<b>\$ 57,787</b>	<b>\$ (104,216)</b>	<b>155.4%</b>

Guardian's Net gains in 2023 were \$57.8 million, compared to Net losses of \$104.2 million in 2022. The significant swing to Net gains from Net losses in 2022 was largely due to the increases in fair values of securities driven by the positive performance in the global equities markets in 2023.

Net earnings from discontinued operations in the current year were \$554.9 million, compared to \$22.3 million in the prior year. The large increase in 2023 was due to the realized gain on the sale of the Worldsource Businesses. A more fulsome description can be found in Note 26, Discontinued Operations, contained in Guardian's 2023 Consolidated Financial Statements.

Net earnings in 2023 were \$657.1 million, compared to Net loss of \$37.3 million in 2022. The increase in the current year is due to a combination of increase in Net earnings from discontinued operations, resulting from the sale of the Worldsource Businesses in the current year, Net gains recognized in the current year, compared to Net losses in the prior year and the growth in Operating earnings, partially offset by higher income tax expenses in the current year.

The discussion on Guardian's operating results by Segments of continuing operations are provided below. The discussion should be read in conjunction with Note 20 (a) Business Segments of the Consolidated Financial Statements contained in Guardian's 2023 Annual Report.

## INVESTMENT MANAGEMENT SEGMENT

As noted above, during 2023 the businesses that were previously included in the Wealth Management segment were consolidated into the Investment Management Segment. The following discussion is presented with this consolidation being reflected in both the 2023 and 2022 results.

Operating earnings from the Investment Management Segment were \$38.3 million in the current year, a decrease of \$2.4 million from \$40.7 million in 2022. This Segment's EBITDA in the current year was \$52.3 million, a decrease of \$1.4 million from \$53.7 million in 2022. The Net revenue in the current year was \$194.9 million, an increase of \$13.7 million from \$181.2 million in 2022. The growth in Net management and advisory fee revenues accounted for \$12.1 million of the increase, largely driven by the increase in AUM during the current year and the full year contribution from RaelLipskie. The remainder of the increase was largely from higher interest revenue earned in ABL, benefiting from the higher interest rate environment. The total expenses in the Segment were \$156.6 million in the current year, compared to \$140.5 million in the prior year. Increased expenses were largely driven by the increase in the expenses associated with the growth in the Fundamental Global Equity strategy, the full year's addition of RaelLipskie expenses, the continued strategic investments in the buildout of CRAM, GSIM, GPI and Modern Advisor, as well as

the investments into technology platform upgrades. The Operating losses in CRAM, GSIM, GPI and Modern Advisor amounted to \$12.3 million in the current year, an increase of \$1.5 million from \$10.8 million in the prior year. These strategic investments are expected to continue and rise in the near term while we build these future sources of growth and upgrade the technology.

## CORPORATE ACTIVITIES AND INVESTMENTS SEGMENT

The Corporate Activities and Investments Segment is reporting \$21.5 million in Operating earnings in 2023, an increase of \$18.1 million from \$3.4 million in 2022. EBITDA for the current year was \$33.1 million as compared to \$10.7 million for 2022. The current year's Net revenue increased to \$47.5 million, from \$21.3 million in the prior year. The most significant contributor to the growth in Net revenue was the interest income earned on the proceeds received on the disposal of the Worldsource Businesses on March 1, 2023. Also included in the total revenues were \$1.5 million of fees charged to Worldsource Businesses for transitional services provided during the current year. The increase in Net revenue was partially offset by higher interest expense, higher technology platform upgrade costs, costs which were charged out to Worldsource Businesses prior to the sale that are now being absorbed and those associated with supporting the transitional services.

## 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)	2023	2022	% Inc (Dec)
Securities, carried at fair value			
Proprietary investment strategies			
Short-term and fixed-income	\$ 79,272	\$ 18,495	328.6%
Canadian equities	5,871	13,200	-55.5%
Global equities	387,212	269,631	43.6%
Canadian real estate	44,645	43,182	3.4%
	517,000	344,508	50.1%
Bank of Montreal common shares	292,175	273,064	7.0%
Short-term	470,289	9,341	4,934.7%
Fixed-income	4,053	–	100.0%
Equities	34,013	33,500	1.5%
Securities	\$ 1,317,530	\$ 660,413	99.5%
Securities per share, diluted	\$ 52.44	\$ 25.31	107.2%

Guardian's securities as at December 31, 2023 had a fair value of \$1,318 million, or \$52.44 per share, compared with \$660 million, or \$25.31 per share, as at December 31, 2022. Guardian's Shareholders' equity as at December 31, 2023 amounted to \$1,241 million, or \$49.39 per share, compared to \$768 million, or \$29.43 per share, as at December 31, 2022. The significant increases in both the Securities and Shareholders' equity are due primarily to the recognition of a gain on the sale of the Worldsource Businesses, the proceeds from the sale being added to the Securities in the first quarter of 2023 and the positive effects of the global financial market performance on the Securities over the period.

In addition to its sizable marketable securities portfolio, Guardian has, under various borrowing arrangements, total borrowing capacity of \$175 million. The total bank borrowing amounted to \$136 million at the end of the current year, as compared with \$132 million at December 31, 2022.

Guardian generated Adjusted cash flow from operations of \$72.8 million during the current year, compared to \$44.3 million in 2022. (A reconciliation to its closest IFRS measure is provided in Non-IFRS Measures section of this Management's Discussion and Analysis.) Guardian uses its Adjusted cash flow from operations primarily to fund its working capital, pay its quarterly dividends, repay debt where possible, fund capital expenditures, including acquisitions, and repurchase shares under its Normal Course Issuer Bid. At current levels of cash flow and anticipated dividend payout rates, Guardian generates sufficient cash flow to meet its operating obligations, necessary ordinary course capital expenditures, regular dividend payments and normalized levels of share repurchases.

In 2023, by utilizing its strong balance sheet and cash flows, Guardian returned \$74.3 million (2022 - \$46.3 million) to the shareholders in the form of dividends and share repurchases. It also funded \$25.3 million in purchase of non-controlling interests in Alta and seeded new proprietary investment strategies, including the necessary capital for the initial launch of the smart infrastructure fund managed by GSIM.

## 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, 2023 (\$ in thousands)	Payments due by period				
	Total	Within one year	2 to 3 years	4 to 5 years	After five years
Bank loans and borrowings	\$ 136,014	\$ 136,014	\$ –	\$ –	\$ –
Third-party investor liabilities	59,578	59,578	–	–	–
Client deposits	50,071	50,071	–	–	–
Accounts and income taxes payable	165,243	165,243	–	–	–
Obligations to non-controlling interests and other	14,757	1,710	13,047	–	–
Investment commitments	23,626	23,626	–	–	–
Scheduled lease payments, undiscounted	29,718	2,943	5,426	4,956	16,393
<b>Total contractual obligations</b>	<b>\$ 479,007</b>	<b>\$ 439,185</b>	<b>\$ 18,473</b>	<b>\$ 4,956</b>	<b>\$ 16,393</b>

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. Guardian also has a commitment to invest \$23.6 million in third-party private equity funds and GSIP. 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)	2023	2022	2021
Net revenue	\$ 241,182	\$ 200,996	\$ 194,001
Net earnings (loss)	657,095	(37,317)	190,740
Net earnings (loss) attributable to shareholders	562,929	(43,078)	184,239
Per share			
Net earnings (loss) attributable to shareholders:			
Basic	23.67	(1.76)	7.35
Diluted	22.12	(1.76)	6.87
Dividends paid	1.26	0.90	0.70
<b>As at December 31, (\$ in thousands)</b>			
Total assets	\$ 1,733,000	\$ 1,364,772	\$ 1,428,675

The increase in Net revenue since 2021 reflects the growth of the business, both organically and through acquisitions. The increases in 2023 compared to 2022 of all the financial metrics above are largely due to the proceed of disposition of the Worldsource Businesses being included in Securities and the interest income earned on those securities since the first quarter of 2023. The decreases in Net earnings in 2022 compared to 2021 was driven largely by the Net losses on the Securities as the fair values of the securities declined in 2022.

## SUMMARY OF QUARTERLY RESULTS

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

As at (\$ in millions)	2023				2022			
	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31	Sept 30	Jun 30	Mar 31
Assets under management	\$ 54,694	\$ 52,310	\$ 52,754	\$ 52,261	\$ 49,587	\$ 47,814	\$ 46,931	\$ 53,123
Assets under administration	4,080	3,905	3,773	4,065	3,716	3,788	3,944	4,273
Total client assets	58,774	56,215	56,527	56,326	53,303	51,602	50,875	57,396
<b>For the three months ended (\$ in thousands)</b>								
Net revenue	\$ 62,245	\$ 62,611	\$ 61,833	\$ 54,493	\$ 50,681	\$ 48,434	\$ 50,056	\$ 51,824
Operating earnings	13,097	18,474	17,038	11,240	8,790	10,419	11,404	13,507
Net gains (losses)	60,747	(17,358)	(3,736)	18,134	18,225	(21,148)	(91,545)	(9,749)
Net earnings (loss) from continuing operations	68,048	(2,270)	11,532	24,852	25,249	(11,582)	(73,463)	224
Net earnings from discontinued operations	-	-	-	554,933	6,386	5,034	5,239	5,591
Net earnings (loss)	68,048	(2,270)	11,532	579,785	31,635	(6,548)	(68,224)	5,815
Net earnings (loss) from continuing operations attributable to shareholders	67,087	(2,506)	11,145	24,524	24,679	(11,780)	(74,053)	(353)
Net earnings (loss) attributable to shareholders	67,087	(2,506)	11,145	487,203	29,961	(7,608)	(69,698)	4,262
<b>Per share (in \$)</b>								
Net earnings (loss) from continuing operations attributable to shareholders								
Basic	\$ 2.85	\$ (0.11)	\$ 0.47	\$ 1.09	\$ 1.02	\$ (0.49)	\$ (3.03)	\$ (0.01)
Diluted	2.68	(0.11)	0.45	1.02	0.96	(0.49)	(3.03)	(0.01)
Net earnings (loss) attributable to shareholders								
Basic	2.85	(0.11)	0.47	20.27	1.24	(0.31)	(2.85)	0.17
Diluted	2.68	(0.11)	0.45	18.79	1.16	(0.31)	(2.85)	0.16
Dividends paid on Class A and Common shares	\$ 0.34	\$ 0.34	\$ 0.34	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.18
<b>As at</b>								
Shareholders' equity (\$ in millions)	\$ 1,241	\$ 1,201	\$ 1,213	\$ 1,242	\$ 768	\$ 743	\$ 743	\$ 828
Per share (in \$)								
Basic	\$ 52.87	\$ 50.90	\$ 51.11	\$ 52.42	\$ 31.84	\$ 30.82	\$ 30.68	\$ 33.67
Diluted	49.39	47.54	47.63	48.73	29.43	28.88	28.74	31.27
Total Class A and Common shares outstanding (shares in thousands)	25,230	25,408	25,609	26,113	26,246	26,246	26,342	26,892

Guardian's Net revenue and Operating earnings are most influenced by the level of Total Client Assets as the majority of the revenues are earned from servicing those assets. Partially offsetting this volatility in Net revenue is the income from Securities, which is more correlated to the size of the portfolio. However, the volatility in the global financial markets can cause fluctuations in the fair values of Securities, which can result in Net gains or losses being recorded in those periods.

Summarized below are other factors that contributed to the fluctuations in Net revenues, Operating earnings, Net gains (losses) and Net earnings (loss) attributable to shareholders.

The Net revenue for each of the quarters above generally trended with the levels of Total Client Assets. However, in the second quarter of 2023, Net revenue increased significantly due to the increased interest income earned on the proceeds of disposition of Worldsource Businesses.

The Net earnings from discontinued operations includes earnings from the Worldsource Businesses until the date of the sale and the Net gain realized on the disposition.

The quarterly fluctuations in shareholders' equity shown above are caused largely by Guardian's Net earnings (loss), attributable to shareholders, less dividends paid and shares repurchased. The most significant factor of the increase in the first quarter of 2023 was the sale of the Worldsource Businesses, which resulted in a large net gain being realized in that period.

## RISK FACTORS

Guardian applies many of the same risk management principles to its business as a whole, as it applies to the management of client assets. 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 22 of the Consolidated Financial Statements, contained in Guardian's 2023 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 market fluctuations can be driven by political, economic or other changes in various regions of the world. 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 22 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 independent custodians chosen by Guardian. As at December 31, 2023, Guardian holds \$292 million of BMO shares (2022 – \$273 million), which represents 22% of Guardian's securities (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 more than half its holdings since the second quarter of 2013. The remainder of Guardian's security portfolio is more diversified, from both an asset class and a geographical perspective. Compared to the prior period, the percentage allocation to equities has significantly decreased due to the proceeds from the sale of the Worldsource Businesses being primarily invested in short-term securities.

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

<b>As at December 31, (as a percentage of securities)</b>	<b>2023</b>	<b>2022</b>
Bank of Montreal common shares	22%	41%
Other Canadian equity securities and real estate	4%	9%
Canadian equities and real estate	26%	50%
Emerging market equities	5%	10%
Developed market equities	27%	36%
Short-term and Fixed-income securities	42%	4%
	100%	100%

## FOREIGN CURRENCY RISK

Guardian's revenues, expenses and operating results from foreign operations may fluctuate with changes in foreign currency exchange rates compared to the Canadian dollar. The most significant foreign currency exposure is the US dollar, as most of the non-Canadian assets under management are in US dollar denominated portfolios. Every 1% change in the value of the Canadian dollar against the US dollar would result in approximately \$1,401 (2022 - \$1,304) change in Net revenues.

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.

Guardian recognizes US dollar obligations to non-controlling interests on its balance sheet associated with a subsidiary 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.

From time to time, Guardian may record certain foreign exchange gains (losses) in Net earnings on non-domestic currency cash balances held in various operations. These balances are monitored by local management and are largely limited to amounts necessary to its operating working capital needs. Readers are encouraged to refer to Note 22 in the Consolidated Financial Statements for further discussion and sensitivity analyses.

## CREDIT RISK

Guardian's credit risk is generally considered to be low. Due to 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 high-net-worth individuals where the fees are collected directly from the portfolios Guardian manages. Guardian periodically reviews the financial strength of all of its counterparty banks it deals with within the international private bank business, 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 short-term and fixed-income securities is managed by the monitoring of the activities of the portfolio managers who, through diversification and credit reviews of the investments, directly manages the credit risk.

## **INTEREST RATE RISK**

Guardian's most significant exposure to interest rate risk is through its bank loans and borrowings and investments in interest bearing securities. The interest rates on the 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 short-term and fixed-income securities 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 \$29 million of the \$175 million available to be drawn upon through three credit facilities, and by leveraging the support of its significant securities 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.

## **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 the Investment Management Segment will result in losses of revenue and earnings to Guardian. Guardian attempts to mitigate this risk by developing and maintaining strong client 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 with the elevated levels of remote working by Guardian's employees. Guardian has heightened its monitoring of the internal network traffic and the monitoring of developments in latest known cyber threats.

## **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.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 2023 Consolidated Financial Statements. The most significant accounting estimates and judgements are related to the impairment assessment of goodwill, the determination of fair value of securities classified as level 3 within the fair value hierarchy and the determination of level and nature of control Guardian has over its investments.

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 and AUA. 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 and AUA.

A financial instrument is classified as level 3 when the fair value of the instrument is determined using valuation techniques based on significant inputs which are not observable in the market. The valuation techniques and inputs of used to determine the fair value of Guardian's securities classified as level 3 are described in Note 4(c) to Guardian's 2023 Consolidated Financial Statements.

Judgement is required in determining whether Guardian controls or does not control an investment which can impact how Guardian accounts for an investment. Guardian exercised significant judgement in determining whether it controlled the investment it made in Q-Free through GSIP, which is considered an investment company. Although GSIP, which is substantially owned and controlled by Guardian, owns 70% of Q-Free, which normally would be indicative of control, it was determined that the third-party investor in Q-Free held certain rights that resulted in joint control. The investment in Q-Free is accounted for at fair value through the profit and loss, since Guardian's interest in Q-Free is jointly controlled and held through an investment company.

## NON-IFRS MEASURES

### *EBITDA, EBITDA attributable to shareholders, and EBITDA per share*

Guardian defines EBITDA as net earnings before interest, income tax, amortization, stock-based compensation expenses, any 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 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 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 this non-IFRS measure:

<b>For the years ended December 31 (\$ in thousands)</b>	<b>2023</b>	<b>2022</b>
Net earnings (loss)	\$ 657,095	\$ (37,317)
Add (deduct):		
Net earnings from discontinued operations	(554,933)	(22,251)
Income tax expense (recovery)	15,474	(525)
Net (gains) losses	(57,787)	104,216
Stock-based compensation	3,587	3,597
Interest expense	8,296	4,351
Amortization	13,692	12,127
EBITDA	85,424	64,198
Less attributable to non-controlling interests in continuing operations	(3,177)	(4,344)
EBITDA attributable to shareholders	\$ 82,247	\$ 59,854

### ***Adjusted Cash Flow From Operations, Adjusted Cash Flow From Operations Attributable to Shareholders 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 cash flows of discontinued operations. Adjusted cash flow from operations attributable to shareholders is defined as Adjusted cash flow from operations less non-controlling interests. Adjusted cash flow from operations per share is calculated on Adjusted cash flow from operations attributable to shareholders, divided using the same average shares outstanding that are used in calculating Net earnings attributable to shareholders per share.

These measures 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.

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

<b>For the years ended December 31 (\$ in thousands)</b>	<b>2023</b>	<b>2022</b>
Net cash from operating activities, as reported	\$ 81,419	\$ 81,228
Add (deduct):		
Net cash from operating activities, discontinued operations	(10,087)	(23,524)
Net change in non-cash working capital items	(8,282)	(6,877)
Net change in non-cash working capital items, discontinued operations	9,713	(6,488)
Adjusted cash flow from operations	72,763	44,339
Less attributable to non-controlling interests, continuing operations	(3,182)	(4,512)
Adjusted cash flow from operations attributable to shareholders	\$ 69,581	\$ 39,827

### ***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, 2023 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, 2023, 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**

At the beginning of 2024, the restrictions of the pandemic era were largely in the rear-view mirror; however, the side-effects of policies created to deal with COVID-19, while fading, are still with us, in the form of higher inflation and interest rates than have been the norm in recent years. With it all now said and done, last year's financial market performance will hardly garner much attention in future economists' superficial reviews. After all, while the 24% annual total return for the MSCI World Index represented a top quartile return for the last half-century, it was hardly an anomaly. The Developed Market equity benchmark has historically recorded gains over 20% about one-third of the time. As well, the 6% return for the bond market almost matched the average (and median) gain over the same period. In this sense, 2023 marked a return to "normal" following the historical outlier that was 2022. Of course, the 12 months ended December 31, 2023, have been anything but a "run of the mill" for markets. Instead, it was a highly eventful year, that was marked with a series of events that many worried were the "next big crisis." There was a broad expectation that an economic shock was imminent. Surveys showed that experts assigned a very high probability of a recession in the United States, and the consensus for the year ahead was a broad downturn across developed markets. Growth momentum, instead, remained surprisingly well entrenched for the year, and while in the first half of 2023, monetary tightening continued, slowing inflation set the condition for a rally in equities in the last part of the year.

The New Year has a long way to go before it is over and it will undoubtedly be chock full of surprises, with new and unexpected developments causing a rethink of best-laid plans for the road ahead. At the same time, it is arguable that there is more clarity over what is to come than there has been in recent years. The backdrop remains highly uncertain, but it appears to be less so than at any point since the pandemic began in early 2020. For starters, the factors that have underpinned the surprising resiliency of the economy over the last three years broadly remain in place. Consumers remain in relatively good shape in general, especially for this stage of the cycle. While pandemic-accrued “excess” cash stockpiles are being drawn down, it remains the case that households still have ample cash buffers with which to work. The recent recovery in financial markets, along with indications of stabilization in residential real estate markets as rates have come off their peaks (albeit at low levels of activity), has only reinforced what were already solid balance sheets. To this point, only delinquency rates on high-interest credit cards have moved materially from their post-pandemic lows while mortgage defaults remain historically low.

For sure, global growth momentum has moderated from the earlier robust reopening boom, but the ebbing cost pressures in recent months have supported activity; in fact, there are signs of a modest pickup as the New Year begins. Recent difficulties around hiring do factor into businesses being hesitant to cut payrolls, but another key driver in the broad firmness in job markets is that demand remains resilient, the slate of forward-looking indicators points to momentum broadly maintaining its modest upward trajectory, with growth varying across regions and generally at below-trend rates.

Positive economic signposts combined with the general strength of corporate balance sheets, previous government initiatives, and a desire to diversify and reinforce supply chains have encouraged businesses to move forward with investments that had largely been restrained in recent years. Non-residential construction has been rising in the US of late with particular strength in factory building, especially for computers, electronics, and electrical goods. Gains in the US and elsewhere have come at the expense of China, where net foreign direct investment turned negative for the first time on record based on a data series dating back to 1998.

Perhaps more importantly for the near-term outlook, though, is that the major macroeconomic risks that dampened expectations are subsiding. Inflationary pressures have moderated back within the realm of “normal” as the supply-side issues of the pandemic fade, and forward-looking indicators suggest the downward trend in inflation will continue.

A base case outlook is one of moderating inflation, lower interest rates, and low but positive economic growth worldwide and this would appear to be conducive for positive, if unspectacular, risk asset performance that could allow for a collective sigh of relief following three highly volatile years, but as always, nothing is certain and plenty of risks remain. Geopolitics remain prominent on the risk radar as wars continue on multiple fronts. While the global spillovers from the ongoing conflict in Ukraine have lessened, there are rising pressures being felt in the Middle East even as the core struggle at the moment has remained contained. Most notably, disruptions in the Red Sea, through which roughly one-third of global container traffic and 10% of oil and gas shipments flow, have driven a recent spike in shipping costs. The impacts have the potential to compound and result in greater costs throughout the supply chain. Perhaps more worryingly, while the outlook has improved, broad gauges of consumer and business sentiment remain highly depressed. This creates the prospect of a negative and self-fulfilling cycle, should the subdued enthusiasm over the current environment filter into spending and investing behaviour. That said, a lack of congruence between what people and businesses are saying and what they are doing has been a trademark of the current cycle; as such, a moderately positive year for risk assets is the most likely story for 2024.

As with all participants in financial markets, Guardian's results are significantly affected by the level and performance of stock and bond markets. The significant cash infusion added to our balance sheet resulting from our sale of the Worldsource Businesses at the beginning of last year served as a moderating influence and will continue to do so into the New Year. It is worth noting that the acquisition of Sterling Capital Management LLC. (“Sterling”), announced on February 2, 2024, will almost triple Guardian's AUM/AUA, and increase our exposure to public fixed income and equity markets. Guardian's ability to respond proactively when presented with the Sterling opportunity, without the need to find financing, and to develop a proposal suited to all stakeholders in the transaction, informs our view that Guardian's strong balance sheet is a strategic advantage that supports our growth plans. It allows us to quickly react to unanticipated events and gives us the luxury of making long-term plans that are not necessarily reliant on the cooperation of events outside of our control.

In the near term, Sterling will be a major focus for Guardian's management team. Early in 2024, we will be hard at work to close the acquisition. After the closing, which is expected in the second quarter of 2024, we will spend significant time and energy bringing the business into Guardian's fold, integrating systems and processes, and sharpening our strategic plan in light of the addition of this substantial new operating platform. We anticipate this will increase operating expenses in the near term and incur elevated one-time transaction and integration expenses as we retain our focus on bringing in new human and technological assets that will permit us to execute on those capabilities. Success in creating new products that can be sold through our new and existing platforms gives us a very efficient way to grow Guardian and its profitability. We have a growing number of initiatives that can fit into this strategy and a large amount of capital to fund them. Over the longer term, shareholders can expect their management team to balance growth by allocating capital more favorably towards organic initiatives that largely involves seeding new investment capabilities or product wrappers and to a lesser extent acquisitions that can add further scale or complimentary capabilities.

# TEN YEAR REVIEW

<b>As at December 31, (\$ in millions)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Assets under management	\$ 54,694	\$ 49,587	\$ 56,341	\$ 45,984	\$ 31,147	\$ 26,962	\$ 27,250	\$ 27,280	\$ 24,278	\$ 24,968
Assets under administration	4,080	3,716	4,338	–	–	–	–	–	–	–
Total client assets	58,774	53,303	60,679	45,984	31,147	26,962	27,250	27,280	24,278	24,968
Shareholders' equity	1,241	768	839	700	683	599	634	580	504	489
Securities	1,318	660	752	633	682	627	652	620	540	525
<b>For the year ended December 31, (\$ in thousands)</b>										
Net revenue	\$ 241,182	\$ 200,996	\$ 194,001	\$ 139,219	\$ 120,077	\$ 114,014	\$ 98,600	\$ 95,171	\$ 90,352	\$ 83,473
Expenses (a)	181,333	156,873	139,062	103,287	86,858	80,555	64,979	61,459	57,457	51,772
Operating earnings	59,849	44,123	54,939	35,932	33,219	33,459	33,621	33,712	32,895	31,701
Net gains (losses)	57,787	(104,216)	139,687	(2,890)	95,578	(56,867)	64,396	93,511	(20,158)	55,019
Net earnings (loss) from continuing operations attributable to shareholders	100,250	(61,503)	166,147	29,988	102,374	(34,494)	77,471	103,401	3,189	70,130
Net earnings (loss) attributable to shareholders	562,929	(43,078)	184,239	42,358	112,747	(25,723)	87,145	110,860	10,046	74,242
Per share, Common and Class A (in dollars)										
<b>For the year ended December 31,</b>										
Net earnings (loss) from continuing operations attributable to shareholders										
Basic	\$ 4.22	\$ (2.52)	\$ 6.63	\$ 1.18	\$ 3.97	\$ (1.28)	\$ 2.79	\$ 3.63	\$ 0.11	\$ 2.32
Diluted	3.99	(2.52)	6.19	1.12	3.75	(1.28)	2.64	3.45	0.12	2.24
Net earnings (loss) attributable to shareholders										
Basic	23.67	(1.76)	7.35	1.67	4.77	(0.63)	3.49	4.16	0.57	2.60
Diluted	22.12	(1.76)	6.87	1.57	4.50	(0.63)	3.30	3.95	0.56	2.50
Dividends paid	1.26	0.90	0.70	0.63	0.58	0.48	0.39	0.33	0.29	0.24
<b>As at December 31,</b>										
<b>Shareholders' equity</b>										
Basic	52.87	31.84	33.89	27.43	26.73	22.85	23.20	20.75	17.37	16.33
Diluted	49.39	29.43	31.53	25.69	25.01	21.57	21.88	19.62	16.55	15.62
<b>Share prices:</b>										
Common high	46.17	40.80	42.50	28.80	28.00	27.00	29.50	25.98	24.61	21.45
low	38.00	24.62	26.00	16.00	22.38	20.40	23.41	16.20	16.55	15.30
Class A high	46.28	41.00	37.00	28.10	27.98	27.05	29.00	25.10	19.25	18.85
low	37.96	24.51	25.53	16.05	21.68	20.05	23.45	15.58	15.50	15.10
Common and Class A shares outstanding, less treasury stock (thousands of shares)										
<b>As at December 31,</b>										
Basic	23,471	24,115	24,741	25,506	25,542	26,232	27,345	27,963	29,029	29,940
Diluted	25,123	26,093	26,595	27,234	27,302	27,782	29,001	29,576	30,472	31,300

## Notes

(a) Excluding referral fees and income taxes.



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