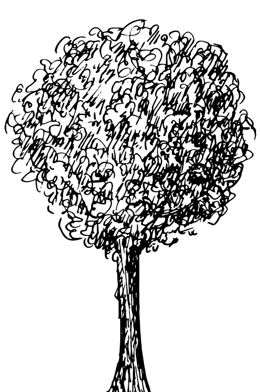
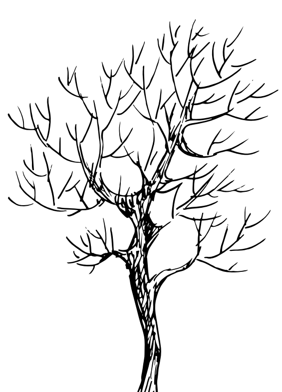
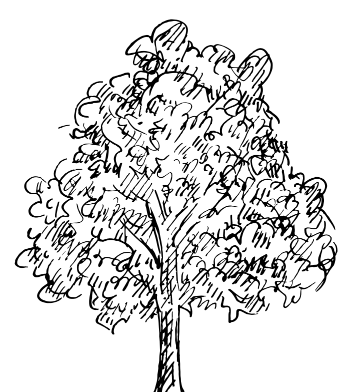
GUARDIAN CAPITAL GROUP LIMITED

2023 ANNUAL REPORT

Our cover iconography uses a hand-drawn image of a tree representing the roots, growth, and scope (the tree canopy) of Guardian Capital Group Limited – from our institutional asset management pedigree to our expanding retail presence.







CAUTION CONCERNING FORWARD-LOOKING INFORMATION

Certain information included in this Annual Report 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 Annual Report 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 Annual Report 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 military conflicts in various parts of the world as well as those risk factors discussed or referred to in Guardian’s 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.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 included in this Annual Report is presented as of the preparation date of this Annual Report and should not be relied upon as representing Guardian’s views as of any date subsequent to the date of this Annual Report. 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.

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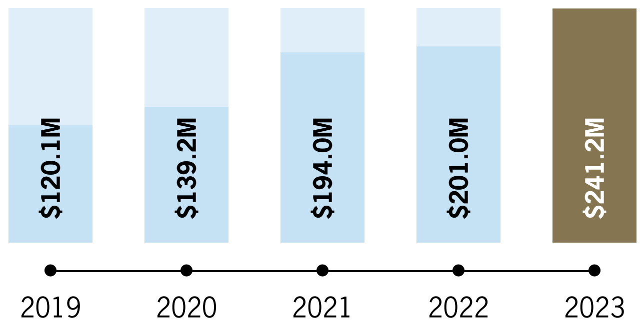
2023 IN FOCUS

FINANCIAL HIGHLIGHTS

NET REVENUE

$241.2M

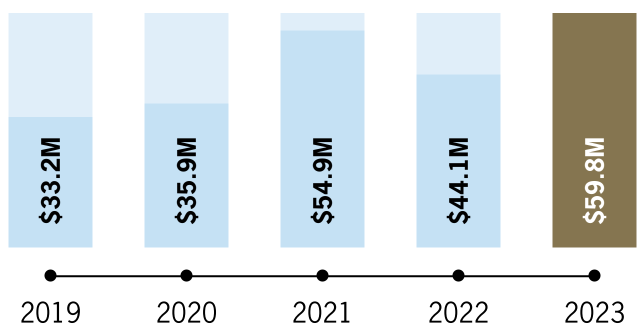
↑ 20% INCREASE FROM LAST YEAR



OPERATING EARNINGS

$59.8M

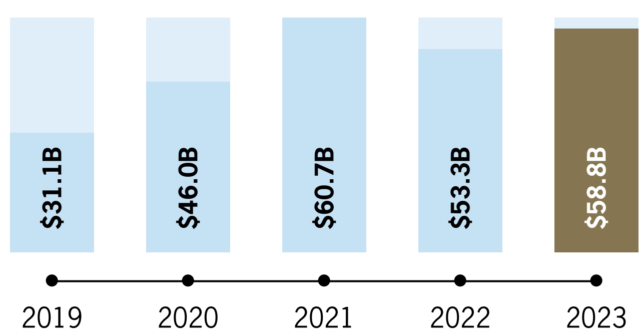
↑ 36% INCREASE FROM LAST YEAR



TOTAL CLIENT ASSETS

$58.8B

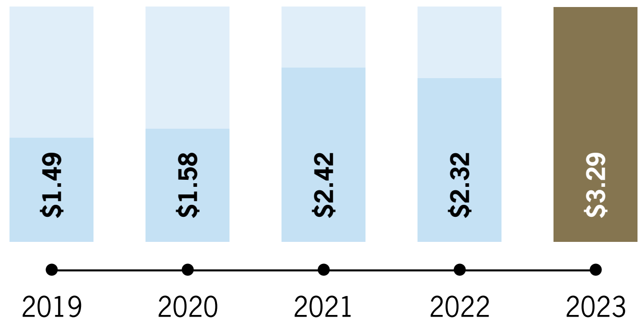
↑ 10% INCREASE FROM LAST YEAR



EBITDA PER SHARE[1] (DILUTED)

$3.29

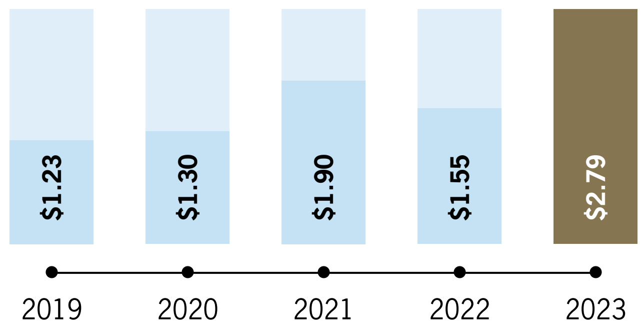
42% INCREASE FROM LAST YEAR



ADJUSTED CASH FLOW FROM OPERATIONS PER SHARE[1] (DILUTED)

$2.79

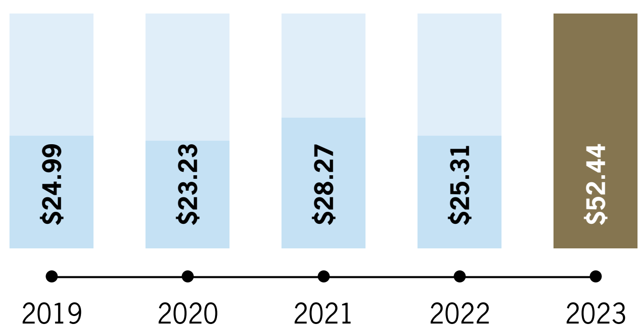
80% INCREASE FROM LAST YEAR



SECURITIES PER SHARE[1] (DILUTED)

$52.44

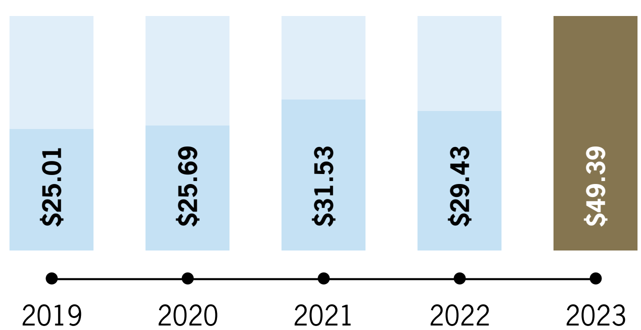
107% INCREASE FROM LAST YEAR



SHAREHOLDERS' EQUITY PER SHARE[1] (DILUTED)

$49.39

68% INCREASE FROM LAST YEAR



[1] These terms are not standardized measures under IFRS, and therefore are unlikely to be comparable to similar measures presented by other companies. Descriptions of these non-IFRS measures, as well as reconciliations to IFRS measures, when applicable, are provided under "Non-IFRS Measures" in the Management's Discussion and Analysis.

ENRICHING LIVES TOGETHER™

In Guardian Capital Group Limited's more than 60-year history, we have been guided by a determination to behave authentically and ethically, and in a way that respects all our stakeholders: our clients, associates, business partners, shareholders, and the communities where we live. Our people and the strength of our culture and ethics are what make us all proud to be a part of this firm, and our core values of authenticity, integrity, stability, and trustworthiness, speak to this focus. We are driven by a vision to be the guardian of our client's financial well-being and have a mission to protect, grow, and harvest wealth for current and future generations. We have encapsulated these guiding principles through the establishment of Enriching Lives Together™ to reflect our growing influence and reputation and provide us with opportunities to extend these efforts much further.

We are working to address our corporate sustainability with a particular focus on further developing our employee value proposition and advancing our approach to climate at both the corporate and asset management levels.

We are actively studying our environmental impact and ways we can continue to mitigate it. During 2023 we continued with our program, first disclosed in 2022, embarking on an initiative with Pond Foundation to measure and address our carbon footprint. We committed to balancing our annual carbon emissions starting in 2022 and continue to invest in emission reduction actions within the organization and an investment in external carbon removal initiatives. We have also gone a big step further, committing to remove our Lifetime Carbon Balance – all of the carbon the organization has emitted into the atmosphere since the company's inception in 1962 – and plan to fully eliminate it by 2040.

To expand our reach and ability to help others, we believe that we need to start from within. Our internal research gives us confidence that our employees have a favourable view of Guardian when compared to other firms. With that said, we know we will always have room for improvement, and we are working to close this gap, conceptualizing, and following through on ways to enrich the environment Guardian provides to our staff. It is from this perspective that our holistic approach to people management at Guardian encompasses talent development, motivation, retention, and hires across all our entities. Our associates are not merely technically proficient, we see people who understand and embrace our values. We believe we are stronger when we not only celebrate our many differences, values, and voices but also include them in practice.

Looking outward, our employees raised tens of thousands of dollars in 2023 to support our communities. In response to the severe fire season experienced across Canada in 2023, Guardian raised funds for the Red Cross Wildfire and in December raised funds across the group to support food bank centers in our local communities. Across the country and historically, we have privately and publicly advanced an agenda that focuses on directly and at the grassroots level supporting families and individuals, which, in addition to the efforts noted above, has impacted seniors, women's shelters, children's, and special needs charities. There is much more work to do, but we are proud to see the effect these and other initiatives have on those who can truly use our help.

Launched in September 2021, the Guardian Capital Indigenous Student Awards funds annual educational grants for Indigenous students by supporting their post-secondary education within Canada. For the 2022-2023 reporting period, financial support was granted to four students from communities located in Newfoundland, Ontario, and Quebec, who are pursuing studies in a variety of disciplines, including anthropology and social work.

Our industry is renowned for providing resources to advisors and financial intermediaries to further their education. Another equally vital area that we fully support and promote is investor education. In recognizing the unique challenges women face in developing financial well-being, in 2022, we launched Guardian Women, a thriving community of women to connect and empower each other to master and enhance their financial literacy.

We know that Guardian is not able to change the world alone, but we have committed to identifying concrete means of enriching lives in ways that align with our core beliefs. We believe we can create positive outcomes both inside and outside the firm, and we will continue to align our focus with the knowledge that each of us at Guardian has the opportunity to make a difference in the lives of everyone with whom we come into contact every day.

MESSAGE FROM THE CHAIRMAN

Dear fellow shareholders,

I reported to you, one year ago, that the transaction involving the sale of the Worldsource businesses had a successful closing, unlocking significant shareholder value and substantially increasing Guardian's financial liquidity. As a result, the operations of the Company became concentrated on its historic core investment management business.

Subsequently, Management set about updating our Strategic Plan given the increased financial resources. The team identified current and long-term risks and opportunities within the current environment and focused on our core strengths and values. This process involved deliberations with your Board of Directors. During the third quarter, the Board approved the new Plan which included a mandate to focus on continuing growth, primarily by growing our investment management businesses by deploying internal investment spending on new and ongoing initiatives along with strategic acquisitions.

In keeping with the objectives of this new Plan, Management most recently identified a strategic acquisition. Successful negotiations led to the recent announcement of our intention to purchase Sterling Capital Management LLC, headquartered in Charlotte, North Carolina. Plans and preparations are underway for the closing of this meaningful transaction in the second quarter of 2024.

Looking ahead, we believe that Guardian has a team and leaders with integrity and enormous capabilities who will maintain and ensure that the Company's future successes are secure.

Given Guardian's liquidity and earnings, your Board has again determined to allocate more of the operating cash flows towards increasing the quarterly dividend as we did in 2023. Accordingly, the Board has declared a quarterly dividend of $0.37 per share, an increase of 9%, payable on April 19, 2024 to shareholders on record on April 12, 2024.

Guardian's seasoned leadership team, led by President and Chief Executive Officer, George Mavroudis, having integrity and high standards of professional excellence has, and will continue to, achieve results across our financial services businesses in multiple jurisdictions. We value their dedication to keeping our customers as a foundational core.

I thank each of our board members for their continued wise counsel, insight, and sound business judgment in support of our management team and the Company. The Board and its committees meet regularly, encouraging robust dialogue from all directors. We remain unswerving in ensuring our oversight and governance practices, taking into consideration our environmental and societal impacts and recognizing the importance of having diverse viewpoints. Our dedication to constantly reviewing and broadening our perspective endures. In all things, we remain resolute in our efforts to provide outstanding value to our shareholders.

We believe that your Board brings a robust skill set and expertise, which we will continue to deploy as we focus on Guardian's strategic growth opportunities.

On behalf of the board of directors,

James Anas | Chairman of the Board

February 22, 2024

MESSAGE FROM THE PRESIDENT & CEO

Dear Shareholders,

As we reflect on the past year, it offers up a reminder that perceptions will often diverge from reality. Despite prevailing anxieties, particularly in the capital markets, the performance of major developed equity indices such as the S&P 500, MSCI World, and S&P/TSX demonstrated resilience and positivity, with all recording impressive gains. This underscores the enduring strength and adaptability of the global financial system, as well as the resilience of businesses and investors alike.

The volatile, but generally upwards trajectory of public market assets in 2023 contributed to a rise in our year-end fee-generating assets under management ("AUM") at $54.7 billion, compared to $49.6 billion in 2022, with total assets under administration ("AUA") at $4.1 billion, up from $3.7 billion in 2022 and net revenues and earnings before interest, taxes, depreciation and amortization ("EBITDA") exceeding $240 million ($200 million in 2022) and $85 million ($64 million in 2022), respectively. The strong financial results were achieved while we continue to invest meaningful sums to build a future with improving financial prospects. Specifically, our EBITDA for the past year included approximately $10 million in losses before interest, taxes, depreciation, and amortization attributable to what we consider necessary growth investments into a number of organic growth initiatives. Thus far these initiatives have generated modest top line growth but gradually are showing signs of improving future prospects. As similar with past initiatives, we expect that with Guardian's trademark steadiness, we will ultimately cross an inflection point that has the potential to unlock meaningful new revenue streams and support our efforts to achieve greater profitability.

Just as we continue to invest tactically in various growth initiatives, so have we also been proactive in making significant strategic decisions to position Guardian for sustained growth. Long-term shareholders have been rewarded by Guardian's entrepreneurial flair that has resulted in the creation of value across historically both investment and wealth management business segments. However, similar perhaps to managing a professional sports dynasty facing the challenge of re-tooling while remaining faithful to their fans, we've embarked on a strategic shift aimed at enhancing shareholder value by focusing our resources, goals, and objectives exclusively on growing and sustaining a competitive global asset management company. This includes divesting non-core assets like Worldsource to sharpen and redouble our focus on asset management, while also investing in our operational platform, including technology upgrades to drive operational excellence and innovation. We recognize that we operate in an increasingly demanding and competitive industry, one which has seen significant consolidation and the concentration of assets with an ever-smaller group of global mega managers. Nonetheless, we are confident that we can repeat the successes of the past that have enabled Guardian to punch above its weight and compete with the best.

The sale of Worldsource has brought about a notable boost in liquidity for our balance sheet, prompting a comprehensive reassessment of our strategic objectives. Following extensive deliberations involving key stakeholders at Guardian, we have arrived at a strategic plan that capitalizes on our current strengths. This involves reinvesting with confidence in our core asset management business through substantial organic initiatives and strategic acquisitions.

It's essential for our stakeholders to recognize that this strategy entails heightened investment expenses in the short term. However, these investments are crucial for positioning us to capitalize on future opportunities and unlock greater earnings. This forward-looking approach is designed to ensure the long-term success and sustainability of Guardian.

The Guardian strategic plan outlines several key financial objectives for the next five years:

1. **Maintaining Financial Strength and Flexibility:** Despite plans to invest in new organic initiatives or acquisitions, we are committed to protecting Guardian's financial strength and flexibility. This includes maintaining a large balance of liquid resources to navigate through market fluctuations and capitalize on strategic opportunities. A meaningful reserve of liquid capital remains a point of differentiation from our peers and supports our ability and commitment to invest for the long-term success of our shareholders.

2. **Increasing Operating Earnings:** The goal is to more than double the current annual operating earnings from the core investment management business segment. This reflects a dedication to sustained profitability and value creation for shareholders. Underpinning the pursuit of building a resilient stream of profitability is an unrelenting effort to diversify across multiple investment strategies and solutions, client segments, and geographies.

3. **Continuing Share Buyback Program:** We plan to continue the share buyback program as long as we view the market to meaningfully discount the fair net asset value of Guardian. This will continue to be achieved through a Normal Course Issuer Bid, to reduce shares outstanding at a historical pace. This strategy enhances shareholder value and demonstrates confidence in Guardian's prospects.

4. **Increasing Dividend Payout:** As share buybacks will be funded from Guardian's liquid balance sheet, we also expect to allocate more of the annual free cash flow to increase the dividend payout to shareholders.

These goals are intended to serve as benchmarks for continued success and will guide our efforts as we strive for excellence in the coming years.

In 2023, Guardian paid out $31.6 million in dividends, having increased our quarterly dividend by 42% from $0.24 per share to $0.34. The Board has approved the next quarterly dividend payable to shareholders of record on April 12, 2024, at $0.37 per share, an increase of 9% over the most recent quarterly dividend of $0.34 per share. Utilizing our balance sheet, in 2023, we purchased for cancellation more than one million of our shares at the cost of $42.7 million.

We ended the year with approximately $1.3 billion in securities at fair market value, significantly higher than the $660 million reported at the end of 2023. The vast majority of this increase is from the sale of Worldsource early in the year. In aggregate, $47 million in dividend and interest income were earned from the securities portfolio and reported net gains of $54 million in the current year.

Recently, we announced the agreement to acquire a US-based asset manager, Sterling Capital Management LLC. ("Sterling"). This decision aligns with several of our strategic objectives. The acquisition is a testament to our commitment to expanding our presence in the United States and to adding scale to our capabilities. Upon closing, we expect our assets under management to nearly triple from the current levels. This acquisition has provided a unique opportunity to acquire a substantive operating platform in the United States within the parameters of our historical financial discipline in allocating capital. Furthermore, it is of a valuation that allows us to preserve much of our financial flexibility going forward. Our balance sheet liquidity, the strong alignment of cultures within the two organizations, and our ability to be agile in presenting a competitive offer ultimately were what attracted the stakeholders of the business, allowing us to compete successfully against much larger suitors that are household names in the industry. Last year we noted that over the past decade of low-interest rates, the high quality of our balance sheet did not give us the advantage we expected over competitors as they were able to access cheap capital with relative ease. We watched as competitors fiercely contested acquiring businesses at valuations that were too high for us to consider. We are gratified that our patience seems now to have been rewarded with the Sterling transaction.

Sterling has an exceptional track record of investment success, with a solid set of clients across both institutional and retail client segments. We believe that Sterling's platform is of high quality and offers many potential levers to pursue meaningful operating earnings growth to the broader Guardian group. This strategic acquisition and key organic initiatives, such as the building of assets under management through retail client distribution in Canada and the undertaking to establish a viable private infrastructure management capability, are meaningful endeavours that underscore our willingness to reinvest in the business as we forego maximizing current operating earnings to enhance long-term shareholder value creation.

As Guardian continues to focus on asset management and delivering value to shareholders, it is important to maintain a customer-centric approach. Understanding and meeting the needs of clients is paramount, and by staying adaptable and innovative, Guardian can ensure it is trusted to safeguard their continued financial well-being.

In a dynamic industry with fierce competition, there will always be challenges, but Guardian's strategic positioning and financial stability can provide a solid foundation for continued success. Adaptability, innovation, and dedication to client needs will be key factors in navigating the road ahead.

I wish to express my sincerest gratitude for the unwavering guidance and support from the Board of Directors. Their wise counsel and leadership have been instrumental in assisting us toward our objectives.

I extend heartfelt appreciation to all of our associates at Guardian for their tireless dedication and perseverance. Your hard work and commitment have been indispensable to our progress and success.

Furthermore, I thank our clients who have entrusted us with the responsibility of managing or administering their assets. This privilege is never taken lightly.

Lastly, to our shareholders, your continued patience, confidence, and trust have been fundamental in enabling Guardian to flourish. We are deeply grateful for your steadfast support and unwavering commitment to our mission.

Warmest regards,

George Mavroudis | President and Chief Executive Officer

February 22, 2024

REVIEW OF OPERATIONS

With the sale of the Worldsource businesses on March 1, 2023, Guardian returned to its roots and its core competency of investment management. The Review of Operations below discusses the Investment Management Segment by its key investment strategies and the client channels they are distributed through.

Guardian's investment management services are provided by Guardian Capital LP ("GCLP"), GuardCap Asset Management Limited ("GuardCap"), Alta Capital Management, LLC ("Alta"), Agincourt Capital Management, LLC ("Agincourt"), Guardian Capital Real Estate Inc. ("GCREI"), Guardian Smart Infrastructure Management Inc. ("GSIM"), Guardian Capital Advisors LP ("GCA"), Guardian Partners Inc. ("GPI"), Rae & Lipskie Investment Counsel Inc. ("RaeLipskie"), Alexandria Bancorp Limited ("ABL") and Modern Advisor Canada Inc. ("Modern Advisor"), with GCLP being the longest tenured. Guardian serves pension plan sponsors, broker-dealer third-party platforms, insurance company segregated funds, exchange-traded funds, mutual funds, endowment funds, foundations, retail intermediaries and high- and ultra-high-net-worth clients. Its capabilities span a range of asset classes, geographic regions and specialty mandates. These entities are the successors to its original investment management business, which was founded in 1962.

Guardian's investment management solutions are distributed through the Institutional Channel, the Retail Intermediary Channel and the Private Wealth and Other Channel. As at December 31, 2023, Guardian's total client assets were $58.8 billion, consisting of assets under management ("AUM") of $54.7 billion and assets under advisement ("AUA") of $4.1 billion, up from $53.3 billion at the end of 2022, consisting of $49.6 billion in AUM and $3.7 billion in AUA. The increase in total client assets can primarily be attributed to the positive net performance across all market segments during 2023, partially offset by a modest net outflow.

Investment Strategies

i. Canadian Equity

Canadian stock markets were flirting with another down year as late as October against a backdrop of rising geopolitical tensions, decade-plus high interest rates, elevated inflation and moderating growth. The softening tone from central bankers in the final months of the year, however, triggered a sharp decline in market interest rates that fuelled an outsized cross-asset rally. The S&P/TSX Composite Index posted its best two months since 2021 and the Canadian equity benchmark finished with an 11.8% total return for the year as a whole, nearly matching the average gain since 1980 — and while this lagged its international peers overall, the return was more comparable outside the historically narrow subset of top-performing US growth stocks.

Guardian's various Canadian Equity strategies turned in generally strong performance across the board. The more growth-oriented mandates fared best with the Canadian Focused Equity and core Canadian Equity strategies outperforming the broad Canadian market by wide margins. The income/value-biased strategies lagged comparatively in the "pro-growth" market that saw Real Estate, Energy, Materials, Utilities and Telecom sectors all materially underperform.

The year ahead looks to remain challenging, but the confidence intervals around forecasts at the moment are narrower than they have been in years. The key drivers of the underlying resilience in the global economy still largely remain in place and the key headwinds of high interest rates and inflation look to subside. Accordingly, the outlook appears conducive for positive, if unspectacular, performance with opportunities for active managers with "quality"-focused investment strategies such as Guardian's.

ii. US Equity

Guardian's main US equity strategies, US Large Cap Growth and US All Cap Growth, are managed by Alta, which is based in Salt Lake City. These strategies follow a high-conviction approach, investing in quality growth companies exhibiting a high degree of free cash flow and sustainable revenue growth. This approach complements Guardian's company-wide array of high-conviction strategies, both in concept and investment philosophy.

Alta's strategies generated strong performance through a volatile year in 2023, with its concentrated growth focus and limited exposure to the underperforming value-biased sectors factoring into the outperformance versus the broad market S&P 500 — they somewhat fared less favourably to the main growth benchmarks, however, largely as a function of the narrow market leadership seen the past year.

The outlook remains uncertain, however, the prospect of lower inflation, lower interest rates and still solid US economic growth creates a promising environment for stocks for the year ahead. This should be supportive of our approach.

iii. Global Equity

Guardian has two global equity strategy teams: the Toronto-based i³ Investments™ follows a quantitative approach; and the London UK-based team follows a fundamental approach, with a focus on quality growth companies combined with a high-conviction mindset. These strategies serve as strong complements to each other and provide a broader set of choices to investors.

The i³ Investments™ team materially outperformed its respective benchmarks in its Global, US and non-US International Quality Growth strategies as declining interest rates and a related improvement in growth prospects served as a tailwind for these mandates. The Global Dividend Growth strategy, which accounts for the majority of the team's AUM, trailed the broad global equity benchmark in what ended up as a more growth-friendly year, however, it did handily outperform its dividend-focused benchmark and its main competitors.

The i³ Investments™ team continues to research and develop artificial intelligence for use in portfolio construction, with the factors determined using these methods now making up a sizeable component of their models. These continued enhancements in a fast-evolving field have contributed to significant improvements in returns and are expected to further support the growth of this team in the future.

GuardCap, Guardian's London, UK-based subsidiary, manages the Fundamental Emerging Markets Equity and the Fundamental Global Equities strategies. While the more growth-friendly market backdrop supported strong absolute returns in 2023, the extremely narrow market leadership in the year factored into the Fundamental Global Equities strategy underperforming its benchmark for just the second time in the last seven years (and third time in the last ten since becoming a part of Guardian).

The Global strategy's consistently strong performance record and underlying investment philosophy have proven to be highly attractive to institutional investors from around the world who are increasingly interested in high-conviction strategies.

The Emerging Markets strategy recorded its best absolute return since 2020, but materially lagged its benchmark for the third straight year. As has been the case in recent years, the relative underperformance in 2023 was again largely a product of the strategy's exposure to companies doing business in China, where economic and corporate profit growth have been weaker-than-expected and a hostile regulatory environment has weighed heavily on investor sentiment.

Despite the persistent headwinds for Emerging Market investors, Guardian believes that GuardCap's sensible approach to investing in the opportunity-laden Emerging Markets and longer-term performance record will increasingly gain traction with institutional investors.

iv. Canadian Fixed-Income

Guardian's Canadian fixed-income mandates cover a broad range of profiles, addressing various combinations of parameters such as duration, types of issuers, currencies and risk profiles. In addition, a large number of portfolios are highly customized to meet specific client needs.

The central bank pivot in the final months of 2023 underpinned a strong rally in bond markets, with the FTSE Canada Universe Bond Index turning in its best two-month performance since 1982 to help avoid a third consecutive year of declines — the broad domestic fixed-income benchmark's 6.7% total return for the full year was consistent with the index's average since its inception in 1980.

The decline in market interest rates and credit spread compression saw corporate credit outperform the broad market. This factored into Guardian's core Canadian Bond strategy, which was biased toward higher quality credits, outperforming the domestic bond index and the corporates-heavy Short Duration Bond mandate beating its shorter-term benchmark, while the credit selection resulted in the Investment Grade Corporate Bond strategy outpacing both the broad market and its own mid-term benchmark.

Coincident with increases in yields, we have started launching a few strategies in ETF format taking advantage of higher yields. Initially, we targeted short-term return opportunities and early in 2024 we are targeting laddered structures of up to five years. The market response has been positive and we are hopeful to carve a new niche for our fixed-income offerings.

Looking forward, the prospects for bond markets appear positive. While the peak in market interest rates appears to have likely passed, yields remain at levels that provide among the best risk/reward trade-offs for bonds in more than a decade. Further, the expectations of a continued moderation of inflation would appear to suggest that lower will be the ultimate path of least resistance for market rates, which combined with modest, but still positive, economic growth would support earnings and credit quality.

v. US Fixed-Income

Guardian's three main US fixed-income strategies (Short Duration, Intermediate and Core) are managed by Agincourt, the firm's Richmond, Virginia-based subsidiary. Its approach to US fixed-income investment management is similar to that of the Canadian team in many ways, as both invest conservatively in high-quality debt instruments, with an overall duration typically shorter than the benchmark and with an overweight to credits at the shorter end.

The US fixed-income team's absolute returns in 2023 were strong against the Federal Reserve–driven broad rally across bond markets in the final two months of the year, while the bias toward high-quality credit in the strategies resulted in positive relative performance versus broad market benchmarks.

Guardian believes Agincourt is well positioned to increase the size of its business, due to the steadiness of its performance combined with the support of Guardian's expanding distribution capabilities in the United States.

vi. Multi-Asset and Engineered Solutions

Multi-asset class strategies have been a relatively small component of Guardian's AUM, but have experienced consistent growth in recent years. Investors are increasingly recognizing our ability to customize balanced funds and add value by making tactical asset mix decisions using strategies from Guardian's growing range of equity and fixed-income offerings. The overall performance in these mandates has been positive in both absolute terms as well as relative to their blended benchmarks amid a challenging market environment in recent years.

Guardian also offers several strategies aimed at generating specific outcomes. These are currently all equity-based and combine a set of carefully selected stock options specifically focusing on generating cash flow or downside protection. These mandates have fared well against the extremely challenging market conditions experienced since their inception in 2019. The performance as well as the approach to managing risk and generating income (both increasingly important for investors approaching their post-retirement decumulation phase) have proven attractive to investors.

vii. Real Estate

Since 2013, Guardian has been providing clients the ability to invest in real estate through its Guardian Capital Real Estate Fund LP. Guardian's highly qualified professional real estate team invests the fund's assets in a broad range of smaller functional properties located across Canada, with the intention of providing high and sustainable income for clients, and with the expectation that well-purchased properties may also provide capital gains to investors. Currently, the team manages gross real estate assets valued at over $458 million for the fund. Real estate is an important asset class for our clients, and the team has established a successful track record of efficiently deploying clients' capital and generating consistent returns.

The 2023 year was met with similar challenges as 2022 with a continued rise in interest rates resulting in portfolio-wide cap rate increases on our property appraisals of 77 bps. However, even in the midst of this property appraisal headwind, the fund performed extremely well due to stable income growth throughout the year and beyond, coupled with the disposition of one of our Edmonton industrial assets at a price that was 48% above the most recent appraised value. This led to an increase in the overall total portfolio appraised values of 2% year over year.

viii. Smart Infrastructure

During 2022, Guardian recruited a qualified team to launch a smart infrastructure investment management business and created Guardian Smart Infrastructure Management Inc. ("GSIM"). In 2023, we closed on its first investment, and initial close of its flagship fund, with an investment in Q-Free ASA, a global innovator in intelligent transport systems. By targeting large infrastructure opportunities of scale like transit systems, electricity grids, renewable and energy storage solutions, traffic management systems, airports and other large infrastructure assets, GSIM is investing and scaling proven, commercial technologies and digital business models to optimize efficiency, financial outcomes and address environmental concerns. Institutional investors have become more engaged as the strategy provided "proof of concept" in the last quarter of 2023.

Institutional Channel

Guardian has continued its efforts to broaden asset management reach through expanded distribution to most parts of the developed world and in several developing markets. This multi-continental reach results both from the increase in breadth of Guardian's investment capabilities, and from the growing number of formalized investment vehicles offered in multiple jurisdictions. While competition for opportunities in institutional markets is as intensive as ever, we nonetheless believe that the growth of our proprietary distribution capabilities and capacity is validated by our continuing to attract a variety of institutional investor types to our marquee strategies from multiple points of origin.

The AUM managed for institutional clients was $31.3 billion at the end of 2023 with $23.4 billion of it being for those clients outside of Canada, compared to $28.3 billion at the end of the prior year with $19.5 billion of it for those clients outside of Canada.

Our distribution efforts in the Americas (outside of Canada) have been further developed, and we have seen successes in the US and in several attractive markets in Latin America. In the latter area, Guardian continues to target the largest pension plans in Brazil and Colombia, with clients in each. These institutions are underinvested in non-domestic asset classes, in particular global equities, and we believe that, as now an established player in this market, we will anticipate further traction for Guardian in the coming period. In addition, our partnership with the largest distributor in Brazil for both private wealth and institutional products is primed to build traction. Guardian's US institutional manager, Agincourt, remains focused on institutional intermediaries and investors. Despite a difficult year for fixed-income in 2022 and, following the turn in the interest rate cycle, with rates now appearing to level off, allocations to fixed-income have once again been rising. Agincourt has benefited from this with the addition of new assets from both existing and new clients. Agincourt's long-term relationships with investment consultants and Outsourced Chief Investment Officer ("OCIO") clients continue to serve as the main source of growth opportunities. Guardian continues to explore broader coverage of US-based investment consultants, with the goal of increasing opportunities among the institutions that they advise for Guardian's competitive, marquee investment strategies. Our strategic goals include an elevated profile for Guardian and a drive for more business opportunities in this, the largest market in the world. This will necessitate regular updates on product strategy to ensure Guardian has the correct vehicles in place to provide investors with access to our offering of in-demand strategies. Guardian continues to believe that the growth potential in the US market is very attractive for the firm.

GuardCap in London had mixed fortunes in terms of asset flows in the period, but with the tailwind of strong markets headline assets were higher. Looking forward, there have been positive signals for the near- to medium-term future, with renewed interest and search activity into the new year. The UCITS umbrella vehicle saw meaningful net asset growth from both existing and new investors. This was also the case for the open unit trust launched in Australia. Despite generating strong, double-digit absolute returns, narrow leadership in markets and the so-called "Magnificent Seven" effect have challenged even the best stock pickers to keep pace with benchmark indices. Our client service efforts towards GuardCap's investors have been redoubled to ensure clients' expectations are appropriately set and being met. The base of clients investing in GuardCap solutions remains a model for how we would like to see other institutional businesses develop over time. GuardCap continues to do business in multiple channels with clients in the Americas, in the UK and throughout Continental Europe, and in both Asia and Australia.

We have mentioned previously about the establishment of GSIM. During 2023, important milestones were achieved with the launch of GSIM's first fund and the successful completion of the first investment transaction by it, all supported by Guardian's initial capital commitment of

US$100 million. Since then, GSIM has successfully attracted early capital commitments from third-party investors. The exercise of attracting further investors continues and a series of rolling closes is likely in 2024. We anticipate that this thoughtful and progressive approach to investing in a market with proven, but evolving demand will bear fruit in the near term.

In Canada, our Core and related Canadian equity strategies have performed well, as did fixed-income strategies generally. Growth Equity and Equity Income strategies had a more challenging period. We sustained a number of losses in our Canadian equity mandates, again due to reductions in asset allocations, in-sourcing by several larger investors and the wholesale shift by others out of Canadian public equities into private markets. These are all reasons heard before, and we suspect there might be more of this to come. That said, we understand that Guardian's Canadian equity franchise has been more resilient than most. Despite continuing headwinds, we remain committed to, and resourced for managing client capital in the asset class long term. The fixed-income team in Canada has weathered the difficult markets of recent times and navigated the turn in the interest rate cycle, generating value added for clients. Our business has been stable and as investors incline towards raising fixed-income allocations once again, we expect to benefit from new opportunities. Guardian has maintained active engagement with investment consultants based in Canada and in the US. Requests for proposals from boutique Canadian consultants continue to come our way.

As has been the case since its founding, Guardian continues with its commitment serving institutional investors in Canada and beyond in multiple geographies. Developing our business will mean considering the product and distribution strategies for markets where attractive opportunities and sustained demand can be identified, many of which we already operate in. Guardian's profile continues to grow with an increasingly global audience, and efforts will be directed towards furthering this growth.

Retail Intermediary Channel

In Canada, overall AUM attributable to retail clients grew over 8.5% in 2023 to $11.4 billion. Expanded awareness of our retail offering in Canada is a core strategic priority in addition to growth of absolute AUM. Guardian's retail client base, as measured by the number of total accounts, expanded in 2023 across all channels, including direct distribution relationships of ETFs, mutual funds and separately managed accounts ("SMA") through retail advice channels.

Guardian's sub-advisory distribution relationships performed relatively well during the year, growing by approximately 6.2% over December 2022 totals, rising to over $4.9 billion at year end. Net sales were negative for the year in the sub-advisory segment, led by outflows related to internalized mandates at one sponsor. Strong positive net sales with other partners helped offset the outflows.

Guardian continued its leadership position as a top provider in the SMA market and unified managed account ("UMA") wrap programs with the top bank-owned and independent broker-dealers in 2023, with total AUM in the segment growing 6.4% to over $5.4 billion by year end. Despite modest negative net sales for the year, 2023 saw substantial reversals of large outflow trends from fixed-income SMA mandates that occurred in 2022, including positive Q4 net sales with our largest partners. Expansion of Guardian's SMA presence continued with some smaller dealers, with substantial positive net sales in those systems. The strongest growth in net sales and AUM occurred in our mutual fund and ETF complex, which grew by 38% over the year and combined now represent over $1.1 billion of AUM.

Guardian has invested, and will continue to invest, significant time and resources to establish itself as a market leader in providing innovative solutions to challenges faced by advisors and investors, including in solving decumulation problems. The latest examples include the GuardBonds™ suite of defined maturity fixed-income funds. Accompanying this effort, Guardian provides thought leadership and differentiated practice management content, as well as excellence in servicing advisors in the broker-dealer distribution channels. Guardian is continuing to invest in its future with retail distribution in Canada, and is strategically focused on continuing to achieving success measured both by long-term AUM growth, and also by adding to and diversifying the number of relationships we have.

In the US, our retail business which is composed of Alta's AUM/AUA, as well as the AUM in our suite of mutual funds governed by US securities laws (the "40 Act Funds"), and SMAs of other Guardian strategies offered in the US, grew overall in 2023, to finish the year at just over $6.5 billion, an increase of nearly $1.0 billion from 2022. Absolute performances for Alta's flagship mandates were strong, outperforming broad industry benchmarks. Relative underperformance to growth-oriented benchmarks and growth management peers have held back gross and net sales however. For strategies and related products sourced from other Guardian affiliates, the push continues to develop profile and engagement in intermediated retail markets, predominantly with regional and national broker-dealers and RIAs. Adding sales leadership and additional operational support have been an important step to facilitate future growth.

Our US strategy continues to build coordinated efforts across the various channels which will allow Guardian to elevate its profile in the largest market in the world. The progressive expansion of activities will create opportunities to launch more solutions to help ensure a broad cross-section of in-demand strategies. Guardian continues to believe that the growth potential in the US market is very attractive for the firm. The announced signing of an agreement to purchase Sterling Capital Management LLC ("Sterling") represents a significant step forward to achieving scale operations in the US. As an operating platform, Sterling will create multiple opportunities for growth, and the ability to leverage operational capabilities to distribute the full range of Guardian solutions to US clients, as dictated by demand and opportunity.

Private Wealth and Other Channel

Guardian's third distribution channel includes the private client, OCIO, international private bank and robo-advisory businesses. Guardian's total client assets in this market were $9.5 billion at the end of 2023, an increase of $0.6 billion since the end of 2022.

GCA, RaeLipskie, GPI, and ABL provides wealth management services to high-net-worth families, foundations and charities and OCIO services to ultra-high-net-worth individuals and families, foundations, endowments and select pension plans.

As the trusted advisor to high- and ultra-high-net-worth clients, Guardian manages discretionary portfolios consistent with their investment goals and objectives. The risk-based approach, combined with Guardian's institutional research in domestic and global investments, allows us to build well-structured and globally diversified client portfolios. Financial planning along with collaborative work with clients' financial, legal, accounting, insurance and other advisors, ensures a holistic and integrated approach to wealth management. The OCIO practice also focuses on working with the board and management of foundations, endowments and select pension plans. OCIO clients value GPI's investment advice, governance oversight and comprehensive reporting and expertise. One of the key differentiators of GPI begins with independent advice and research that aligns them with the objectives of the client. Its database of investment managers has the depth and breadth to assess and rank conventional investment strategies as well as public and private market alternatives.

In 2023, Guardian continued to make strategic investments in technology and brand awareness to better prepare the business to service this client segment. Significant effort and resources were invested in technology platform upgrades to improve client experience and process efficiencies that are expected to better prepare for future growth in this client market. Complimenting these investments were increased focus on digital marketing and brand awareness events and sponsorships in 2023. One example of such initiative was the series of Guardian Women events, which was successfully held across Canada.

Modern Advisor is a digital advice business servicing financial advisors. Since its acquisition, Modern Advisor had been developing a customized automated solution for Worldsource. This custom technology solution was sold to Worldsource under a co-ownership arrangement during the fourth quarter of 2023. With the strategic focus for this business reset, Guardian plans to continue to invest in the growth of this business focused on client acquisition through referral network of advisors and smaller investment counselling firms.

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.

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. 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 25 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:

For the years ended December 31 ($ in thousands, except per share amounts)	2023	2022	% Inc (Dec)
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%

As at December 31, ($ in millions, except per share amounts)	2023	2022	% Inc (Dec)
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%

As at December 31, ($ in millions)	2023	2022	% Inc (Dec)
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:

For the years ended December 31, ($ in thousands)	2023	2022	% Inc (Dec)
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:

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

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 RaeLipskie, 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 RaeLipskie'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):

For the years ended December 31 ($ in thousands)		2023		2022	% Inc (Dec)
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%
	$	57,787	$	(104,216)	155.4%

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 RaeLipskie. 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 RaeLipskie 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 Worldource 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
Total contractual obligations	$ 479,007	$ 439,185	$ 18,473	$ 4,956	$ 16,393

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
As at December 31, ($ in thousands)			
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.

	2023				2022			
As at ($ in millions)	**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
For the three months ended ($ in thousands)								
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
Per share (in $)								
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
As at								
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 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:

As at December 31, (as a percentage of securities)	2023	2022
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:

For the years ended December 31 ($ in thousands)	**2023**	**2022**
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:

For the years ended December 31 ($ in thousands)	**2023**	**2022**
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

As at December 31, ($ in millions)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
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
For the year ended December 31, ($ in thousands)										
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)										
For the year ended December 31,										
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
As at December 31,										
Shareholders' equity										
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
Share prices:										
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)										
As at December 31,										
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.

MANAGEMENT'S STATEMENT ON FINANCIAL REPORTING

The following financial statements, which consolidate the financial results of Guardian Capital Group Limited, its subsidiaries and other controlled entities, and all other information in this annual report, are the responsibility of management.

The financial statements have been prepared in accordance with International Financial Reporting Standards. Financial information presented elsewhere in this annual report is consistent with that in the financial statements.

In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in Note 2 Material Accounting Policy Information. Management maintains a system of internal controls over the financial reporting process designed to provide reasonable assurance that relevant and reliable financial information is produced. Management also administers a program of ethical business conduct compliance.

KPMG LLP, the Company's independent auditor, has audited the accompanying financial statements. Their report follows. The Audit Committee of the Board of Directors, composed of independent directors, meets regularly with management and KPMG LLP to review their activities and to discuss the external audit process, internal controls, accounting policies and financial reporting matters. KPMG LLP has unrestricted access to the Company, the Audit Committee and the Board of Directors.

The Audit Committee has reviewed the financial statements and Management's Discussion and Analysis and recommended their approval to the Board of Directors. Based on this recommendation, the financial statements and Management's Discussion and Analysis have been approved by the Board of Directors.

George Mavroudis
President and Chief Executive Officer

Donald Yi
Chief Financial Officer

February 22, 2024

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Guardian Capital Group Limited

OPINION

We have audited the consolidated financial statements of Guardian Capital Group Limited (the Entity), which comprise:

- the consolidated balance sheets as at December 31, 2023 and December 31, 2022
- the consolidated statement of operations and comprehensive income (loss) for the years then ended
- the consolidated statements of equity for the years then ended
- the consolidated statements of cash flow for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and December 31, 2022, and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of the impairment assessment for goodwill of a majority owned USA based equity manager

Description of the matter

We draw attention to notes 2 (n) and 7 to the financial statements. The Entity has recorded goodwill of $41,626 thousand of which $19,368 thousand relates to a majority owned USA-based equities manager. The Entity annually reviews its indefinite-life, non-financial assets, which includes goodwill, for impairment. If the net carrying amount of an asset exceeds its estimated recoverable amount, the asset is considered impaired and the excess amount is charged to net earnings. Recoverable amount is considered to be the higher of the estimated fair value of asset less the estimated cost to sell and the net present value of future cash flow expected from the use of the asset. The Entity calculates the recoverable amount based upon the estimated fair value less cost to sell (FVLCS). In estimating the FVLCS, the Entity uses a multi-factor model with the key assumption being the values assigned as multiples of client assets under management (AUM).

Why the matter is a key audit matter

We identified the evaluation of the impairment assessment of the majority owned USA-based equities manager as a key audit matter. This matter represented an area of significant risk of misstatement given the magnitude of goodwill of the majority owned USA-based equities manager and the potential for impairment and the high degree of subjectivity in determining the recoverable amount. Minor changes to the multiple applied to the AUM had a significant effect on the estimated recoverable amount. As a result, significant auditor judgement requiring specialized skills and knowledge was required in evaluating the results of our procedures.

How the matter was addressed in the audit

The primary procedure we performed to address this key audit matter is:

We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the appropriateness of the multiple applied to the AUM. They compared the multiple applied to the AUM against an implied multiple that was independently developed using publicly available information for comparable entities based on published AUM and market capitalization as well as precedent transactions.

OTHER INFORMATION

Management is responsible for the other information. Other information comprises:

— the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

— the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report 2023".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is James Loewen.

Toronto, Canada February 22, 2024

CONSOLIDATED BALANCE SHEETS

As at December 31 ($ in thousands)	2023	2022
Assets		
Current assets		
Cash	$ 72,414	$ 54,894
Interest-bearing deposits with banks	66,912	67,446
Accounts receivable and other assets	55,001	48,398
Income tax receivable	8,350	6,002
Securities backing third party investor liabilities (note 3)	59,578	64,895
Assets of discontinued operations (note 26)	–	297,223
	262,255	538,858
Securities (note 4)	1,317,530	660,413
Other assets		
Deferred tax assets (note 12c)	4,015	794
Intangible assets (note 5)	85,390	96,886
Equipment (note 6)	22,184	25,302
Goodwill (note 7)	41,626	42,519
	153,215	165,501
Total assets	$ 1,733,000	$ 1,364,772
Liabilities		
Current Liabilities		
Bank loans and borrowings (note 8)	$ 136,014	$ 131,566
Third party investor liabilities (note 3)	59,578	64,895
Client deposits	50,071	59,080
Accounts payable and accrued liabilities	91,496	79,772
Obligations to non-controlling interests and other liabilities (note 9)	1,710	28,894
Lease obligations (note 11)	1,484	1,647
Income taxes payable	73,747	1,627
Liabilities of discontinued operations (note 26)	–	141,992
	414,100	509,473
Obligations to non-controlling interests and other liabilities (note 9)	13,047	12,973
Lease obligations (note 11)	19,441	22,273
Deferred tax liabilities (note 12c)	43,486	37,194
Total liabilities	490,074	581,913
Equity		
Shareholders' equity		
Capital stock (notes 13a and 13b)	16,826	17,559
Treasury stock (note 14a)	(32,037)	(35,569)
Contributed surplus	27,956	28,460
Retained earnings	1,214,763	733,287
Accumulated other comprehensive income	13,358	24,127
	1,240,866	767,864
Other equity interests	2,060	14,995
Total equity	1,242,926	782,859
Total liabilities and equity	$ 1,733,000	$ 1,364,772

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:

George Mavroudis
Director

Barry J. Myers
Director

CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

For the years ended December 31 ($ in thousands, except per share amounts)	2023	2022
Revenue		
Management and advisory fees, gross	$ 195,887	$ 183,737
Fees paid to referring agents	(13,359)	(13,345)
Net management and advisory fees	182,528	170,392
Administrative services income	10,350	8,463
Dividend and interest income (note 15)	48,304	22,141
Net revenue	241,182	200,996
Expenses		
Employee compensation and benefits (note 16)	115,029	103,717
Amortization	13,692	12,127
Interest	8,296	4,351
Other expenses (note 17)	44,316	36,678
	181,333	156,873
Operating earnings	59,849	44,123
Net gains (losses) (note 18)	57,787	(104,216)
Earnings (loss) before income taxes	117,636	(60,093)
Income tax expense (recovery) (notes 12a)	15,474	(525)
Net earnings (loss) from continuing operations	102,162	(59,568)
Net earnings from discontinued operations (note 26)	554,933	22,251
Net earnings (loss)	657,095	(37,317)
Other comprehensive income (loss)		
Net change in foreign currency translation on foreign subsidiaries	(10,915)	21,250
Comprehensive income (loss)	$ 646,180	$ (16,067)
Net earnings (loss) from continuing operations attributable to:		
Shareholders	$ 100,250	$ (61,503)
Non-controlling interests	1,912	1,935
Net earnings (loss) from continuing operations	$ 102,162	$ (59,568)
Per share (note 19):		
Basic	$ 4.22	$ (2.52)
Diluted	3.99	(2.52)
Net earnings (loss) attributable to:		
Shareholders	$ 562,929	$ (43,078)
Non-controlling interests	94,166	5,761
Net earnings (loss)	$ 657,095	$ (37,317)
Per share (note 19):		
Basic	$ 23.67	$ (1.76)
Diluted	22.12	(1.76)
Comprehensive income (loss) attributable to:		
Shareholders	$ 552,160	$ (23,815)
Non-controlling interests	94,020	7,748
Comprehensive income (loss)	$ 646,180	$ (16,067)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF EQUITY

For the years ended December 31 ($ in thousands)	2023	2022
Total equity, beginning of year	$ 782,859	$ 852,577
Shareholders' equity, beginning of year	767,864	838,520
Capital stock, beginning of year	17,559	18,067
Acquired and cancelled (note 13c)	(733)	(508)
Capital stock, end of period	16,826	17,559
Treasury stock, beginning of year	(35,569)	(31,712)
Acquired (note 14a)	(3,140)	(5,965)
Disposed of (note 14a)	6,672	2,108
Treasury stock, end of year	(32,037)	(35,569)
Contributed surplus, beginning of year	28,460	25,106
Stock-based compensation expense from continuing operations	3,587	3,597
Stock-based compensation expense from discontinued operations	898	409
Redemptions of equity-based entitlements	(4,989)	(652)
Contributed surplus, end of year	27,956	28,460
Retained earnings, beginning of year	733,287	822,195
Net earnings (loss)	562,929	(43,078)
Dividends declared and paid (note 13d)	(31,622)	(23,258)
Capital stock acquired and cancelled (note 13c)	(41,959)	(22,572)
Transactions with non-controlling interests (note 9a)	(7,872)	–
Retained earnings, end of period	1,214,763	733,287
Accumulated other comprehensive income, beginning of year	24,127	4,864
Other comprehensive income (loss)	(10,769)	19,263
Accumulated other comprehensive income, end of year	13,358	24,127
Shareholders' equity, end of year	1,240,866	767,864
Other equity interests, beginning of year	14,995	14,057
Non-controlling interests, beginning of year	52,569	45,356
Net earnings	94,166	5,761
Other comprehensive income (loss)	(146)	1,987
Dividends declared and paid	(10,267)	(5,431)
Acquisition of subsidiaries (note 25)	–	4,896
Disposition of subsidiary	(103,830)	–
Transactions with non-controlling interests (note 9a)	(17,385)	–
Non-controlling interests, end of period	15,107	52,569
Obligations to non-controlling interests, beginning of year	(37,574)	(31,299)
Acquisition of subsidiaries (note 25)	–	(4,431)
Payments (note 9a)	25,257	–
Other changes	(730)	(1,844)
Obligations to non-controlling interests, end of year	(13,047)	(37,574)
Other equity interests, end of year	2,060	14,995
Total equity, end of year	$ 1,242,926	$ 782,859

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

For the years ended December 31 ($ in thousands)	2023	2022
Operating activities		
Net earnings (loss)	$ 657,095	$ (37,317)
Adjustments for:		
Income taxes paid	(15,523)	(23,612)
Income tax refunded	5,058	–
Income tax expense	83,721	7,702
Net (gains) losses	(677,299)	99,187
Amortization of intangible assets	11,840	19,591
Amortization of equipment	3,589	4,712
Stock-based compensation	4,485	4,006
Non-cash items	171	82
	73,137	74,351
Net change in non-cash working capital items (note 21)	8,282	6,877
Net cash from operating activities	81,419	81,228
Investing activities		
Net (acquisition) disposition of securities	(617,626)	1,017
Income taxes refunded	–	10,736
Net disposition (acquisition) of securities backing third party investor liabilities	14,910	15,368
Acquisition of intangible assets	(1,215)	(16,065)
Acquisition of equipment	(928)	(651)
Disposition of intangible assets	2,608	6,907
Acquisition of subsidiaries (note 25)	–	(10,079)
Discontinued operations (note 26)	726,580	(52,744)
Net cash from (used in) investing activities	124,329	(45,511)
Financing activities		
Dividends paid to shareholders	(31,622)	(23,258)
Dividends paid to non-controlling interests	(10,267)	(5,431)
Disposal of subsidiary, non-controlling interests (note 26)	(103,830)	–
Cash provided from discontinued operations	33,138	–
Acquisition and cancellation of capital stock	(42,692)	(23,080)
Acquisition of treasury stock	(3,140)	(5,965)
Disposition of treasury stock	1,683	1,456
Net proceeds from bank loans and bankers' acceptances	12,601	19,760
Principal payments on lease obligations	(986)	(2,734)
Net funds from (to) third party investors in consolidated mutual funds	(14,910)	(15,368)
Transactions with non-controlling interests (note 9a)	(25,257)	–
Net cash used in financing activities	(185,282)	(54,620)
Foreign exchange		
Net effect of foreign exchange rate changes on cash balances	3,036	544
Net change in net cash	23,502	(18,359)
Net cash, beginning of year	26,528	44,887
Net cash, end of year	$ 50,030	$ 26,528
Net cash represented by:		
Cash	$ 72,414	$ 54,894
Bank indebtedness	(22,384)	(28,366)
	$ 50,030	$ 26,528

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Guardian Capital Group Limited ("Guardian") is a publicly traded company with its common and class A shares listed on the Toronto Stock Exchange. Guardian is incorporated under the laws of the Province of Ontario, and its principal business office is located at Suite 2700, 199 Bay Street, Toronto, Ontario. Guardian, through its subsidiaries, provides investment services to a wide range of clients in Canada and abroad, and maintains and manages a proprietary investment portfolio.

2. MATERIAL ACCOUNTING POLICY INFORMATION

(A) BASIS OF PREPARATION

These consolidated financial statements include the accounts of Guardian, its subsidiaries, and its interest in joint ventures (together, the "Company") and have been prepared under IFRS Accounting Standards ("IFRS"). These consolidated financial statements have been prepared on a going concern basis and the historical cost basis, except for certain financial instruments that have been measured at fair value and non-current assets of discontinued operations, which are carried at the lower of cost and fair value less cost to sell.

The Company adopted IASB's narrow scope amendments to International Accounting Standard 1 – Presentation of Financial Statements (IAS 1). IAS 1 requires that the Company disclose its material accounting policy information, instead of its significant accounting policies. The adoption did not result in a material change to the Company's financial statements or policies.

These consolidated financial statements were authorized for issuance by the Board of Directors of Guardian on February 22, 2024.

(B) BASIS OF PRESENTATION

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

(C) ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements necessitates the use of judgments, estimates and assumptions, which affect the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates. Management believes that the material areas where estimates and judgments are applied are those which relate to the:

i. **Determination of whether a non-controlling interest in a subsidiary represents an equity interest;**

ii. **Determination of the subsequent accounting for certain transactions with non-controlling interests;**

iii. **Valuation of certain assets and liabilities that do not have quoted market prices;**

iv. **Assessment of goodwill and intangible assets for impairments;**

v. **Determination of when control of another entity exists;**

vi. **Assessment of provisions;**

vii. **Initial measurement of lease obligations and right of use ("ROU") assets;**

viii. **Whether an acquisition is of a business or group of assets; and**

ix. **The identification of assets acquired and liabilities assumed in a business combination and the estimation of fair values of those identified assets and liabilities.**

(D) BASIS OF CONSOLIDATION

i. Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of the other entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

The Company considers several factors in determining whether it has power over another entity which it will be able to use to obtain benefits.

a. When voting rights are relevant in determining power over an entity, the Company considers its: existing voting rights; potential voting rights that are currently exercisable and have no substantive barriers to exercise; agreements with other vote holders; rights from other contractual arrangements; economic interests; or a combination of the foregoing. Offsetting these factors, the Company considers matters which prevent it from the exercise of power.

b. When voting rights are not relevant in determining power over an entity, the Company considers: evidence of its practical ability to direct the activities of the entity for the Company's benefit; indications of a special relationship between it and the entity; and whether it has a significant exposure to variability of returns. In evaluating these three factors, the Company gives greater weight to evidence of its ability to direct the activities of the entity, for its benefit.

ii. Non-controlling interests of a subsidiary

To the extent that they represent a residual interest in the Company's assets, non-controlling interests ("NCI") in subsidiaries are shown as a component of the equity section of the consolidated balance sheet. NCIs in a subsidiary which do not represent a residual interest in the Company's net assets are shown as a component of the Company's liabilities.

iii. Changes in the ownership of a subsidiary

Transactions which result in a change in the Company's ownership interest in a subsidiary but do not result in a loss of control of that subsidiary are recorded in equity in their entirety. The non controlling interests are adjusted to reflect the changes in their relative interest in the carrying value of the subsidiary and any difference between the consideration paid or received is recorded in retained earnings. For future transactions, which are at the option of the non-controlling interest, the estimated future consideration is shown as a liability and as an obligation to non-controlling interest within equity and any changes in the balances are reflected within equity.

iv. Transactions eliminated on consolidation

All inter-company transactions, balances, income and expenses between the consolidated entities are eliminated on consolidation.

(E) DISCONTINUED OPERATIONS

A subsidiary representing a separate major line of business for which the Company has a committed sale plan involving the loss of control is classified as a discontinued operation. Upon initial classification as a discontinued operation and until disposition, the non-current assets of the subsidiary are recorded at the lower of cost or fair value less cost to sell, amortization ceases and all assets and liabilities of the subsidiary are presented on the consolidated balance sheet separately from the other assets and liabilities of the Company. In addition, the components of the subsidiary's net earnings must be presented separately in the statement of operations and comprehensive income in the current and all prior periods.

(F) FOREIGN CURRENCY TRANSLATION

Amounts denominated in foreign currencies included in these consolidated financial statements are accounted as follows:

i. Foreign currency denominated monetary items are converted into the functional currency at the reporting date exchange rates.

Revenues and expenses are converted into the functional currency at the rates of exchange prevailing on the respective dates of such transactions. Foreign exchange gains and losses, if any, resulting from the foregoing, are included in net gains in the statements of operations.

ii. Certain of the Company's subsidiaries use functional currencies which are different from the Company's functional currency, Canadian dollars.

For these subsidiaries assets and liabilities have been translated into Canadian dollars at exchange rates prevailing at the reporting date and revenues and expenses at average monthly rates. Adjustments resulting from the translation of balance sheets and net earnings of the Company's foreign operations are recorded as a foreign currency translation adjustment in other comprehensive income, and the cumulative balance is included in accumulated other comprehensive income in the shareholders' equity section of the consolidated balance sheet.

(G) FINANCIAL INSTRUMENTS – FINANCIAL ASSETS

i. Recognition and initial measurement

The Company recognizes a financial asset when the Company becomes party to the contractual provisions of the instrument. All financial assets are measured at fair value upon recognition.

ii. Classification and subsequent measurement

The classification of the Company's financial assets is based on the business model for managing the assets and their contractual characteristics. Financial assets are classified and subsequently measured as follows:

a. **Amortized cost.** Financial assets are measured at amortized cost when they are held in order collect contractual cash flows and whose terms give rise to cash flows that are solely payments of principal and interest. The Company's financial assets classified as amortized cost includes interest bearing deposits with banks, accounts receivable, loans receivable, and receivables from clients and brokers.

b. **Fair value through other comprehensive income ("FVOCI").** Financial assets measured at FVOCI when they are held in order collect contractual cash flows and for periodic sales and whose terms give rise to cash flows that are solely payments of principal and interest. FVOCI may also include certain equity instruments, if the Company has irrevocably designated them as FVOCI on initial recognition. The Company has no assets in this category.

c. **Fair value through profit or loss ("FVTPL").** All other financial assets and assets which have been designated FVTPL are included in this classification. The Company may designate assets which are amortized cost or FVOCI as FVTPL in order to provide more relevant information by significantly reducing a mismatch from measuring assets or liabilities on different basis. This designation which is made on initial recognition is irrevocable. The Company may designate investments in jointly controlled entities as FVTPL if they are held through an investment entity. The Company's financial assets classified as FVTPL includes securities backing third party liabilities and substantially all of its securities portfolio.

iii. Derecognition

The Company derecognizes a financial asset when the contractual rights of the instrument expire or the Company substantially transfers all risks and rewards of ownership to a third party.

iv. Impairment

The Company provides for credit losses on financial assets classified as amortized cost. If there has been a significant increase in credit risk since initial recognition, the Company provides for credit losses which are expected over the next 12 months. If there has been a significant increase in credit risk, the Company provides for the expected lifetime credit losses.

(H) FINANCIAL INSTRUMENTS – FINANCIAL LIABILITIES

i. Recognition and initial measurement

The Company recognizes a financial liability when the Company becomes party to the contractual provisions of the instrument. All financial liabilities are measured at fair value upon recognition.

ii. Classification and subsequent measurement

The Company's financial liabilities are classified and subsequently measured as follows:

a. **Amortized cost.** Generally all financial liabilities are included in this classification. The Company's financial liabilities included in this classification are bank loans, client deposits, accounts, other payables and payable to clients and lease liabilities.

b. **Fair value through profit or loss ("FVTPL").** Financial liabilities included in this classification are derivative liabilities, contingent consideration recognized in a business combination and liabilities which have been designated FVTPL. The Company may designate liabilities which are amortized cost as FVTPL in order to provide more relevant information by significantly reducing a mismatch from measuring assets or liabilities on different basis. This designation which is made on initial recognition is irrevocable. The Company's financial liabilities included in this classification are securities backing third party liabilities, and certain other liabilities.

c. **Fair value through equity.** A financial liability is included in this classification when it is an obligation to non-controlling interests pertaining to the future purchase of their holdings in a subsidiary and they are considered to have continuing access to the returns associated with that subsidiary.

iii. Derecognition

The Company derecognizes a financial liability when the contractual obligation is discharged, cancelled or expires.

(I) OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities are offset and the net amount reported in the balance sheets only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

(J) FAIR VALUE HIERARCHY

Financial instruments and other assets that are measured at fair value are categorized using a fair value hierarchy which reflects the significance of the inputs used in making the fair value measurements. The fair value hierarchy is as follows:

i. Level 1

Quoted market prices: financial instruments with quoted prices for identical instruments in active markets.

ii. Level 2

Valuation technique using observable inputs: financial instruments with quoted prices of similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

iii. Level 3

Valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

(K) INTANGIBLE ASSETS AND CONTRACT COSTS

Intangible assets include both intangible assets and contract costs. Intangible assets include advisor recruitment and management contracts and computer software. Management contracts pertain to costs associated with acquired investment management contracts in the Company's investment management segment.

Contract costs represent the incremental costs, such as certain sales commissions paid to staff and success fees paid to third party introducers, incurred in successfully obtaining new business with customers, primarily in the Company's investment management segment.

Intangible assets and contract costs are carried at cost less accumulated amortization and accumulated impairment losses. They are amortized over their estimated useful lives, as outlined below:

i. Advisor recruitment and management contracts

They are amortized on a straight-line basis over a number of years, ranging from three to fifteen years;

ii. Computer software

The initial cost of the main computer processing systems are amortized on a straight-line basis over ten years, with subsequent improvements to this system being amortized over five years, and other computer software being amortized over three to five years; and

iii. Contract costs

They are amortized over periods ranging from seven to fifteen years.

Amortization methods and useful lives of the intangible assets are reviewed annually and adjusted, if appropriate. Intangible assets are derecognized upon disposal or when they are fully amortized and no longer in use.

(L) EQUIPMENT

Equipment is carried at cost less accumulated amortization and accumulated impairment losses, and is amortized over its expected useful life, as outlined below:

i. Computer hardware

The majority of computer hardware is amortized on a straight-line basis over three to five years;

ii. Furniture and equipment

The majority of furniture and equipment is amortized on a diminishing balance basis at a rate of 20% per annum, and works of art included within furniture and equipment are not amortized; and

iii. Leasehold improvements

Leasehold improvements are amortized on a straight-line basis over the remaining terms of the leases. Amortization rates and the useful life of equipment is reviewed annually and adjusted, if appropriate. Equipment is derecognized upon disposal or when it no longer has any residual value.

(M) LEASES

Upon the commencement of a lease, a right of use ("ROU") asset and lease liability are recognized. The amount of ROU asset and lease liability recognized will be equal to the present value of the contractual lease payments, with adjustment for certain amounts. The discount rate used in calculating the present value of the contractual lease payments will be the rate implicit in the lease or if that is not available then Company's incremental borrowing rate. Frequently the implicit rate is not available, so the Company's estimates its incremental borrowing rate considering various factors such as current interest rates and duration of the lease, among others.

Subsequent to initial recognition, a ROU asset is amortized on a straight-line basis over its useful life, which is generally the term of the lease. A lease liability is subsequently measured at amortized cost, accruing interest at the discount rate used upon initial recognition. Lease payments are accounted as repayments of the lease liability.

(N) GOODWILL

Goodwill represents the excess of the cost of acquisition of an acquired business over the fair value of the net identifiable tangible and intangible assets of the acquired business at the date of acquisition. Goodwill is not amortized, but is carried at cost less accumulated impairment losses. Goodwill is allocated to the appropriate cash-generating units for the purpose of impairment testing.

(O) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company annually reviews its indefinite-life, non-financial assets, which includes goodwill, for impairment. If the net carrying amount of an asset exceeds its estimated recoverable amount, the asset is considered impaired and the excess amount is charged to net earnings.

The Company annually reviews its finite-life, non-financial assets, including intangible assets and equipment, whether there are any indications an asset may be impaired. If such indication exists, its carrying amount is compared to the estimated recoverable amount and any excess of the carrying amount over recoverable amount is charged to net gains as an impairment loss.

Recoverable amount is considered to be the higher of the estimated fair value of asset, less the estimated cost to sell and the net present value of future cash flow expected from the use of the asset.

(P) PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized as a provision is the best estimate of the obligation at the reporting date. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Where some or all of the expenditure is expected to be reimbursed by insurance or some other party, and it is virtually certain, the reimbursement is recognized as a separate asset on the balance sheets, and the net amount is recorded in the statements of operations. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required to settle the obligation, the provision is reversed.

(Q) TREASURY STOCK

The Company accounts for its shares purchased and held by its subsidiary, the Guardian Capital Group Limited Employee Profit Sharing Plan Trust (the "EPSP Trust"), as treasury stock.

(R) REVENUE FROM CUSTOMERS

Revenue from customers is recognized as the Company performs its service obligations to the customers. The major types revenue earned from customers and the associated accounting policies adopted by the Company are as follows:

i. Management and advisory fees

These include revenues the Company earns for providing investment management services to clients. The revenues are generally calculated based on the fair value of the assets managed, in accordance with the agreements with the clients. The revenues are earned and recognized over the time during which the assets are managed by the Company. Certain clients also pay performance fees, if the performance of such clients' assets under management exceeds that of certain performance benchmarks by an agreed level over a stated time period. Such revenues are recognized when the services have been provided, the amount of the revenues can be reliably measured, and it is highly probable that the fees will be received, which is usually at the end of the performance period. Fees paid to referring agents, an expense, are fees paid to third parties that place their clients funds into investment products which are managed by the Company, are generally calculated based on the fair value of the assets placed and are recognized in a manner consistent with the related revenue. As these expenses are highly correlated with the management fees the Company presents the expense as a deduction from the gross management fees on the face of the Statement of Operations.

ii. Administrative services income

The Company earns income from certain clients, associated with the maintenance of accounts with the Company, and the provision of general corporate, trust or other services. Such income is recognized, on an accrual basis over the period the service is performed, based on agreements with the clients or advisors.

(S) DIVIDEND AND INTEREST INCOME

Dividend and interest income is recorded as follows:

i. Dividends are recognized when the Company's right to receive payment is established.

ii. Interest is recorded as earned over the period of time during which the interest-paying investment is held, on an effective interest rate method.

(T) EMPLOYEE COMPENSATION AND BENEFITS

Wages, salaries, profit sharing, bonuses, payroll taxes and levies and paid annual leaves are accrued in the year in which the associated services are rendered by employees and when a reliable estimate of the obligation can be made. Should they qualify, certain bonuses may be accounted for in accordance with the policy on contract costs, (see note 2(K) Intangible assets).

(U) STOCK-BASED COMPENSATION

Stock-based compensation is accounted for under the fair value method, under which the compensation cost is measured at the fair value of the equity instruments issued ("Stock-based entitlement") and is expensed over the vesting period of the Stock-based entitlement.

Fair value of a Stock-based entitlement is determined on the issuance date and is the product of the fair value of the equity instrument and the number of those instruments that are ultimately expected to vest.

Where a Stock-based entitlement has been modified, the incremental change in fair value of the Stock-based entitlement is expensed over the remaining vesting period.

(V) INTEREST EXPENSE

Interest expense comprises interest payable on borrowings recognized using the effective interest rate method.

(W) PENSIONS

The Company operates a defined contribution pension plan, payments to the plan are charged as expenses as they are incurred. The Company has no legal or constructive obligation to pay further contributions if the plan does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

(X) NET GAINS OR LOSSES

Net gains and losses, which are recognized on a trade date basis, include all changes in fair value of financial instruments classified as FVTPL which are due to changes in market prices, changes in the value of currency denominated monetary items due to changes in exchange rates, and on the disposal or impairment of other assets.

(Y) INCOME TAX

Income tax on earnings for the year comprises current tax and deferred tax. Income tax is recognized in net earnings, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case it is also recognized in other comprehensive income or directly in equity. Income taxes generally result from operating activities and taxes paid are shown in the statement of cash flow as an operating activity, unless the taxes can be specifically identified with significant investing or financing activities.

Current tax is the tax expected to be payable on the taxable net earnings for the year, calculated using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when the Company intends to settle on a net basis and the legal right of offset exists.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the balance sheets and the amount attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax is calculated using the tax rates expected to apply in the periods in which assets will be realized or the liabilities settled. Deferred tax assets and liabilities are offset when they arise in the same tax reporting entities, relate to income taxes levied by the same taxation authority and a legal right to set off exists.

(Z) EARNINGS PER SHARE

The calculation of basic earnings per share is based on the weighted average of Class A and common shares outstanding during the year and on earnings available to the holders of the Class A and common shares. Diluted earnings per share are calculated by adjusting for the effect of outstanding dilutive instruments, such as stock options or stock-based entitlements, using the treasury stock method.

(AA) RELATED PARTIES

For the purposes of these financial statements, a party is considered related to the Company if such party or the Company has the ability to, directly or indirectly, control or exercise significant influence over the other entity's financial and operating decisions, or if the Company and such party are subject to common significant influence. Related parties may be individuals or other entities.

(AB) FIDUCIARY ASSETS AND LIABILITIES

Certain of the Company's subsidiaries hold assets or liabilities on a fiduciary basis on behalf of clients. In providing these services, those assets and liabilities and the income and expenses associated with them are excluded from these consolidated financial statements.

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

Securities backing third party investor liabilities represent third party investors' proportionate interest in the assets of the consolidated investment funds. These securities are classified as FVTPL.

Third party investor liabilities represent third party investors' proportionate ownership interests in the consolidated funds. The liabilities are payable on redemption of the units of the funds by the third party investors and will be settled with the proceeds from the disposition of securities backing third party investor liabilities. The value of the liabilities is equal to and varies with the value of the securities backing third party investor liabilities. These liabilities have been designated as FVTPL.

The Company continually evaluates whether it controls these funds. On the date when a fund is no longer deemed to be controlled, the Securities backing third party investor liabilities and Third party investor liabilities related to the fund are derecognized in the financial statements. Details on the funds the Company consolidates and changes therein during the years is disclosed in note 24(d).

4. SECURITIES

(A) CLASSIFICATION OF SECURITIES

An analysis of the Company's securities, which may include units of investment funds, by the type of security is as follows:

As at December 31	2023	2022
Fair value through profit or loss:		
Short-term securities	$ 516,177	$ 9,577
Fixed-income securities	37,437	18,259
Bank of Montreal common shares (i)	292,175	273,064
Other equity securities (ii)	427,096	316,331
Real estate fund	44,645	43,182
	$ 1,317,530	$ 660,413

i. Details of sales of Bank of Montreal common shares are as follows:

For the years ended December 31	2023	2022
Number of shares sold	–	40
Proceeds of disposition	$ –	$ 5,321

ii. The Company's outstanding capital commitments for future investments are as follows:

As at December 31	2023	2022
Investment commitments	$ 23,626	$ 11,752

(B) FAIR VALUE HIERARCHY

The Company's securities that are classified as FVTPL have been categorized based upon a fair value hierarchy as follows:

As at December 31	2023	2022
Level 1	$ 625,393	$ 539,092
Level 2	545,699	87,858
Level 3	146,438	33,463
Securities classified at FVTPL	$ 1,317,530	$ 660,413

Level 2 securities include short term securities and investments into certain investment funds. Short-term securities are valued using observable market prices and include accrued interest. The investment in funds are valued using the net asset value of each fund. During the years, there were no transfers between Levels.

(C) ANALYSIS OF LEVEL 3 SECURITIES

i. The change in the value of Level 3 securities is as follows:

For the years ended December 31	2023	2022
Securities categorized as Level 3, beginning of year	$ 33,463	$ 37,512
Change in fair value	(3,745)	(6,921)
Purchases	123,241	2,414
Return of capital	(1,090)	–
Foreign exchange translation	(5,431)	458
Securities categorized as Level 3, end of year	$ 146,438	$ 33,463

ii. Level 3 securities are comprised of the following:

As at December 31	2023	2022
Smart infrastructure partnerships – intelligent traffic systems company	$ 112,512	$ –
Private equity funds	30,108	28,092
Investment management company	2,104	3,635
Other	1,714	1,736
	$ 146,438	$ 33,463

During the year, the Company became the lead investor in the launch of its smart infrastructure partnerships, which subsequently acquired joint control of a leading supplier of tolling, traffic management and cooperative intellingent transport systems solutions. This investment is valued at cost which is the equivalent of fair value as the investment was last traded in mid-December before being taken private.

The Company's investment in private equity funds are valued on the most recent fair value as obtained from each fund's manager.

The Company's investment in the investment management company is valued using an EBITDA multiple and the projected earnings for the following year. The EBITDA multiple and the projected earnings are the most significant internally generated unobservable inputs in this valuation. The EBITDA multiple used was 7.00 (2022 – 8.80), which is based on published research reports of similar business by independent analysts. The projected earnings are estimated using the company's current assets under management and historical financial ratios.

5. INTANGIBLE ASSETS

A summary of the composition of and changes in the Company's intangible assets is as follows:

For the years ended December 31	2023 Contract costs	2023 Management contracts	2023 Computer software	2023 Total	2022 Contract costs	2022 Management contracts	2022 Computer software	2022 Total
Cost								
Balance, beginning of year	$18,522	$ 108,750	$ 9,915	$ 137,187	$ 17,638	$ 210,535	$ 16,339	$ 244,512
Arising on acquisition (note 25)	–	–	–	–	–	9,219	–	9,219
Additions	1,215	–	–	1,215	1,015	16,130	1,926	19,071
Disposals	–	(1,157)	(568)	(1,725)	–	(2,359)	(112)	(2,471)
Foreign exchange translation	(4)	(2,458)	(2)	(2,464)	(131)	6,318	150	6,337
Discontinued operations (note 26)	–	–	–	–	–	(131,093)	(8,388)	(139,481)
Balance, end of year	19,733	105,135	9,345	134,213	18,522	108,750	9,915	137,187
Accumulated amortization								
Balance, beginning of year	4,962	31,482	3,857	40,301	2,773	65,872	7,654	76,299
Amortization, continuing operations	2,319	7,058	1,022	10,399	2,179	6,462	709	9,350
Amortization, discontinued operations	–	–	–	–	–	9,109	1,132	10,241
Disposals	–	(1,016)	–	(1,016)	–	(357)	–	(357)
Foreign exchange translation	(6)	(852)	(3)	(861)	10	1,749	(22)	1,737
Discontinued operations (note 26)	–	–	–	–	–	(51,353)	(5,616)	(56,969)
Balance, end of year	7,275	36,672	4,876	48,823	4,962	31,482	3,857	40,301
Carrying value, end of year	$12,458	$ 68,463	$ 4,469	$ 85,390	$ 13,560	$ 77,268	$ 6,058	$ 96,886

6. EQUIPMENT

A summary of the composition of and changes in the Company's equipment is as follows:

For the years ended December 31	2023 Office equipment	2023 Leasehold improve-ments	2023 Right of use asset	2023 Total	2022 Office equipment	2022 Leasehold improve-ments	2022 Right of use asset	2022 Total
Cost								
Balance, beginning of year	$ 9,113	$ 2,102	$ 26,497	$ 37,712	$ 11,447	$ 6,101	$ 19,442	$ 36,990
Arising on acquisition (note 25)	–	–	–	–	58	–	418	476
Additions	872	56	1,494	2,422	911	71	17,827	18,809
Disposals	(22)	(168)	(4,477)	(4,667)	(374)	–	(2,073)	(2,447)
Foreign exchange translation	(18)	(2)	(33)	(53)	63	1	139	203
Discontinued operations (note 26)	–	–	–	–	(2,992)	(4,071)	(9,256)	(16,319)
Balance, end of year	9,945	1,988	23,481	35,414	9,113	2,102	26,497	37,712
Accumulated amortization								
Balance, beginning of year	6,755	1,652	4,003	12,410	8,983	4,398	7,035	20,416
Amortization, continuing operations	684	74	2,238	2,996	651	181	1,945	2,777
Amortization, discontinued operations	29	45	222	296	174	342	1,419	1,935
Disposals	(22)	(92)	(2,312)	(2,426)	(308)	–	(1,495)	(1,803)
Foreign exchange translation	(28)	(2)	(16)	(46)	34	3	71	108
Discontinued operations (note 26)	–	–	–	–	(2,779)	(3,272)	(4,972)	(11,023)
Balance, end of year	7,418	1,677	4,135	13,230	6,755	1,652	4,003	12,410
Carrying value, end of year	$ 2,527	$ 311	$ 19,346	$ 22,184	$ 2,358	$ 450	$ 22,494	$ 25,302

7. GOODWILL

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

For the years ended December 31		2023		2022
Balance, beginning of year	$	42,519	$	66,643
Acquisitions (note 25)		–		6,432
Discontinued operations (note 26)		–		(32,622)
Foreign exchange translation		(893)		2,066
Balance, end of year	$	41,626	$	42,519

Goodwill acquired in business acquisitions is allocated to the cash generating units ("CGUs") that are expected to benefit from the business acquisitions. An analysis of the Company's goodwill by relevant CGUs are as follows:

As at December 31		2023		2022
Investment Management				
Private wealth management firm	$	6,432	$	6,432
Outsourced chief investment officer		4,702		4,702
USA-based equities manager		19,368		19,902
USA-based fixed-income manager		10,311		10,595
UK-based equities manager		813		888

Goodwill is not amortized, but is subject to annual impairment testing, which compares each CGU's recoverable amount against its carrying value. In addition, the Company may test for impairment more frequently if there are indications of impairment. In 2023 & 2022, the Company calculates the recoverable amount based upon the estimated fair value, less costs to sell ("FVLCS").

In estimating the FVLCS, the Company uses a single or multi-factor model to determine fair value, with the key assumptions being values assigned as multiples of key business analytics pertaining to each CGU. These multiples are developed by management based on recent transactions and research reports by independent research analysts. The Company considers that the key business analytics are client assets under management ("AUM") client assets under administration ("AUA"). It is the Company's opinion that estimating fair value based on these analytics is in accordance with established industry practice, and that the multiples used are consistent with market transactions. These recoverable amounts, which are estimates, are Level 3 under the fair value hierarchy. The most significant internally generated unobservable input used in the testing are as follows:

As at December 31		2023	2022
Private wealth management firm	Multiple of AUM	1.33%	NA
Outsourced chief investment officer	Multiple of AUA	0.20%	0.20%
	Multiple of AUM	1.00%	1.00%
USA-based equities manager	Multiple of AUM	2.00%	2.10%
USA-based fixed-income manager	Multiple of AUM	0.35%	0.35%

Based on the results of the testing, there was no impairment of goodwill in 2023 or 2022.

The Company believes that a reasonable change in the key assumptions could result in an impairment. An analysis pertaining to the sensitivity of these key assumptions is as follows:

As at December 31		2023		2022
Amount by which the recoverable amounts exceeds the carrying value:				
Private wealth management firm	$	907	$	NA
Outsourced chief investment officer		3,005		2,305
USA-based equities manager		14,913		6,432
USA-based fixed-income manager		11,180		3,720
Percentage change in the key assumptions which would cause the recoverable amount to equal the carrying value:				
Private wealth management firm		6%		NA
Outsourced chief investment officer		25%		20%
USA-based equities manager		19%		8%
USA-based fixed-income manager		29%		8%

8. BANK LOANS AND BORROWINGS

Bank borrowings, and details of the Company's borrowing facilities, are as follows:

As at December 31			2023		2022
General corporate borrowings (i):					
Bank indebtedness	Canadian dollar	$	22,215	$	27,312
Short-term	Canadian dollar		–		69,000
	US dollar		80,830		–
Employee profit sharing plan borrowings (ii):					
Bank indebtedness	Canadian dollar		169		1,054
Short-term	Canadian dollar		32,800		34,200
		$	136,014	$	131,566

i. The Company maintains two short-term revolving credit facilities for general corporate purposes with a total borrowing capacity of $130,000 (2022 - $130,000). Borrowings under these facilities can be drawn in various short-term forms in both Canadian and US dollars, and bear interest at the bank's prime rate plus 0.4% for bank indebtedness and CDOR plus 1.4% for Canadian dollar bankers' acceptances or Term SOFR plus 1.5% on similar US dollar borrowings. For the calculation of interest on the bank indebtedness the Company may offset a portion of the bank indebtedness with certain cash balances. Such cash balances were $18,239 as at December 31, 2023 (2022 - $26,216). The terms of these facilities require that the Company maintain certain financial ratios and the Company is in compliance with these requirements. The facilities were amended during the current year to reflect the replacement of the interest rate benchmarks.

ii. The Company maintains a short-term revolving credit facility for borrowings by the Company's employee profit sharing plan, which has a total borrowing capacity of $45,000 (2022 - $45,000). Borrowings under this facility are secured by a deposit of all treasury stock held by the EPSP Trust as detailed in Note 14. Borrowings under this facility can be drawn in various short-term forms in Canadian dollars and bear interest at the bank's prime rate for bank indebtedness and CDOR plus 1.4% for bankers' acceptances.

9. OBLIGATIONS TO NON-CONTROLLING INTERESTS AND OTHER LIABILITIES

(A) CLASSIFICATION OF OBLIGATIONS TO NON-CONTROLLING INTERESTS AND OTHER LIABILITIES

An analysis of the Company's obligations to non-controlling interests other liabilities is as follows:

As at December 31		2023		2022
Current				
Acquisition-related (i)	$	1,710	$	2,710
Obligations to non-controlling interests (ii)		–		26,184
		1,710		28,894
Non-current				
Acquisition-related (i)		–		1,583
Obligations to non-controlling interests (ii)		13,047		11,390
		13,047		12,973
	$	14,757	$	41,867

i. Acquisition-related

These amounts relate to the deferred payments on acquisitions completed by the Company. The acquisition-related amounts are comprised of the following:

As at December 31	2023	2022
Deferred payment (a)	$ –	$ 2,710
Promissory note payable (b)	1,710	1,583
Other	–	–
	$ 1,710	$ 4,293

a. The deferred payment of US$2,000 related to the acquisition of Agincourt Capital Management, LLC ("Agincourt") was fully paid during 2023.

b. The present value of a promissory note payable related to the acquisition of Rae & Lipskie Investment Counsel Inc. ("RaeLipskie"). The amount payable, which may range in value between nil and $1,800, is dependent on the assets under management of RaeLipskie on certain future dates between September 1, 2024 and September 1, 2026.

ii. Obligations to non-controlling interests

The Company has granted to certain non-controlling interests the right to sell to the Company their interests in those subsidiaries at prices which approximate fair value at the date of exercise. The Company also holds the right to purchase those interests on the same term and conditions. These options are exercisable over various future periods. These liabilities relate to future transactions with non-controlling interests, acting in their capacity as owners. Therefore, all subsequent changes in these obligation are reflected in the Consolidated Statements of Equity. An analysis of these obligations is as follows:

As at December 31		2023	2022
Subsidiary to be acquired	**Option period**		
Agincourt Capital Management LLC	October 1, 2025 to October 1, 2040	$ 7,276	$ 6,753
Rae & Lipskie Investment Counsel Inc.	September 1, 2027 to September 1, 2032	5,771	4,637
Modern Advisor Canada Inc.	March 31, 2025 to March 31, 2034	–	–
Alta Capital Management LLC (a)	January 2, 2023 to January 2, 2033	–	26,184
		$ 13,047	$ 37,574

Each of the above are the present value of the estimated payment required on the earliest date that payment may be required. The discount rate used to determine amounts not currently exercisable ranges between 9.0% and 14.6% (2022 – 8.3% to 14.6%). The most sensitive assumption used estimating each of the future payments is the projected revenues of the subsidiary in the year preceding the exercise date and this assumption largely relies on the most recent data plus growth that is consistent with the Company's current plans. The obligations for Alta and Agincourt are payable in USD.

a. During 2023, the Company exercised its right and acquired from the non-controlling interests the etire portion of Alta Capital Management LLC ("Alta") that it did not already own. The transactions resulted in the Company increasing its ownership in Alta from 70% to 100%. A summary of the transactions are as follows:

For the years ended December 31	2023
Consideration paid to non-controlling interests	$ 25,257
Less: Non-controlling interest carrying value in subsidiary	(17,385)
Excess consideration charged to retained earnings	$ 7,872

(B) FAIR VALUE HIERARCHY AND CHANGES IN LEVEL 3 LIABILITIES

An analysis of the changes in the obligations to non-controlling interests and other liabilities categorized as level 3 is as follows:

For the years ended December 31	2023	2022
Fair value through profit or loss:		
Balance, beginning of the year	$ 4,293	$ 5,343
Payments	(2,713)	(3,059)
Arising on acquisition	–	1,543
Recognized in net earnings	127	83
Foreign exchange translation	3	383
Balance, end of year	$ 1,710	$ 4,293
Fair value through equity:		
Balance, beginning of the year	$ 37,574	$ 31,299
Payments	(25,257)	–
Arising on acquisition	–	4,431
Change in fair value	730	(516)
Foreign exchange translation	–	2,360
Balance, end of year	$ 13,047	$ 37,574

10. PROVISIONS

From time to time, the Company is named as a party to claims, proceedings and investigations, including legal, regulatory and taxes, in the ordinary course of its business. While it is often not possible to estimate the outcome of the various proceedings at any time, the Company makes provisions, where possible, for the estimated outcome of such proceedings. Should any loss resulting from the resolution of any claims differ from these estimates, the difference will be accounted for as a charge to income in that year. As at December 31, 2023 and 2022, there were no material provisions recorded.

11. LEASE OBLIGATIONS

Leases, and recognized lease obligations on the Consolidated Balance Sheets are presented on a discounted basis. An analysis of the Company's lease obligations on a non-discounted basis is as follows:

As at December 31	2023	2022
Payable within one year	$ 2,943	$ 3,196
Payable after one year and within five years	10,382	11,992
Payable after five years	16,393	18,262
Total undiscounted lease obligations	$ 29,718	$ 33,450

In 2023, the Company recognized interest expense of $1,261 (2022 - $506) and paid a total cash amount of $2,146 (2022 – $1,828) in respect of lease obligations.

The amount of the Company's lease obligations, which arise substantially from leased office space, will increase, along with the right of use assets, when the Company enters into a new lease, renews an existing lease or when it is reasonably certain it may exercise an option to extend a current lease. Information on the right to use assets is disclosed in note 6 Equipment.

12. INCOME TAXES

(A) INCOME TAX EXPENSE

The components of the income tax expense are as follows:

For the years ended December 31	2023	2022
Current tax expense		
Tax on profits for the current year	$ 13,466	$ 9,716
Adjustments in respect of prior periods	(1,182)	(96)
	12,284	9,620
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	3,420	(9,764)
Adjustments in respect of prior periods	–	45
Adjustments due to changes in substantively enacted tax rates	(230)	(426)
	3,190	(10,145)
Income tax expense (recovery)	$ 15,474	$ (525)

(B) RECONCILIATION OF INCOME TAX EXPENSE TO STATUTORY RATES

The income tax expense in the consolidated statements of operations is less than the tax computed using combined Canadian Federal and Provincial statutory income tax rates of 26.5% (2022 – 26.5%) in the current year for the following reasons:

For the years ended December 31	2023	2022
Tax at the combined Federal and Provincial statutory income tax rate for the current year	$ 31,174	$ (15,925)
Increase (decrease) in the expense due to:		
Tax exempt income from securities	(3,394)	(2,791)
Rate differential on earnings of foreign subsidiaries	(7,887)	10,934
Non taxable portion of (gains) or losses	(5,256)	7,438
Adjustments due to changes in substantively enacted tax rates	(230)	(426)
Non-deductible expenses	277	321
Benefits of losses not recognized	82	262
Other	708	(338)
Income tax expense (recovery)	$ 15,474	$ (525)

The combined statutory income tax rate is the aggregate of the Federal income tax rate of 15.0% (2022 – 15.0%) and the Provincial income tax rate of 11.5% (2022 – 11.5%).

(C) DEFERRED TAX ASSETS AND LIABILITIES

A summary of the composition of and changes in the Company's deferred tax assets and liabilities is as follows:

For the year ended December 31, 2023	Bank of Montreal shares	Other securities	Non-capital loss carry forwards	Equipment and intangibles	Other temporary differences	Total
Deferred tax assets:						
Balance, beginning of year	$ –	$ –	$ 792	$ –	$ 2	$ 794
Recognized in net earnings and offset of taxes	–	(3,859)	239	(26)	6,787	3,141
Foreign exchange translation	–	(117)	–	(1)	198	80
Balance, end of year	–	(3,976)	1,031	(27)	6,987	4,015
Deferred tax liabilities:						
Balance, beginning of year	$ 35,435	$ 5,929	$ (13)	$ 4,866	$ (9,023)	$ 37,194
Recognized in net earnings and offset of taxes	2,560	(2,627)	(170)	(245)	6,813	6,331
Foreign exchange translation	–	1	–	(2)	(38)	(39)
Balance, end of year	37,995	3,303	(183)	4,619	(2,248)	43,486

For the year ended December 31, 2022	Bank of Montreal shares	Other securities	Non-capital loss carry forwards	Equipment and intangibles	Other temporary differences	Total
Deferred tax assets:						
Balance, beginning of year	$ –	$ –	$ 574	$ 7	$ 211	$ 792
Recognized in net earnings and offset of taxes	–	–	230	–	(102)	128
Discontinued operations (note 26)	–	–	(12)	(7)	(107)	(126)
Balance, end of year	–	–	792	–	2	794
Deferred tax liabilities:						
Balance, beginning of year	$ 40,114	$ 8,652	$ (13)	$ 8,277	$ (6,381)	$ 50,649
Recognized in net earnings and offset of taxes	(4,679)	(2,875)	–	375	(2,641)	(9,820)
Arising on acquisition (note 25)	–	–	–	2,257	–	2,257
Discontinued operations (note 26)	–	–	–	(6,047)	–	(6,047)
Foreign exchange translation	–	152	–	4	(1)	155
Balance, end of year	35,435	5,929	(13)	4,866	(9,023)	37,194

(D) OTHER TEMPORARY DIFFERENCES

The aggregate amount of temporary differences between costs for accounting purposes and costs for income tax purposes arising from the earnings accumulated in certain subsidiaries is $372,823 (2022 - $273,143) and deferred tax has not been provided on these differences, as the Company controls the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. In addition, the Company has approximately $6,177 (2022 - $6,296) of non-capital loss carry forwards, which have not been recognized and expire between 2034 to 2042.

13. CAPITAL STOCK

(A) AUTHORIZED

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

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

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

(B) ISSUED AND OUTSTANDING

For the years ended December 31	2023			2022		
	Shares		Amount	Shares		Amount
Class A shares						
Outstanding, beginning of year	23,498	$	16,895	24,205	$	17,403
Acquired and cancelled	(1,017)		(733)	(707)		(508)
Converted from common	11		3	-		–
Outstanding, end of year	22,492		16,165	23,498		16,895
Common shares						
Outstanding, beginning of year	2,749		664	2,749		664
Converted to Class A	(11)		(3)	-		–
Outstanding, end of year	2,738		661	2,749		664
Total outstanding, end of year	25,230	$	16,826	26,247	$	17,559

(C) ISSUER BID

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

For the years ended December 31		2023		2022
Purchased and cancelled				
Class A		1,017		707
Consideration paid	$	42,692	$	23,080
Less average issue price, charged to share capital		(733)		(508)
Excess consideration charged to retained earnings	$	41,959	$	22,572

Under the current NCIB, which commenced on December 19, 2023 and expires on December 18, 2024, the Company may purchase up to 137 common shares and 1,545 Class A shares. The Company had purchased and cancelled no shares under the current NCIB in the period up to December 31, 2023.

(D) DIVIDENDS ON COMMON AND CLASS A SHARES

For the years ended December 31		2023		2022
Dividends declared and paid, per share	$	1.26	$	0.90

The Company also declared dividends of $0.34 and $0.37 per share payable on January 18, 2024 and April 19, 2024, respectively, on the common and Class A shares outstanding.

14. TREASURY STOCK

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

(A) CHANGES IN TREASURY STOCK

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

For the years ended December 31	2023			2022		
	Shares		Amount	Shares		Amount
Balance, beginning of year	2,131	$	35,569	2,212	$	31,712
Acquired	78		3,140	155		5,965
Disposed	(451)		(6,672)	(236)		(2,108)
Balance, end of year	1,758	$	32,037	2,131	$	35,569

During the year, the Company disposed of 451 (2022 – 236) of the class A shares for amounts equal to their costs.

As at December 31, 2023, the treasury stock was comprised of 30 common shares (2022 – 30) and 1,728 class A shares (2022 – 2,101 shares).

(B) EQUITY-BASED ENTITLEMENTS

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

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

For the years ended December 31	2023	2022
Entitlements, beginning of year	1,423	1,333
Provided	78	155
Exercised	(279)	(65)
Forfeited	(1)	–
Balance, end of year	1,221	1,423

Equity-based entitlements provided during the year ended December 31, 2023 had a fair value of $3,140 (2022 – $5,965).

(C) OPTION-LIKE ENTITLEMENTS

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

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

For the years ended December 31	2023			2022		
	Number of Shares		Weighted average exercise price per share	Number of Shares		Weighted average exercise price per share
Balance, beginning of year	708	$	10.20	879	$	9.87
Exercised	(172)		9.71	(171)		8.53
Balance, end of year	536	$	10.35	708	$	10.20

No option-like entitlements were granted during 2023 or 2022.

As at December 31, 2023, there were option-like entitlements outstanding for 536 class A shares (2022 – 708).

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

The following table summarizes information about option-like entitlements outstanding:

As at December 31	2023			2022		
	Number of Shares		Weighted average exercise price per share	Number of Shares		Weighted average exercise price per share
$7.51 – $10.00	312	$	9.46	484	$	9.55
$10.01 – $12.50	224		11.59	224		11.59
	536	$	10.35	708	$	10.20

All option-like entitlements outstanding are vested.

15. DIVIDEND AND INTEREST INCOME

Dividend and interest income is comprised of the following:

For the years ended December 31	2023	2022
Dividends on Bank of Montreal shares	$ 12,934	$ 12,238
Other securities	8,617	8,862
Dividend income	21,551	21,100
Interest income	26,753	1,041
Dividend and interest income	$ 48,304	$ 22,141

16. EMPLOYEE COMPENSATION AND BENEFITS

Employee compensation and benefits are comprised of the following:

For the years ended December 31	2023	2022
Salaries and other compensation, payroll taxes and benefits	$ 109,971	$ 98,732
Contributions to defined contribution pension plans	1,471	1,388
Stock-based compensation	3,587	3,597
Employee compensation and benefits	$ 115,029	$ 103,717

17. OTHER EXPENSES

Other expenses are comprised of the following:

For the years ended December 31	2023	2022
Information and technology services	$ 18,652	$ 14,673
Professional and outsourced services	12,557	12,334
Marketing and travel	5,428	3,836
Registration, facilities and other	7,679	5,835
Other expenses	$ 44,316	$ 36,678

18. NET GAINS (LOSSES)

Net gains (losses) are comprised of net gains (losses) arising on the following items:

For the years ended December 31	2023	2022
Bank of Montreal common shares	$ 19,111	$ (30,447)
Other securities	34,804	(74,389)
Securities (i)	53,915	(104,836)
Disposal of intangible assets	2,137	54
Lease and other liabilities	565	–
Foreign exchange (ii)	1,170	566
Net gains (losses)	$ 57,787	$ (104,216)

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

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

19. NET (LOSS) EARNINGS PER SHARE

The calculations of net (loss) earnings per share and net earnings from continuing operations per share are based on the following:

For the years ended December 31	2023	2022
Weighted average number of share outstanding		
Basic	23,782	24,426
Equity-based and option-like entitlements	1,742	–
Diluted	25,524	24,426
Net earnings (loss) from continuing operations attributable to shareholders		
Basic	$ 100,250	$ (61,503)
Effect of equity-based and option like entitlements	1,621	–
Diluted	$ 101,871	$ (61,503)
Net earnings (loss) attributable to shareholders		
Basic	$ 562,929	$ (43,078)
Effect of equity-based and option-like entitlements	1,621	–
Diluted	$ 564,550	$ (43,078)

The calculation of weighted average number of shares outstanding includes both Common and Class A shares less share held by the EPSP Trust as Treasury Stock.

The weighted average effects of 141 (2022 – 2,162) equity-based and option-like entitlements from the Company's stock-based compensation arrangements were excluded from the above calculation as those entitlements were anti-dilutive.

20. BUSINESS SEGMENTS

Following the sale of the Worldsource Businesses the Company reorganized its operations into two segments: a) Investment Management, which primarily involves earning management fees relating to investment management services provided to clients; and b) Corporate Activities and Investments, which relates substantially to the investment of the Company's securities holdings, as well as corporate management and development activities. The segmented operating results below includes certain centralized costs which are allocated from Corporate Activities and Investments segment to operating segments to better reflect the costs associated with each of the segments.

(A) BUSINESS SEGMENTS

The following table discloses certain information about these segments:

	Investment Management		Discontinued Operations		Corporate Activities & Investments		Inter-segment transactions		Consolidated	
For the years ended December 31	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Management and advisory fees	$ 197,865	$185,713	$ –	$ –	$ –	$ –	$ (1,978)	$ (1,976)	$195,887	$183,737
Fees paid to referring agents	(13,359)	(13,345)	–	–	–	–	–	–	(13,359)	(13,345)
Net management and advisory fees	184,506	172,368	–	–	–	–	(1,978)	(1,976)	182,528	170,392
Administrative services income	8,797	8,386	–	–	1,553	77	–	–	10,350	8,463
Dividend and interest income	1,642	409	–	–	45,899	21,179	763	553	48,304	22,141
Net revenue	194,945	181,163	–	–	47,452	21,256	(1,215)	(1,423)	241,182	200,996
Expenses										
Employee compensation and benefits	104,848	94,995	–	–	10,181	8,722	–	–	115,029	103,717
Amortization	11,604	10,724	–	–	2,088	1,403	–	–	13,692	12,127
Interest	508	527	–	–	7,918	4,003	(130)	(179)	8,296	4,351
Other expenses	39,660	34,207	–	–	5,741	3,715	(1,085)	(1,244)	44,316	36,678
	156,620	140,453	–	–	25,928	17,843	(1,215)	(1,423)	181,333	156,873
Operating earnings	38,325	40,710	–	–	21,524	3,413	–	–	59,849	44,123
Net gains (losses)	(996)	894	–	–	58,783	(105,110)	–	–	57,787	(104,216)
Net earnings (loss) before income taxes	37,329	41,604	–	–	80,307	(101,697)	–	–	117,636	(60,093)
Income tax expense (recovery)	11,464	9,015	–	–	4,010	(9,540)	–	–	15,474	(525)
Net earnings (loss) from continuing operations	25,865	32,589	–	–	76,297	(92,157)	–	–	102,162	(59,568)
Net earnings from discontinued operations	–	–	554,933	22,251	–	–	–	–	554,933	22,251
Net earnings (loss)	$ 25,865	$ 32,589	$554,933	$ 22,251	$ 76,297	$(92,157)	$ –	$ –	$657,095	$(37,317)
Net earnings (loss) attributable to:										
Shareholders	$ 23,953	$ 30,654	$462,679	$ 18,425	$ 76,297	$ (92,157)	$ –	$ –	$562,929	$(43,078)
Non-controlling interests	1,912	1,935	92,254	3,826	–	–	–	–	94,166	5,761
	$ 25,865	$ 32,589	$554,933	$ 22,251	$ 76,297	$ (92,157)	$ –	$ –	$657,095	$(37,317)
Additions to segment assets										
Intangible assets	$ 1,215	$ 11,326	$ –	$ 16,964	$ –	$ –	$ –	$ –	$ 1,215	$ 28,290
Equipment	1,662	1,487	–	540	760	17,258	–	–	2,422	19,285
Goodwill	–	6,432	–	–	–	–	–	–	–	6,432
As at December 31	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Segment assets and liabilities:										
Assets	$ 326,225	$338,713	$ –	$297,193	$1,427,831	$739,453	$(21,056)	$(10,587)	$1,733,000	$1,364,772
Liabilities	168,452	197,274	–	141,992	342,679	253,234	(21,056)	(10,587)	490,075	581,913

(B) GEOGRAPHIC SEGMENTS

The Company also operates in various geographic regions. The following table discloses certain information about the Company's activities by geography:

	Canada		United Kingdom		United States and other		Consolidated	
For the year ended December 31	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Net revenue from external parties	$ 148,047	$ 113,936	$ 55,756	$ 47,041	$ 37,389	$ 40,019	$ 241,182	$ 200,996
As at December 31	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Segment non-current assets								
Intangible assets	$ 23,417	$ 26,485	$ 2,365	$ 2,949	$ 59,608	$ 67,452	$ 85,390	$ 96,886
Equipment	18,748	22,172	602	826	2,834	2,304	22,184	25,302
Goodwill	11,134	11,133	813	888	29,679	30,498	41,626	42,519

21. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

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

For the years ended December 31	2023	2022
Decrease (increase) in non-cash working capital assets		
Interest-bearing deposits with banks	$ (1,490)	$ (8,872)
Accounts receivable and other assets	(3,298)	1,948
Receivables from clients and broker	28,524	(1,574)
Increase (decrease) in non-cash working capital liabilities		
Client deposits	(7,061)	1,311
Accounts payable and other	16,620	12,490
Payable to clients	(25,013)	1,574
Net change in non-cash working capital items	$ 8,282	$ 6,877

22. FINANCIAL RISKS MANAGEMENT

The Company's goal in managing financial risk is to evaluate the risks being taken against the benefits that are targeted to be achieved and, where those risks are deemed acceptable, to mitigate those risks, where practicable. A discussion on the Company's risk management practices is included under the heading "Risk Factors" in the Management's Discussion and Analysis of the Company's 2023 Annual Report. The following are the more significant risks associated with financial instruments to which the Company is subject:

(A) CONCENTRATION RISK

The Company is exposed to concentration risk associated with the $292,175 (2022 – $273,064) investment in the Bank of Montreal shares, which is a significant portion of the Company's securities holdings. The Company monitors the investment in the Bank of Montreal shares on a continuous basis and has been reducing this risk. A change in the price of the Bank of Montreal shares by 10% would result in a gain or loss of $29,218 (2022 – $27,306).

(B) MARKET RISK

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

i. Price Risk

Price risk, the risk of a gain or loss resulting from movements in the price of securities, arises when the Company invests in securities. The Company's most significant exposure to price risk, excluding the investment in Bank of Montreal shares and fixed-income and short-term securities is as follows:

As at December 31, 2023	Securities classified as fair value through the profit and loss	Gain or loss recognized from 10% market change in region
Canada	$ 52,316	±$ 5,232
Emerging markets	68,400	6,840
Developed markets	351,026	35,102
	$ 471,742	±$ 47,174
As at December 31, 2022		
Canada	$ 58,155	±$ 5,815
Emerging markets	66,764	6,676
Developed markets	234,594	23,460
	$ 359,513	±$ 35,951

This risk is managed through the use of professional in-house portfolio management expertise, which takes a disciplined approach to investment management. The Company's securities holdings, excluding the Bank of Montreal shares, are also diversified by asset class and by geographical region. The net price risk from third party investors liabilities and Securities banking third party liabilities is minimal and is discussed in detail in note 3.

ii. Currency Risk

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

As at December 31	2023	2022
Assets		
Short-term securities	$ 16,551	$ –
Liabilities		
Bank loans and borrowings	80,830	–
	$ (64,279)	$ –

The Company's currency risk is primarily related to the US dollar borrowings. This risk is mitigated by the US dollar cash flows which are generated by certain of the Company's subsidiaries, which have been used to reduce these borrowings. In addition, the Company will recognize an offsetting amount on translation of the investment in this foreign subsidiary and recognize a gain/loss in other comprehensive income. A change in the CAD-USD exchange rate by +/-10% would result in a foreign exchange loss or gain of +/- $6,428 (2022 – $ –) recognized in net earnings

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

iii. Interest Rate Risk

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

As at December 31	2023	2022
Interest rate sensitive assets:		
Interest-bearing deposits with banks	$ 66,912	$ 67,446
Short-term securities	516,177	9,577
Fixed-income securities	37,437	18,259
	$ 620,526	$ 95,282
Interest rate sensitive liabilities:		
Bank loans and borrowings	$ 136,014	$ 131,566
Client deposits	50,071	59,080
	$ 186,085	$ 190,646

The interest rates on these borrowings are short-term and, if short-term rates increase, the Company's interest expense will increase and net earnings will decrease. If interest rates had been different by ± 1% throughout the year, with all other variables held constant, the Company's interest expense would have been changed by approximately ± $1,148 (2022 – ± $929).

The Company's short-term and fixed-income securities are managed by its investment management subsidiaries. The interest rate risk associated with these securities are managed first by the Company who selects appropriate investment duration and then by the use of professional in-house portfolio management expertise that manages the securities in accordance with the investment policy. If interest rates had been different by ± 1% throughout the year, with all other variables held constant, the Company's interest income would have been changed by approximately ± $4,846.

The interest rate risk on interest-bearing deposits with banks and the client deposits, both of which arise in the international banking operation, is considered to be low, as the Company manages by matching interest and maturities on the assets and liabilities.

(C) CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's total credit risk exposure, without consideration of any collateral or other credit enhancements, is as outlined below:

As at December 31	2023	2022
Cash	$ 72,414	$ 54,894
Interest-bearing deposits with banks	66,912	67,446
Accounts receivable and other assets	55,001	48,398
Short-term securities	516,177	9,577
Fixed-income securities	37,437	18,259
	$ 747,941	$ 198,574

The cash and interest-bearing deposits with banks and the majority of the accounts receivable are due from major institutions. The Company reviews the credit worthiness of any banks with which it places deposits, and does not deal with a bank if it is not satisfied with the bank's financial strength. The accounts receivable and other are generally amounts due to from customers and the credit risk is low due to the nature of the Company's customers.

The credit risk associated with the Company's investment in short-term and fixed-income securities are managed first by the Company who selects appropriate investment risk parameters and then by the use of professional in-house portfolio management expertise that manages the securities in accordance with the investment policy. The short-term securities are investments in investment-quality securities with very short duration and low credit risk.

(D) LIQUIDITY RISK

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

23. CAPITAL MANAGEMENT

The Company considers the following to be its capital: shareholders' equity and bank loans and borrowings. The Company's objectives in managing its capital are to:

i. **Maintain a strong capital base** to provide investor, creditor, regulator and client confidence; and

ii. **Provide returns to shareholders** by the payment of dividends, the repurchase of the Company's shares, and the enhancement of long-term value.

The allocation of capital to, and the return from, the Company's businesses are monitored by senior management. Certain of the Company's operating subsidiaries are subject to various types of capital requirements imposed by the regulatory authorities to which they report. During the year, and at year end, the subsidiaries complied with those requirements. As at December 31, 2023, the Company's regulated businesses had total regulatory capital amounting to $297,750 (2022 – $269,374). These amounts are, in all cases, in excess of the regulatory requirements, and are adjusted by the Company as necessary from time to time.

The Company's general corporate borrowing facility is subject to certain terms and conditions. During the years, and at year ends, the Company complied with those terms and conditions.

24. RELATED PARTIES

(A) PARENT COMPANY

Minic Investments Limited ("Minic") is a corporation of which A. Michael Christodoulou, a director and officer of the Company, is currently President. Minic is owned by The Christodoulou 2004 Family Trust, a discretionary trust of which certain family members are possible beneficiaries. As at December 31, 2023 Minic beneficially owned 49.7% (2022 – 49.5%) of the Company's outstanding common shares. In 2023 and 2022, there were no transactions between Minic and the Company.

(B) KEY MANAGEMENT PERSONNEL

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly. The Company has determined that its key management personnel include the Board of Directors of the Company and certain senior executives of the Company.

The following summarizes transactions with key management personnel:

As at December 31	2023	2022
Short-term employment benefits	$ 18,752	$ 8,175
Post-employment benefits	35	35
Stock-based compensation	2,255	1,956
	$ 21,042	$ 10,166

Certain of the short-term employment benefits in 2023 include amounts related to the Company's discontinued operations.

The Company provides investment management services to key management personnel at reduced fee rates, which are available to all employees of the Company. The following is a summary of the fees paid for these services:

For the years ended December 31	2023	2022
Investment management services	$ 50	$ 54

(C) OPERATING SUBSIDIARIES

The Company's significant operating subsidiaries during the periods and ownership interest at year ends are as follows:

As at December 31	Country of organization	Voting ownership interest 2023	2022
Guardian Capital LP	Canada	100%	100%
Guardian Capital Advisors LP	Canada	100%	100%
Guardian Partners Inc.	Canada	100%	100%
Guardian Capital Enterprises Limited	Canada	100%	100%
GuardCap Asset Management Limited	United Kingdom	100%	100%
Guardian Capital Real Estate Inc.	Canada	100%	100%
Guardian Smart Infrastructure Management Inc.	Canada	100%	100%
Rae & Lipskie Investment Counsel Inc. (iv)	Canada	60%	60%
Modern Advisor Canada Inc.	Canada	71%	71%
Guardian Capital, LLC	United States	100%	100%
Alta Capital Management, LLC (i)	United States	100%	70%
Agincourt Capital Management, LLC (ii)	United States	70%	70%
4135431 Canada Inc. (formerly Worldsource Wealth Management Inc.)	Canada	100%	100%
Worldsource Financial Management Inc. (note 26)	Canada	0%	100%
Worldsource Securities Inc. (note 26)	Canada	0%	100%
IDC Worldsource Insurance Network Inc. (iii) (note 26)	Canada	0%	82%
Guardian Capital Holdings International Ltd.	Cayman Islands	100%	100%
Alexandria Bancorp Limited	Cayman Islands	100%	100%
Alexandria Global Investment Management Ltd.	Cayman Islands	100%	100%
Alexandria Trust Corporation	Barbados	100%	100%
Guardian Capital Group Limited Employee Profit Sharing Plan (v)	Canada	0%	0%

i. The principal place of business for Alta Capital Management, LLC ("Alta"), the Company's US equity investment manager subsidiary, is located at Suite 260, South Wasatch Boulevard, Salt Lake City, Utah. During 2023 the Company acquired the portion of Alta it did not already own and as a result at December 31, 2023 non-controlling interests had no equity and voting ownership interest in Alta (2022 – 30%).

The accumulated non-controlling interest in the Company's accounts related to Alta is as follows:

For the years ended December 31	2023	2022
Balance, beginning of year	$ $17,582	$ 18,670
Net earnings	298	1,151
Other comprehensive income	(31)	716
Distributions	(1,328)	(2,955)
Acquisition of NCI	(16,521)	–
Balance, end of year	$ –	$ 17,582

Summarized financial information about assets, liabilities, and operations of Alta before inter-company eliminations in which the non-controlling interests have an interest are as follows:

As at December 31	**2023**	**2022**
Current assets	$ –	$ 6,093
Other non current assets	–	795
Intangible assets	–	48,595
Goodwill	–	19,902
	$ –	$ 75,385
Current liabilities	$ –	$ 3,767
Non current liabilities	–	646
	$ –	$ 4,413
For the years ended December 31		
Revenue	$ 13,708	$ 19,163
Net earnings	1,521	3,837
Comprehensive income	1,253	7,268

ii. The principal place of business for Agincourt Capital Management, LLC ("Agincourt"), the Company's US fixed-income investment manager subsidiary, is located at Suite 800, 200 South 10th Street, Richmond, Virginia. The non-controlling interests have a 30% equity and voting ownership interest in Agincourt (2022 – 30%).

The accumulated non-controlling interests in the Company's accounts related to Agincourt are as follows:

For the years ended December 31	**2023**	**2022**
Balance, beginning of year	$ 9,643	$ 9,364
Net earnings	983	796
Other comprehensive income	172	175
Distributions	(1,459)	(692)
Balance, end of year	$ 9,339	$ 9,643

Summarized financial information about assets, liabilities, and operations of Agincourt before inter-company eliminations in which the non-controlling interests have an interest are as follows:

As at December 31	**2023**	**2022**
Current assets	$ 6,582	$ 6,236
Other non current assets	1,095	115
Intangible assets	16,887	18,829
Goodwill	10,312	10,596
	$ 34,876	$ 35,776
Current liabilities	$ 1,944	$ 1,946
Non current liabilities	933	121
	$ 2,877	$ 2,067
For the years ended December 31		
Revenue	$ 13,461	$ 12,706
Net earnings	2,600	2,653
Comprehensive income	1,445	3,236

iii. The principal place of business for IDC Worldsource Insurance Network Inc. ("IDC WIN"), the Company's former insurance managing general agency ("MGA") subsidiary, is located at Suite 700, 625 Cochrane Drive, Markham, Ontario. During 2023, the Company sold IDC-WIN and as a result as at December 31, 2023 there were no non-controlling interests (2022 – 18%).

The accumulated non-controlling interest in the Company's accounts related to IDC WIN is as follows:

For the years ended December 31	2023	2022
Balance, beginning of year	$ 18,549	$ 16,594
Net earnings	587	3,738
Dividends	(7,060)	(1,783)
Sale of IDC WIN	(12,076)	–
Balance, end of year	$ –	$ 18,549

Summarized financial information about assets, liabilities and operations of IDC WIN before inter-company eliminations in which the non-controlling interests have an interest are as follows:

As at December 31	2023	2022
Current assets	$ –	$ 49,477
Intangible assets	–	67,703
Other non-current assets	–	28,396
	$ –	$ 145,576
Current liabilities	$ –	$ 20,283
Non current liabilities	–	9,425
	$ –	$ 29,708
For the years ended December 31		
Revenue	$ 10,979	$ 64,859
Net earnings	3,119	20,966
Comprehensive income	3,119	20,966

iv. The principal place of business for Rae & Lipskie Investment Counsel Inc. ("Rae & Lipskie") the Company's wealth management subsidiary, is located at 20 Erb Street W, Waterloo, Ontario. The non-controlling interests have a 40% (2022 – 40%) equity and voting ownership interest in Rae & Lipskie.

The accumulated non-controlling interest in the Company's accounts related to Rae & Lipskie is as follows:

For the years ended December 31	2023	2022
Balance, beginning of year	$ 5,007	$ 4,895
Net earnings	423	112
Dividends	(240)	–
Balance, end of year	$ 5,190	$ 5,007

Summarized financial information about assets, liabilities and operations of Rae & Lipskie before inter-company eliminations in which the non-controlling interests have an interest are as follows:

As at December 31	2023	2022
Current assets	$ 3,056	$ 2,034
Intangible assets	8,424	9,021
Other non-current assets	6,981	6,880
	$ 18,461	$ 17,935
Current liabilities	$ 1,201	$ 932
Non current liabilities	8,258	6,914
	$ 9,459	$ 7,846
For the years ended December 31		
Revenue	$ 7,474	$ 2,384
Net earnings	645	248
Comprehensive income	645	248

v. **The Company does not hold any ownership interest in the EPSP Trust.** However, the EPSP Trust is consolidated because the Company has power over the activities of the EPSP Trust, which are conducted on behalf of the Company, and the Company remains exposed to the risks of the EPSP Trust, which are described in note 14, Treasury Stock.

(D) INTERESTS IN INVESTMENT FUNDS

The Company sponsors and manages a number of investment funds, including both mutual funds and exchange traded funds. The purpose of each fund is to efficiently invest monies on behalf of the Company's clients, and they are intended to be the primary investors in and owners of the fund. The Company provides investment management services and in certain circumstances administration services to these funds. These funds, which are separate legal entities, are to be financed by investments made by clients and, to a limited extent, the Company. However, there are periods when the Company may control a fund, due to the management of and the size of its economic interest in the fund, and as a result the Company will consolidate that fund.

i. Consolidated investment funds

The Company consolidates an investment fund when it controls the fund. This is frequently during the initial launch period of a fund when the Company provides the initial seed capital. In addition, control of the fund may change during other periods, for example due to ongoing investments into or out of a fund. Subsequent to control being lost, the Company may continue to maintain an investment in the fund. Investment funds sponsored by the Company which were consolidated at any time during 2023 or 2022, and the Company's ownership interest at the end of each of those years are as follows:

For the years ended December 31	Country of organization	Voting ownership interest	
		2023	**2022**
Guardian Directed Equity Path ETF	Canada	33%	46%
Guardian i^3 Global REIT ETF (a)	Canada	NA	46%
Guardian i^3 US Quality Growth ETF	Canada	48%	56%
GuardPath Modern Tontine 2042 Trust	Canada	81%	99%
Guardcap UCITS Funds PLC, Emerging Markets Equity Fund	Ireland	90%	89%
Guardcap UCITS Funds PLC, Alta All Cap Equity Fund (a)	Ireland	NA	100%
Alta Quality Growth Fund	United States	49%	67%
Guardian Dividend Growth Fund	United States	99%	99%
Guardian Smart Infrastructure Partners Juniper Aggregator LP (b)	United States	97%	NA
Guardian Aurora Master Fund, LP (a)	Cayman Islands	NA	65%
The Alexandria Directed Equity Path Fund	Cayman Islands	100%	100%

a. During 2023, Guardian i^3 Global REIT ETF, Guardcap UCITS Funds PLC, Alta All Cap Equity Fund, and Guardian Aurora Master Fund, LP funds ceased operations and were liquidated.

b. During 2023 Guardian Smart Infrastructure Partners Juniper Aggregator LP commenced operations.

ii. Unconsolidated investment funds

A summary of the unconsolidated investment funds that are managed by the Company, and the Company's interest in and transactions with those funds, are summarized in the following tables:

As at December 31	2023	2022
Net assets of unconsolidated investment funds	$ 9,757,102	$ 7,917,426
Company's interests in unconsolidated investment funds	174,853	120,717
For the years ended December 31		
Net revenue for investment management and administration services earned directly from unconsolidated investment funds	$ 44,385	$ 37,271

The Company's maximum exposure to loss from its interest in these investment funds is limited to the amount of its investment.

In addition to the Net revenue shown above, certain investors pay fees for investment management services directly to the Company, rather than through the fund. These fees have not been included in the above amounts.

25. ACQUISITIONS

(A) ACQUISITIONS

i. Rae & Lipskie Investment Counsel Inc.

On September 1, 2022, the Company acquired a 60% interest in Rae & Lipskie Investment Counsel Inc. ("RaeLipskie"), a Waterloo, Ontario-based private wealth management firm with over $1,000,000 in assets under management. The key employees of RaeLipskie retained the remaining 40% ownership interest and have signed employment agreements to remain with the Company. This strategic acquisition continues to expand and enhance Guardian's wealth management offering.

Total consideration for the transaction is $9,728 which is comprised of $7,200 on closing, the present value of a promissory note payable between two to four years and variable earn-outs payable over a five-year period and an adjustment for net working capital. The promissory note has a face value of $1,800 and is subject to various adjustments which are dependent on the level AUM achieved upon maturity. The variable earn-outs are based on the annual financial performance of RaeLipskie.

The provisional accounting for the transactions is as follows:

Fair value of consideration		
Cash	$	7,200
Promissory note		1,543
Variable earn-outs		288
Working capital adjustments		697
	$	9,728
Fair value of identifiable net assets acquired		
Net working capital, including cash of $793	$	1,162
Equipment and right of use asset		493
Intangibles		9,219
Lease liability		(425)
Deferred taxes		(2,257)
		8,192
Goodwill		6,432
Non-controlling interests		(4,896)
	$	9,728

The Company has recognized non-controlling interests at fair value.

The intangible assets acquired represent RaeLipskie's existing contracts with clients and the goodwill, which is not deductible for tax purposes, represents the retention of key employees, access to established distribution, networks in a key market and other potential synergies.

As part of the transaction, the Company provided an option to the minority shareholders of RaeLipskie to sell their remaining interests to the Company, and the Company received an option to buy the remaining minority interest on the same terms and conditions. These options become exercisable commencing on the fifth anniversary of the acquisition and expire on the fifteenth anniversary of the acquisition, and have exercise prices which are determined based on the level of revenue achieved by RaeLipskie. On acquisition, the Company has recognized a liability of $4,431 in respect of the options held by the non-controlling interests, based on the estimated present value of the expected payment required by the Company on the earliest date the options become exercisable.

RaeLipskie's contributions to the Company in 2022 since its acquisition are as follows:

For the period from September 1, 2022 to December 31, 2022		
Net revenues	$	2,384
Net income and comprehensive income		248
Net income and comprehensive income attributable to shareholders		136

ii. Pro-forma information on acquisitions

If the acquisition date for the above acquisition had been January 1 of the year in which the acquisition had happened rather than the actual date then the Company estimates that its reported would have been as follows:

For the years ended December 31		**2023**		**2022**
Net revenues	$	–	$	205,934
Net earnings		–		(57,485)

(B) CASH USED FOR (ACQUIRED IN) ACQUISITIONS

An analysis of the cash used for (acquired in) acquisitions is as follows:

For the years ended December 31	2023	2022
RaeLipskie	$ –	$ 7,813
AFL Groupe Financier Inc.	–	331
Acquisitions closed prior to 2022	–	2,728
Less cash acquired in above transactions	–	(793)
	$ –	$ 10,079

26. DISPOSITION OF SUBSIDIARIES

On March 1, 2023, the Company sold its subsidiaries, IDC Worldsource Insurance Networks Inc. ("IDC WIN"), Worldsource Financial Management Inc. and Worldsource Securities Inc. (collectively "Worldsource Subsidiaries") to the Desjardins Group for $750,000, subject to customary price adjustments for excess working capital. The proceeds of disposition were divided between the Company and the non-controlling interests in IDC WIN. The Worldsource Subsidiaries had been classified as discontinued operations since November 30, 2022.

The book value of the assets and liabilities of the Worldsource Subsidiaries which were classified as assets and liabilities of discontinued operations on the Company's Consolidated Balance Sheet and are as follows:

As at December	2023	2022
Assets		
Cash	$ –	52,744
Receivables from clients and broker	–	90,929
Other current assets	–	28,574
Intangibles	–	83,264
Goodwill	–	32,622
Other non-current assets	–	9,090
Assets of discontinued operations	$ –	297,223
Liabilities		
Payable to clients	$ –	90,930
Other current liabilities	–	40,395
Non-current liabilities	–	10,667
Liabilities of discontinued operations	$ –	141,992

The above cash balance of $52,744 was included as cash used in Discontinued operations, as part of the Company's Investing activities in the Consolidated Statements of Cash Flow.

The summarised operating results of the Worldsource Subsidiaries which are included in the Company's Consolidated Statement of Operations as Net earnings from discontinued operations are as follows:

For years ended December 31,	2023	2022
Operating activities:		
Net revenue	$ 17,615	$ 99,551
Expenses	14,333	74,103
Operating earnings	3,282	25,448
Net gains	387	5,030
Income tax expense	(803)	(8,227)
	2,866	22,251
Gain on disposition	619,511	–
Income tax expense	67,444	–
	$ 552,067	$ –
Net earnings from discontinued operations	$ 554,933	–
Net earnings from discontinued operations attributable to:		
Shareholders	$ 462,679	$ 18,425
Non-controlling interests	92,254	3,826
	$ 554,933	$ 22,251
Per share (note 18):		
Basic	$ 19.46	$ 0.76
Diluted	18.13	0.76

The summarised cash flows for the Worldsource subsidiaries which have been included in the Company's Consolidated Statements of Cash Flow are as follows:

For years ended December 31,	2023	2022
Net cash from (used in)		
Operating activities	$ 10,087	$ 23,524
Investing activities	726,580	(7,975)
Financing activities	(43,390)	(3,249)
	$ 693,277	$ 12,300

The effects of the disposal on the financial position of the Company are as follows:

	2023
Cash	$ 6,452
Receivables from clients and broker	65,536
Other current assets	26,133
Intangibles	81,980
Goodwill	32,622
Other non-current assets	8,828
Payable to clients	(65,536)
Other current liabilities	(32,877)
Non-current liabilities	(9,219)
Net assets and liabilities disposed	113,919
Consideration received, cash (i)	749,286
Cost of disposal	(16,254)
Cash disposed	(6,452)
Net cash inflows	726,580
Less amounts paid to Non-controlling interests	(103,830)
	$ 622,750

i. $20,000 of the cash consideration will be held in escrow for a period of up to 18 months from closing and available to offset indemnity claims which may be brought by the purchaser or to offset further adjustments to closing net working capital of the Worldsource Businesses. As at December 31, 2023, $19,091 was held in escrow.

27. SUBSEQUENT EVENT

On February 2, 2024, the Company announced that it had reached an agreement to acquire 100% of Charlotte, North Carolina-based Sterling Capital Management LLC ("Sterling") from Truist Financial Corporation ("Truist"). The transaction is expected to close during the second quarter of 2024. Under the financial terms, the Company will pay Truist US$70,000 on closing, subject to customary purchase price adjustments, and future earn-out incentives to a maximum of US$45,000 over five years.

Sterling is a successful independent investment manager founded in 1970 and currently has approximately US$76 billion of assets under management and advisement. Sterling invests on behalf of a broad range of institutional and individual investors through separate accounts, model portfolios, and commingled vehicles, including mutual funds.

THE TEAM AT GUARDIAN

DIRECTORS

James S. Anas †,§

A. Michael Christodoulou

Petros Christodoulou §

Marilyn De Mara §

Harold W. Hillier §

George Mavroudis

Edward T. McDermott §

Barry J. Myers §

Hans-Georg Rudloff §

COMMITTEES

Audit

James S. Anas §

Harold W. Hillier §

Marilyn De Mara §

Barry J. Myers †,§

Compensation

James S. Anas §

Harold W. Hillier †,§

Edward T. McDermott §

Hans-Georg Rudloff §

Corporate governance and nominating

A. Michael Christodoulou

Marilyn De Mara §

Edward T. McDermott †,§

Barry J. Myers §

† Chairman
§ Independent Director

PRINCIPAL EXECUTIVES

George Mavroudis
President and Chief Executive Officer

A. Michael Christodoulou
Senior Vice-President, Strategic Planning and Development

Paula Dunlop
Executive Vice-President, Human Resources

Robin Lacey
Head of Institutional Asset Management

Matthew D. Turner
Senior Vice-President, Chief Compliance Officer and Secretary

Donald Yi
Chief Financial Officer

Ernest B. Dunphy
Vice-President and Controller

Eddy Fung
Vice-President, Retail Finance and Administration

Rachel Hindson
Vice-President, Legal

Angela Shim
Vice-President, Corporate Initiatives

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Annual Meeting
May 10, 2024

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