Guardian

Guardian Capital Group Limited

Report to Shareholders

Second Quarter

June 30, 2022

Enriching Lives Together

TO OUR SHAREHOLDERS:

We present below a summary of the Company's operating results for the periods ended June 30, 2022 and 2021. All per share figures disclosed below are stated on a diluted basis.

For the periods ended June 30,	**Three months**		**Six months**	
($ in thousands, except per share amounts)	**2022**	2021	**2022**	2021
Net revenue	**$ 74,109**	$ 69,960	**$ 149,174**	$ 134,654
Operating earnings	**17,157**	21,199	**36,523**	38,703
Net gains (losses)	**(90,128)**	56,467	**(98,110)**	98,438
Net earnings (loss)	**(68,224)**	66,831	**(62,409)**	117,692
EBITDA (1)	**$ 25,592**	$ 27,495	**$ 51,962**	$ 50,984
Adjusted cash flow from operations (1)	**18,485**	21,829	**38,434**	42,352
Attributable to shareholders:				
Net earnings (loss)	**$ (69,698)**	$ 65,138	**$ (65,436)**	$ 114,763
EBITDA (1)	**23,042**	24,708	**46,888**	45,919
Adjusted cash flow from operations (1)	**16,218**	19,201	**33,973**	37,693
Per share:				
Net earnings (loss)	**$ (2.85)**	$ 2.42	**$ (2.68)**	$ 4.24
EBITDA (1)	**0.94**	0.92	**1.80**	1.70
Adjusted cash flow from operations (1)	**0.63**	0.72	**1.31**	1.39

As at	**2022**	2021	
($ in millions, except per share amounts)	**June 30**	December 31	June 30
Assets under management	**$ 46,931**	$ 56,341	$ 51,641
Assets under administration	**27,626**	31,508	29,902
Total client assets	**74,557**	87,849	81,543
Shareholders' equity	**$ 743**	$ 839	$ 780
Securities	**651**	752	698
Per share:			
Shareholders' equity (1)	**$ 28.74**	$ 31.53	$ 29.09
Securities (1)	**25.17**	28.27	26.03

Summary

The Company is reporting $74.6 billion in total client assets as at June 30, 2022, which include assets under management ("AUM") and assets under administration ("AUA"). This is a 9% decrease from $81.5 billion as at June 30, 2021, and a 15% decrease from $87.8 billion reported as at December 31, 2021. The Company is reporting AUM of $46.9 billion as at June 30, 2022, a 9% decrease from $51.6 billion as at June 30, 2021, and a 17% decrease from $56.3 billion as at December 31, 2021. The decrease in AUM was driven largely by the negative global financial market performance and, to a lesser extent, net redemption of approximately $1.6 billion in institutional client assets in the current quarter. The Company's AUA was $27.6 billion as at June 30, 2022, an 8% decrease from $29.9 billion as at June 30, 2021, and a 12% decrease from $31.5 billion as at December 31, 2021.

The Company is reporting Operating earnings of $17.2 million for the quarter ended June 30, 2022, a decrease of 19% or $4.0 million from the $21.2 million reported in the second quarter of 2021. The decrease in AUM and AUA since their peaks at the end of 2021 has negatively impacted the Company's Net revenue for the quarter. The expenses remained consistent over that same period, other than the one-time costs discussed below, as the Company continued to invest in the strategically important initiatives of building both our retail distribution capabilities and the recently launched Guardian Smart Infrastructure Management Inc., our private infrastructure business, while integrating and enhancing our other recently acquired businesses. These investments incurred a combined Operating loss of $2.8 million in the current quarter, $0.5 million higher than in the second quarter of 2021. In addition, $1.2 million in other one-time costs, including approximately $0.7 million in restructuring costs associated with the Company's decision to no longer pursue the build out of our Emerging Markets Debt investment team, were incurred in the current quarter.

Net revenue for the current quarter grew to $74.1 million, 6% or $4.1 million higher than the $70.0 million reported in the same quarter in the prior year. The increase is due to average AUM and AUA for the current period being higher than in the comparative period. The large redemptions referred to above occurred in the latter part of the current quarter. As a result, the full quarter's impact of the loss of those assets are not reflected in the current quarter's Net revenue.

Expenses in the current quarter were $57.0 million, an $8.2 million increase from $48.8 million in the same quarter in the prior year. The higher expenses reflect the continued strategic investments in future growth sources as well as the non-recurring costs mentioned above.

Net losses in the current quarter were $90.1 million, compared to Net gains of $56.5 million in the same quarter in the prior year. The largest portion of the Net losses in the current quarter was attributable to the declines in fair values of our securities holdings resulting from the negative performance in the global financial markets to which those securities are exposed.

The Company's Net loss attributable to shareholders in the current quarter was $69.7 million, compared to Net earnings attributable to shareholders of $65.1 million in the same quarter in 2021. The significant Net losses associated with our securities holdings, as described above, compared to the large Net gains in the prior year, had the most significant impact on the change in Net (loss) earnings attributable to shareholders.

EBITDA attributable to shareholders[(1)] for the current quarter was $23.0 million, compared to $24.7 million in the same period in the prior year. Adjusted cash flow from operations attributable to shareholders[(1)] for the current quarter was $16.2 million, compared to $19.2 million in the same quarter in the prior year.

The Company's Shareholders' equity as at June 30, 2022 was $743 million, or $28.74 per share[(1)], compared to $839 million, or $31.53 per share[(1)] as at December 31, 2021, and $780 million, or $29.09 per share[(1)] as at June 30, 2021. During the current quarter, the Company returned to shareholders $6.3 million in dividends and $17.9 million in share buybacks. The fair value of the Company's Securities as at June 30, 2022 was $651 million, or $25.17 per share[(1)], compared to $752 million, or $28.27 per share[(1)] as at December 31, 2021 and $698 million, or $26.03 per share[(1)] as at June 30, 2021.

The Board of Directors has declared a quarterly eligible dividend of $0.24 per share, payable on October 18, 2022, to shareholders of record on October 11, 2022.

[(1)] These terms do not have standardized measures under International Financial Reporting Standard ("IFRS"). These non-IFRS measures used by the Company are defined in the quarterly Management's Discussion and Analysis, including a reconciliation of these measures to their most comparable IFRS measures. Certain of the names of these measures were amended to include the words "attributable to shareholders" to better describe the measures.

Commentary

Market recap

The consensus expectation at the start of the year was that the global economy would slow from 2021's elevated pandemic recovery-boosted rate of growth, but that the ongoing reopening would still support an expansion that remained stronger than that of the pre-crisis period. As 2022 began, however, there were successive shocks to the system: a new pandemic wave, resultant lockdowns and the Russian invasion of Ukraine, combining to hinder the ability of economic activity to continue to normalize; rather, these served as the catalysts to make the already evident imbalances between supply and demand even worse.

The result was that the nascent price pressures that were hoped to be transitory and expected to fade as a fully functioning supply-side was able to catch up to demand, not only persisted but intensified and broadened. This persistent inflation within the global economy has forced central banks to increase interest rates with a determination unseen in decades (albeit from a very accommodative starting point). Predictably, it was not a good quarter for risk assets. Most global equity markets fell by more than 10% in Q2, with bond markets also suffering as a result of tightening monetary policy. It is critical that authorities stem the tide of price pressures before long-term inflation expectations become ingrained in the public psyche, however markets seem concerned that policy will be too aggressive and will continue for longer than needed, resulting in the global economy faring worse than was strictly necessary to correct course. Indeed, markets now seem to be signaling slower growth, or perhaps a recession; central banks, however, needed to demonstrate their willingness to take a strong stance against inflation.

Investment Management

In the current quarter, all of the major asset classes we manage experienced negative returns in what was a very challenging three months for financial assets. This significant negative market performance in both equities and fixed income strategies, alongside approximately $1.6 billion in negative outflows, primarily from our Canadian Equity strategies, resulted in a decline of our institutional assets under management ("AUM") from the end of the first quarter, to $42.9 billion from $48.7 billion. The outflows of Canadian Equity assets were largely concentrated around the loss of two long-standing institutional clients. These institutions continue to follow the domestic trends to reduce their allocation to this asset class. We have referred to these negative trends towards Canadian Equity assets for some time and accordingly spent the past decade to diversify our investment management business segment so as to best absorb these headwinds and remain resilient with the changing landscape. Along with a handful of other Canadian headquartered institutional investment managers, we have successfully planned for these headwinds but the reduction in allocations to Canadian Equity by the large pension asset owners has caused a profound negative impact to the broad financial ecosystem in Canada, that affects much more than just the investment management firms and is worthy of greater public awareness and debate.

In keeping with our efforts to diversifying our investment management capabilities last quarter, we introduced Guardian Smart Infrastructure Management Inc., a direct private infrastructure investment business focusing on investing in projects that integrate technological innovations designed to enhance the productivity of new and existing global infrastructure assets. Direct infrastructure investment has proven to be a much-pursued area of interest among large institutional investors around the globe, and the team has started meeting with a variety of prospective investors to share our next generation strategy; initially, the feedback has been promising. As with all other organic initiatives our effort towards this build will require the patience of time and our long-held willingness to absorb financial losses until we establish an inflection point of acceptance by asset owners trusting to allocate capital with us. We believe the inflection point will be set when we raise our first dedicated pool of capital towards this strategy which has been planned to be achieved sometime over the next twelve months.

As we attempt various new initiatives there is also the constant real-time assessment of our progress to continue the support of these initiatives. During the quarter, we decided to shut down our effort to build an Emerging Markets sovereign debt ("EMD") team in the UK. After having been a very "hot" asset class, EMD interest witnessed a 180-degree turn, mainly as an outcome of the Russia/Ukraine conflict. Russia was a small component of the index, but many EMD managers held overweight positions and wrote those down to zero – reminding everyone of the risks of investing in EMD. Also, the increased negative sentiment against China hurts appetite for all EMD. Finally, the recent and significant increases in sovereign yields generally in the developed world will slow down, for some time, the hunt for higher yield in EMD. Although we believe the asset class will recover and prosper again, the time to profitability for Guardian is probably lengthened considerably based on the above, and as a new entrant we will be disadvantaged against more established providers.

Wealth Management

Guardian's Wealth Management segment services a variety of clients' investment needs, from small mutual fund investors to ultra-high-net-worth families. This business is composed of the Worldsource companies, which essentially serve two distinct types of independent financial advisors across Canada. Worldsource is made up of mutual fund and securities dealerships (the "Dealers"), focusing on servicing independent financial advisors and corporate partners who offer investment advice to their clients. Augmenting these operations is our life insurance managing general agency (the "MGA"), which is focused on servicing independent life insurance advisors. Additionally, our private wealth companies, Alexandria Bancorp Limited, Guardian Capital Advisors LP and Guardian Partners Inc., as well as our recently announced acquisition Rae & Lipskie Investment Counsel Inc. ("The RaeLipskie Partnership"), advise and manage money for high-net-worth and ultra-high-net-worth families.

As a result of negative market performance in the quarter, the Dealers ended the quarter reporting $15.7 billion in AUA, compared to $17.4 at the end of the first quarter, reflecting overall market declines. Over the course of the last few years, we have made significant upgrades to our team, our technology capabilities and our product offering, and we plan to continue to do so. Having implemented upgraded core operating systems, we are now focused on rolling out a number of additional tools that will aid planners and their clients in analyzing their portfolios and meeting their goals. Making these investments in technology has increased expenses, however it has also better positioned us to shift our focus to our major growth initiatives at the Dealers, including increasing acceptance of Guardian's investment solutions into Worldsource and more aggressively recruiting independent advisors and corporate partners. As a result of these efforts, we are starting to see a significantly improved pipeline with respect to recruiting advisors, winning corporate partnerships and even M&A opportunities.

IDC WIN, our MGA business, had another positive quarter; however, as with the first quarter, it could not match the record high sales achieved throughout 2021. We believe 2021 benefitted partially from some catch-up in insurance sales from the early pandemic-induced, industry-wide slowdown in the first three quarters of 2020. Yet while our insurance sales in 2022 remain behind the blistering pace of 2021, they look quite strong relative to years prior. We continue to have success in the recruitment of advisors with strong track records of production, and we are increasingly viewed as a desirable strategic partner, as we are continuously in contact with groups contemplating the sale of their smaller MGA businesses. It is important to remember that roughly 60% of our MGA's revenues are recurring commission payments, of which the vast majority are earned on the renewal of insurance policies sold in prior years. In order for us to realize this revenue, insured clients must continue paying their premiums, and hence a major focus of IDC WIN is on maintaining our historical high persistency in renewals.

Going forward, we will be focusing on all aspects of our MGA operation in order to generate more operational efficiencies. In Quebec, we continue to integrate our acquired businesses, and can report that things are progressing as planned. At June 30, 2022, IDC WIN's total AUA was $7.9 billion, consisting mainly of segregated fund assets, a 10% decline from $8.8 billion at the end of Q1. Predictably, sales of segregated funds have slowed, but remain in positive territory. We believe that we have built a very comprehensive national MGA, including through our continuing efforts to build Quebec into a strong regional contributor to the overall business.

Serving high-net-worth and ultra-high-net-worth clients, our Private Wealth business includes our “Outsourced Chief Investment Officer” (“OCIO”) operation Guardian Partners Inc. (“GPI”), Guardian Capital Advisors LP (“GCA”) and Alexandria Bancorp Limited (“ABL”). At June 30, 2022, our Private Wealth operations had a total of $4.0 billion of AUM and $3.9 billion of AUA. Our goal in Private Wealth is to offer increasing depth of services to high-net-worth and ultra-high-net-worth clients, and we are very optimistic about the opportunity amongst both this demographic and the advisory/family office segment of the market. Last year saw our acquisition of GPI, and before the second quarter of 2022 ended, we announced an agreement to acquire 60% of The RaeLipskie Partnership, a private wealth management firm based in Waterloo, Ontario with assets under management in excess of C$1.0 billion; the firm has provided professional investment management for high-net-worth clients since 1989. The acquisition is expected to receive regulatory approval and close in the third quarter. We will continue to invest in the Private Wealth area, as we believe this business is synergistic to our existing investment management businesses and allows us to provide a continuum of services to a spectrum of wealthy clients.

Corporate Securities

In addition to our core operating segments of Investment Management and Wealth Management, steady and reliable investment income from our corporate securities portfolio has been a meaningful contributor to Guardian’s profitability and long-term financial health. At quarter’s end, our investment portfolio was valued at $652 million, down from $741 million in Q1 and $752 million at the end of 2021. We received dividend and interest income of approximately $5.9 million from those investments in the quarter.

During the current quarter, we sold 40,000 shares, or $5.3 million worth of Bank of Montreal (“BMO”) shares, resulting in a quarter-end position of 2,230,000 shares. Our holding of BMO stock has historically provided an important source of dividend income. However, it’s contribution to our overall profitability has been decreasing, as our cash flows from our operating businesses have grown stronger over the last decade, and we have been diversifying our investment portfolio largely into higher-growth, but generally lower-yielding, proprietary investments. In the current quarter, BMO dividends contributed $3.0 million to Guardian revenues, roughly flat with the first quarter. We also note that BMO has announced a plan to increase dividends by 5% in Guardian’s third quarter following a 23% increase in our first quarter. At June 30, Guardian’s holding of BMO shares represented roughly 42% of our investment portfolio, down from 45% in Q1.

The balance of our investment portfolio is invested largely in Global, Emerging Market and US Equity strategies managed by various in-house portfolio management teams, short-term fixed income securities, as well as smaller but still significant holdings in our Canadian direct real estate fund, Canadian Equity and Fixed Income portfolios and other public and private investments. We will continue to utilize our balance sheet to seed new strategies and to support growth in our respective operating business segments.

Overall, we believe that we have ample capacity to fund any future demand for seeding of proprietary strategies and their respective investment vehicles, as well as any future operating business unit cash needs, corporate acquisitions or buybacks of Guardian stock under our normal course issuer bid, through a combination of: further sale of BMO shares, corporate cash flows and the use of borrowings.

Capital Allocation

Quality companies generate strong earnings and cash flows, and as we grow these financial metrics, Guardian is committed to balancing the distribution of our cash flows between investing sufficient funds into the business for future growth and returning an ever-increasing amount of cash to its shareholders. In the second quarter of 2022, Guardian returned roughly $6.3 million to shareholders through dividends amid a meaningful increase of the dividend-per-share payout, from $0.18 last year to $0.24 currently. Additionally, $18 million was returned to shareholders in the quarter, as we purchased 550,000 shares for cancellation as part of our normal course issuer bid. Guardian has historically focused on, and will continue to allocate its cash flow to, a combination of growth initiatives, dividend increases and share buybacks. Guardian’s management team and Board of Directors remain committed to our buyback program, and feel that buying our shares has neither diminished the quality of our balance sheet nor affected our company’s ability to invest in future growth initiatives. We expect that if the public market continues to discount the value of our shares relative to our estimates of their intrinsic valuation, we will continue to be meaningful acquirers of those shares under our Normal Course Issuer Bid. With strong, growing cash flow and a fortress of a balance sheet, we are in the enviable position of being able to balance the needs of all stakeholders, including our clients, associates and shareholders. With regard to dividends, the Board is pleased to report that we have declared another quarterly dividend of $0.24 per share, payable on October 18, 2022 to the shareholders of record on October 18, 2022.

Our core values at Guardian are to be Trustworthy, to act with Integrity and to ensure Stability throughout the organization. We have defined our corporate mission as “Enriching Lives Together”, which represents our commitment to having a positive impact on all of our stakeholders; not by simply improving financial situations, but also by providing less tangible, yet ultimately significant benefits to both those stakeholders and to society at large. Clients, shareholders, employees, partners and other stakeholders of Guardian should be assured that, from top to bottom, our organization seriously embraces the responsibilities with which we are entrusted, and we are continuously striving to improve all aspects of how we do business. Consistently delivering on our stated objectives, along with the balancing of all stakeholders’ interests through both good and challenging times, are further measures of the quality of institution we expect Guardian to represent. As long as we continue to live up to these expectations, all of our stakeholders should expect to benefit from our successes.

On behalf of the Board,

(signed) “James Anas”

Chairman of the Board

August 11, 2022

(signed) “George Mavroudis”

President and Chief Executive Officer

CONSOLIDATED BALANCE SHEETS (Unaudited)

As at *($ in thousands)*	**June 30 2022**	December 31 2021
ASSETS		
Current assets		
Cash	$ 66,488	$ 77,081
Interest-bearing deposits with banks	60,292	54,510
Accounts receivable and other	73,524	77,570
Receivables from clients and broker	96,385	89,356
Income taxes receivable	12,657	10,425
Securities backing third party investor liabilities (note 3)	80,612	115,626
	389,958	424,568
Securities (note 4)	650,671	751,885
Other assets		
Deferred tax assets	832	792
Intangible assets	173,612	168,213
Equipment	15,109	16,574
Goodwill	67,246	66,643
	256,799	252,222
Total assets	$ 1,297,428	$ 1,428,675
LIABILITIES		
Current liabilities		
Bank loans and borrowings (note 5)	$ 131,158	$ 114,873
Third party investor liabilities (note 3)	80,612	115,626
Client deposits	55,148	53,451
Accounts payable and accrued liabilities (note 6)	115,822	104,763
Lease obligations	2,987	3,116
Income taxes payable	507	1,690
Payable to clients	96,385	89,356
	482,619	482,875
Lease obligations	10,204	11,275
Other liabilities (note 6)	7,663	31,299
Deferred tax liabilities	42,071	50,649
Total liabilities	542,557	576,098
EQUITY		
Shareholders' equity		
Capital stock (note 7a and 7b)	17,628	18,067
Treasury stock (note 8a)	(35,569)	(31,712)
Contributed surplus	26,235	25,106
Retained earnings	726,010	822,195
Accumulated other comprehensive income	8,613	4,864
	742,917	838,520
Other equity interests	11,954	14,057
Total equity	754,871	852,577
Total liabilities and equity	$ 1,297,428	$ 1,428,675

See accompanying selected explanatory notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (Unaudited)

For the periods ended June 30,	**Three months**		**Six months**	
($ in thousands, except per share amounts)	**2022**	2021	**2022**	2021
Revenue				
Commission revenue	**$ 49,973**	$ 48,010	**$ 101,029**	$ 94,489
Commissions paid to advisors	**(30,638)**	(29,622)	**(62,762)**	(58,071)
Net commission revenue	**19,335**	18,388	**38,267**	36,418
Management and advisory fees, gross	**45,123**	44,000	**93,113**	83,725
Fees paid to referring agents and other	**(1,777)**	(1,969)	**(3,693)**	(3,794)
Net management and advisory fees	**43,346**	42,031	**89,420**	79,931
Administrative services income	**4,630**	4,541	**9,333**	9,193
Dividend and interest income (note 9)	**6,798**	5,000	**12,154**	9,112
Net revenue	**74,109**	69,960	**149,174**	134,654
Expenses				
Employee compensation and benefits	**34,489**	31,393	**70,604**	61,618
Amortization	**6,569**	5,183	**12,210**	10,157
Interest	**840**	351	**1,448**	696
Other expenses	**15,054**	11,834	**28,389**	23,480
	56,952	48,761	**112,651**	95,951
Operating earnings	**17,157**	21,199	**36,523**	38,703
Net gains (losses) (note 10)	**(90,128)**	56,467	**(98,110)**	98,438
Earnings (loss) before taxes	**(72,971)**	77,666	**(61,587)**	137,141
Income tax expense (recovery)	**(4,747)**	10,835	**822**	19,449
Net earnings (loss)	**$ (68,224)**	$ 66,831	**$ (62,409)**	$ 117,692
Other comprehensive income (loss)				
Net change in foreign currency translation on foreign subsidiaries	**8,844**	(5,662)	**4,337**	(10,174)
Comprehensive income (loss)	**$ (59,380)**	$ 61,169	**$ (58,072)**	$ 107,518
Net earnings (loss) attributable to:				
Shareholders	**$ (69,698)**	$ 65,138	**$ (65,436)**	$ 114,763
Non-controlling interests	**1,474**	1,693	**3,027**	2,929
	$ (68,224)	$ 66,831	**$ (62,409)**	$ 117,692
Net earnings (loss) attributable to shareholders per Class A and Common share (note 11)				
Basic	**$ (2.85)**	$ 2.59	**$ (2.68)**	$ 4.53
Diluted	**(2.85)**	2.42	**(2.68)**	4.24
Comprehensive income (loss) attributable to:				
Shareholders	**$ (61,763)**	$ 59,909	**$ (61,687)**	$ 105,422
Non-controlling interests	**2,383**	1,260	**3,615**	2,096
Comprehensive income (loss)	**$ (59,380)**	$ 61,169	**$ (58,072)**	$ 107,518

See accompanying selected explanatory notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EQUITY (Unaudited)

For the periods ended June 30,	Three months		Six months	
($ in thousands)	**2022**	2021	**2022**	2021
Total equity, beginning of period	**$ 797,572**	$ 754,690	**$ 852,577**	$ 717,707
Shareholders' equity, beginning of period	**781,334**	737,363	**838,520**	699,610
Capital stock, beginning of period	**18,023**	18,599	**18,067**	18,634
Acquired and cancelled (note 7c)	**(395)**	(310)	**(439)**	(345)
Capital stock, end of period	**17,628**	18,289	**17,628**	18,289
Treasury stock, beginning of period	**(35,328)**	(32,206)	**(31,712)**	(29,511)
Acquired (note 8a)	**(1,999)**	--	**(5,965)**	(3,360)
Disposed of (note 8a)	**1,758**	500	**2,108**	1,165
Treasury stock, end of period	**(35,569)**	(31,706)	**(35,569)**	(31,706)
Contributed surplus, beginning of period	**25,511**	22,802	**25,106**	22,136
Stock-based compensation expense	**1,026**	762	**1,781**	1,428
Redemption of equity-based entitlements	**(302)**	--	**(652)**	--
Contributed surplus, end of period	**26,235**	23,564	**26,235**	23,564
Retained earnings, beginning of period	**819,520**	724,952	**822,195**	681,023
Net earnings (loss)	**(69,698)**	65,138	**(65,436)**	114,763
Dividends declared and paid (note 7d)	**(6,284)**	(4,813)	**(10,977)**	(9,087)
Capital stock acquired and cancelled (note 7c)	**(17,528)**	(13,088)	**(19,772)**	(14,510)
Retained earnings, end of period	**726,010**	772,189	**726,010**	772,189
Accumulated other comprehensive income, beginning of period	**678**	3,216	**4,864**	7,328
Other comprehensive income (loss)	**7,935**	(5,229)	**3,749**	(9,341)
Accumulated other comprehensive income, end of period	**8,613**	(2,013)	**8,613**	(2,013)
Shareholders' equity, end of period	**742,917**	780,323	**742,917**	780,323
Other equity interests, beginning of period	**12,448**	17,327	**14,057**	18,097
Non-controlling interests, beginning of period	**44,263**	43,832	**45,356**	44,184
Net earnings	**1,474**	1,693	**3,027**	2,929
Other comprehensive income (loss)	**909**	(433)	**588**	(833)
Dividends declared and paid	**(918)**	(1,035)	**(3,243)**	(2,223)
Non-controlling interests, end of period	**45,728**	44,057	**45,728**	44,057
Obligations to non-controlling interests, beginning of period	**(31,815)**	(26,505)	**(31,299)**	(26,087)
Change during period	**(1,959)**	(419)	**(2,475)**	(837)
Obligations to non-controlling interests, end of period	**(33,774)**	(26,924)	**(33,774)**	(26,924)
Other equity interests, end of period	**11,954**	17,133	**11,954**	17,133
Total equity, end of period	**$ 754,871**	$ 797,456	**$ 754,871**	$ 797,456

See accompanying selected explanatory notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW (Unaudited)

For the periods ended June 30,	Three months		Six months	
($ in thousands)	**2022**	2021	**2022**	2021
Operating activities				
Net earnings (loss)	**$ (68,224)**	$ 66,831	**$ (62,409)**	$ 117,692
Adjustments for:				
Income taxes (paid)	**(6,279)**	(5,327)	**(12,104)**	(7,960)
Income tax expense (recovery)	**(4,747)**	10,835	**822**	19,449
Net (gains) losses	**90,128**	(56,467)	**98,110**	(98,438)
Amortization of intangible assets	**5,408**	4,001	**9,919**	7,912
Amortization of equipment	**1,161**	1,182	**2,291**	2,245
Stock-based compensation	**1,026**	762	**1,781**	1,428
Other non-cash expenses	**12**	12	**24**	24
	18,485	21,829	**38,434**	42,352
Net change in non-cash working capital items (note 13)	**9,188**	4,533	**(11,453)**	(9,933)
Net cash from operating activities	**27,673**	26,362	**26,981**	32,419
Investing activities				
Net (acquistion) disposition of securities	**3,324**	9,735	**(39)**	22,608
Income taxes (paid)	**(757)**	(2,936)	**(757)**	(14,928)
Net (acquisition) of securities backing third party investor liabilities	**(700)**	(20,238)	**(2,840)**	(38,343)
Acquisition of intangible assets	**(12,179)**	(2,899)	**(15,402)**	(4,848)
Acquisition of equipment	**(226)**	(96)	**(321)**	(354)
Disposition of intangible assets	**1,991**	653	**4,247**	1,325
Acquisition of subsidiaries (note 15)	**--**	--	**--**	(8,819)
Net cash used in investing activities	**(8,547)**	(15,781)	**(15,112)**	(43,359)
Financing activities				
Dividends paid to shareholders	**(6,284)**	(4,813)	**(10,977)**	(9,087)
Dividends paid to non-controlling interests	**(918)**	(1,035)	**(3,243)**	(2,223)
Acquisition and cancellation of capital stock	**(17,923)**	(13,398)	**(20,211)**	(14,855)
Acquisition of treasury stock	**(1,999)**	--	**(5,965)**	(3,360)
Disposition of treasury stock	**1,456**	500	**1,456**	1,165
Net proceeds (repayments) of bank loan and bankers' acceptances	**(4,095)**	(1,021)	**20,626**	17,029
Principal payments on lease obligations	**(744)**	(668)	**(1,494)**	(1,310)
Net subscriptions by third party investors	**700**	20,238	**2,840**	38,343
Net cash from (used in) investing activities	**(29,807)**	(197)	**(16,968)**	25,702
Foreign exchange				
Net effect of foreign exchange rate changes on cash balances	**(261)**	(309)	**(899)**	(455)
Net change in net cash	**(10,942)**	10,075	**(5,998)**	14,307
Net cash, beginning of period	**49,831**	32,704	**44,887**	28,472
Net cash, end of period	**$ 38,889**	$ 42,779	**$ 38,889**	$ 42,779
Net cash represented by:				
Cash			**$ 66,488**	$ 53,297
Bank indebtedness			**(27,596)**	(10,518)
			$ 38,892	$ 42,779

See accompanying selected explanatory notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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 3100, 199 Bay Street, Toronto, Ontario. Guardian, through its subsidiaries, provides investment and wealth management services to a wide range of clients in Canada and abroad, and maintains and manages a proprietary investment portfolio.

2. ACCOUNTING POLICIES

(a) Basis of Preparation

These unaudited consolidated interim financial statements include the accounts of Guardian and its subsidiaries (together, the "Company") and have been prepared under International Financial Reporting Standards ("IFRS"), in compliance with International Accounting Standard 34, *Interim Financial Reporting*, using the same accounting policies as those used in the Company's consolidated financial statements for the year ended December 31, 2021. Certain information and disclosure normally included in annual financial statements prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed in these consolidated interim financial statements. These consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2021, which are included in the Company's 2021 annual report.

These consolidated interim 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.

Certain reclassifications have been made in the 2021 comparative financial information in order to conform to the current period's presentation. In analyzing certain of its results by geographic segments in note 12 (b), the Company further subdivided the non-domestic geographies into more meaningful sub-groups.

These consolidated interim financial statements were authorized for issuance by the Board of Directors of Guardian on August 11, 2022.

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

Securities backing third party investor liabilities represent the third party investors' proportionate interests in the assets of consolidated investment funds. These securities are classified as fair value through the profit or loss and are categorized as Level 1, based upon the fair value hierarchy.

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 are classified as fair value through the profit or loss and are categorized as Level 1, based upon the fair value hierarchy.

4. SECURITIES

(a) Classification of securities

An analysis of the Company's securities by classifications and by the type of security is as follows:

As at		June 30 2022		December 31 2021
Fair value through profit or loss:				
Short-term securities (i)	$	**8,921**	$	8,459
Fixed-income securities (i)		**16,482**		19,357
Bank of Montreal common shares (ii)		**276,007**		308,834
Other equity securities (i) (iii)		**313,346**		387,019
Canadian real estate (i) (iii)		**35,915**		28,216
	$	**650,671**	$	751,885

(i) These securities may include units of investment funds in addition to individual securities.

(ii) The sales of Bank of Montreal common shares during the periods are as follows:

For the periods ended June 30,		Three months 2022		Three months 2021		Six months 2022		Six months 2021
Number of shares sold		**40**		30		**40**		30
Proceeds of disposition	$	**5,321**	$	3,819	$	**5,321**	$	3,819

(iii) The Company's outstanding capital commitments for future investments are as follows:

For the periods ended June 30,	Three months		Six months	
	2022	2021	**2022**	2021
Canadian real estate fund managed by subsidiary				
Commitment, beginning of period	**$ 12,275**	$ 13,875	**$ 13,718**	$ 13,875
Called capital	**(6,177)**	--	**(7,620)**	--
Commitment, end of period	**6,098**	13,875	**6,098**	13,875
Private equity fund				
Commitment, beginning of period	**12,924**	17,731	**13,475**	8,320
Called capital	**(324)**	(1,477)	**(765)**	(4,687)
New commitments	**--**	--	**--**	12,621
Foreign exchange	**318**	(222)	**208**	(222)
Commitment, end of period	**12,918**	16,032	**12,918**	16,032
	$ 19,016	$ 29,907	**$ 19,016**	$ 29,907

(b) Fair value hierarchy
The Company's securities, carried at fair value, have been categorized based upon a fair value hierarchy, as follows:

As at	**June 30 2022**	December 31 2021
Level 1	**$ 536,553**	$ 636,555
Level 2	**78,315**	77,818
Level 3	**35,803**	37,512
	$ 650,671	$ 751,885

Level 2 securities include investments in certain investment funds and are valued using the published net asset value of each fund. During 2022 and 2021, there have been no transfers of securities between Levels.

(c) Analysis of Level 3 securities
The change in the fair value of Level 3 securities is as follows:

For the periods ended June 30,	Three months		Six months	
	2022	2021	**2022**	2021
Securities categorized as Level 3, beginning of period	**$ 36,245**	$ 22,669	**$ 37,512**	$ 16,558
Increase (decrease) in fair value	**(987)**	3,264	**(2,600)**	6,279
Additions	**324**	1,477	**765**	4,687
Foreign exchange translation adjustments	**221**	(128)	**126**	(242)
	$ 35,803	$ 27,282	**$ 35,803**	$ 27,282

5. BANK LOANS AND BORROWINGS

Bank loans and borrowings are composed of the following:

As at		**June 30 2022**	December 31 2021
Bank indebtedness		**$ 27,596**	$ 32,194
Bankers' acceptances payable:	Canadian dollar	**93,500**	67,900
	US dollar	**10,062**	14,779
		$ 131,158	$ 114,873

The total borrowing capacity, under various borrowing facilities, is $175,000 (December 31, 2021 - $165,000). The interest rate on bank indebtedness is prime plus 0.40%. The bankers' acceptances have maturities of one month or less and bear interest at rates negotiated in the bankers' acceptance market plus 0.50% and 1.40% for Canadian dollar borrowings. US dollar borrowings bear interest at LIBOR plus 1.40%. During the first quarter, the Company negotiated a credit limit increase from $35,000 to $45,000 on one of the facilities. All other terms remained unchanged.

6. OTHER LIABILITIES

Other liabilities are comprised of the following:

As at		June 30 2022		December 31 2021
Current (included in accounts payable and other):				
Acquistion related (i)	$	5,143	$	5,343
Obligations to non-controlling interests (ii)		27,111		--
		32,254		5,343
Non-current:				
Obligations to non-controlling interests (ii)		6,663		31,299
Other		1,000		--
		7,663		31,299
	$	39,917	$	36,642

i) This is a deferred amount owed by the Company relating to a completed acquisition.

ii) These are obligations of the Company to purchase the portion of certain subsidiaries which it does not wholly own, should the non-controlling shareholders exercise their option to sell their holdings to the Company. These liabilities relate to future transactions with non-controlling interest, acting in their capacity as owners, therefore all changes in fair values of these obligations are reflected in the statement of equity.

7. 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

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

For the three months ended June 30,	2022			2021		
	Shares		Amount	Shares		Amount
Class A shares						
Outstanding, beginning of period	24,143	$	17,359	24,805	$	17,902
Acquired and cancelled	(550)		(395)	(428)		(310)
Converted from Common	--		--	137		33
Outstanding, end of period	23,593		16,964	24,514		17,625
Common shares						
Outstanding, beginning of period	2,749		664	2,886		697
Converted into Class A	--		--	(137)		(33)
Outstanding, beginning and end of period	2,749		664	2,749		664
Total outstanding, end of period	26,342	$	17,628	27,263	$	18,289

For the six months ended June 30,	2022			2021		
	Shares		Amount	Shares		Amount
Class A shares						
Outstanding, beginning of period	24,204	$	17,403	24,845	$	17,935
Acquired and cancelled	(611)		(439)	(477)		(345)
Converted from Common	--		--	146		35
Outstanding, end of period	23,593		16,964	24,514		17,625
Common shares						
Outstanding, beginning of period	2,749		664	2,895		699
Converted into Class A	--		--	(146)		(35)
Outstanding, end of period	2,749		664	2,749		664
Total outstanding, end of period	26,342	$	17,628	27,263	$	18,289

(c) Issuer bid

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

For the periods ended June 30,	Three months		Six months	
	2022	2021	**2022**	2021
Shares purchased and cancelled				
Class A	**550**	428	**611**	477
Consideration paid	**$ 17,923**	$ 13,398	**$ 20,211**	$ 14,855
Less average issue price, charged to share capital	**395**	310	**439**	345
Excess consideration charged to retained earnings	**$ 17,528**	$ 13,088	**$ 19,772**	$ 14,510

A summary of the current NCIB, which commenced on November 21, 2021 and expires on November 20, 2022, is as follows:

	Common	Class A
Authorized limit available	**137**	**1,706**
Purchased by the Employee Profit Sharing Plan Trust	**--**	**(155)**
Purchased and cancelled	**--**	**(621)**
Remaining limit available	**137**	**930**

(d) Dividends

The dividends the Company declared and paid on the common and Class A shares outstanding are as follows:

For the periods ended June 30,	Three months		Six months	
	2022	2021	**2022**	2021
Dividends declared and paid, per share	**$ 0.24**	$ 0.18	**$ 0.42**	$ 0.34

The Company has also declared dividends of $0.24 per share payable on each of July 18, 2022 and October 18, 2022, on the common and class A shares outstanding. These dividends, which will be recognized on the record dates, have not been reflected in these financial statements.

8. TREASURY STOCK

The Company provides stock-based entitlements to certain senior employees of the Company through an Employee Profit Sharing Plan Trust (the "EPSP Trust"). The EPSP Trust purchases and holds shares of the Company related to the 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 from 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 three months ended June 30,	2022		2021	
	Shares	**Amount**	Shares	Amount
Balance, beginning of period	**2,291**	**$ 35,328**	2,287	$ 32,206
Acquired	**55**	**1,999**	--	--
Disposed	**(215)**	**(1,758)**	(74)	(500)
Balance, end of period	**2,131**	**$ 35,569**	2,213	$ 31,706

For the six months ended June 30,	2022		2021	
	Shares	**Amount**	Shares	Amount
Balance, beginning of period	**2,212**	**$ 31,712**	2,234	$ 29,511
Acquired	**155**	**5,965**	121	3,360
Disposed	**(236)**	**(2,108)**	(142)	(1,165)
Balance, end of period	**2,131**	**$ 35,569**	2,213	$ 31,706

As at June 30, 2022, the treasury stock was composed of 30 common shares (December 31, 2021 – 30) and 2,101 class A shares (December 31, 2021 – 2,182).

(b) Equity-based entitlements

Equity-based entitlements allow the employees to purchase 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 periods ended June 30,	Three months		Six months	
	2022	2021	**2022**	2021
Equity-based entitlements, beginning of period	**1,412**	1,332	**1,333**	1,209
Provided	**55**	--	**155**	123
Exercised	**(45)**	--	**(66)**	--
Equity-based entitlements, end of period	**1,422**	1,332	**1,422**	1,332

During the three and six month periods ended June 30, 2022, the equity-based entitlements provided had a fair value of $2,000 and $5,966 respectively (2021 - $ nil and $3,425).

Equity-based entitlements are valued at the fair market value of the shares purchased by the EPSP Trust on the date of the provision of the entitlement. This value is recorded by the Company as compensation cost over the vesting period, and is credited to contributed surplus. On exercise of an entitlement, treasury stock and contributed surplus are reduced for the value of the entitlement exercised.

(c) Option-like entitlements

The option-like entitlements allow the employees to purchase shares of the Company from the EPSP Trust for an amount that is equal to the amount of borrowings 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 option-like entitlements is as follows:

For the three months ended June 30,	2022		2021	
	Shares	**Weighted average exercise price per share**	Shares	Weighted average exercise price per share
Option-like entitlements, beginning of period	**879**	**$ 9.87**	955	$ 9.63
Exercised	**(170)**	**8.53**	(74)	6.76
Option-like entitlements, beginning and end of period	**709**	**$ 10.20**	881	$ 9.87

For the six months ended June 30,	2022		2021	
	Shares	**Weighted average exercise price per share**	Shares	Weighted average exercise price per share
Option-like entitlements, beginning of period	**879**	**$ 9.87**	1,023	$ 9.64
Exercised	**(170)**	**8.53**	(142)	9.82
Option-like entitlements, end of period	**709**	**$ 10.20**	881	$ 9.87

No option-like entitlements were provided in 2022 or 2021.

These entitlements 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.

9. DIVIDEND AND INTEREST INCOME

Dividend and interest income is composed of the following:

For the periods ended June 30,	Three months		Six months	
	2022	2021	**2022**	2021
Dividends on Bank of Montreal shares	**$ 3,019**	$ 2,438	**$ 6,038**	$ 4,876
Other dividends	**2,731**	2,145	**4,562**	3,507
Dividend income	**5,750**	4,583	**10,600**	8,383
Operating activities	**924**	327	**1,351**	535
Investing activities	**124**	90	**203**	194
Interest income	**1,048**	417	**1,554**	729
	$ 6,798	$ 5,000	**$ 12,154**	$ 9,112

10. NET GAINS (LOSSES)

Net gains (losses) are composed of the following:

For the periods ended June 30,	Three months 2022	Three months 2021	Six months 2022	Six months 2021
Bank of Montreal common shares	$ (52,588)	$ 34,647	$ (27,504)	$ 69,814
Other securities	(40,651)	21,015	(75,899)	26,932
Net gains (losses) on securities (i)	(93,239)	55,662	(103,403)	96,746
Disposal of intangible assets	1,368	510	3,046	1,157
Foreign exchange gains (ii)	1,743	295	2,247	535
	$ (90,128)	$ 56,467	$ (98,110)	$ 98,438

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

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

11. CALCULATIONS OF EARNINGS (LOSS) PER SHARE

The calculations of net earnings (loss) per share are based on the following number of shares and net earnings:

For the periods ended June 30,	Three months 2022	Three months 2021	Six months 2022	Six months 2021
Weighted average number of Class A and common shares outstanding:				
Basic	24,430	25,195	24,437	25,332
Effects of outstanding entitlements from stock-based compensation plans	--	1,787	--	1,765
Diluted	24,430	26,982	24,437	27,097
Net earnings (loss) attributable to shareholders:				
Basic	$ (69,698)	$ 65,138	$ (65,436)	$ 114,763
Effects of outstanding entitlements from stock-based compensation plans	--	55	--	107
Diluted	$ (69,698)	$ 65,193	$ (65,436)	$ 114,870

12. BUSINESS SEGMENTS

The Company operates in the following three main business segments: a) Investment Management, which primarily involves earning management fees relating to investment management services provided to clients; b) Wealth Management, which primarily involves earning investment management and advisory fees for such services to high and ultra-high net worth clients, earning transactional and continuing commissions on life insurance products, mutual funds and other securities and other fees for related services; and c) 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 tables disclose certain information about the Company's operations by business segment:

For the three months ended June 30,	Investment Management		Wealth Management		Corporate Activities and Investments		Inter-Segment Transactions		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue										
Commission revenue	$ --	$ --	$ 50,755	$ 48,695	$ --	$ --	$ (782)	$ (685)	$ 49,973	$ 48,010
Commissions paid to advisors	--	--	(30,638)	(29,622)	--	--	--	--	(30,638)	(29,622)
Net commission revenue	--	--	20,117	19,073	--	--	(782)	(685)	19,335	18,388
Management fees	37,638	35,923	8,149	8,718	--	--	(664)	(641)	45,123	44,000
Fees paid to referring agents	(1,254)	(1,029)	(1,521)	(1,887)	--	--	998	947	(1,777)	(1,969)
Net management fees	36,384	34,894	6,628	6,831	--	--	334	306	43,346	42,031
Administrative services income	1,268	1,151	3,300	3,373	18	17	44	--	4,630	4,541
Dividend and interest income	12	--	992	350	5,709	4,527	85	123	6,798	5,000
Net revenue	37,664	36,045	31,037	29,627	5,727	4,544	(319)	(256)	74,109	69,960
Expenses										
Employee comp. & benefits	18,986	17,395	13,025	12,801	2,478	1,197	--	--	34,489	31,393
Amortization	2,247	1,765	4,023	3,110	299	308	--	--	6,569	5,183
Interest	49	41	139	101	688	227	(36)	(18)	840	351
Other expenses	7,090	5,587	7,317	5,857	930	628	(283)	(238)	15,054	11,834
	28,372	24,788	24,504	21,869	4,395	2,360	(319)	(256)	56,952	48,761
Operating earnings	9,292	11,257	6,533	7,758	1,332	2,184	--	--	17,157	21,199
Net gains (losses)	1,423	(142)	1,482	624	(93,033)	55,985	--	--	(90,128)	56,467
Net earnings (loss) before income taxes	10,715	11,115	8,015	8,382	(91,701)	58,169	--	--	(72,971)	77,666
Income tax expense (recovery)	2,080	2,554	2,327	2,262	(9,154)	6,019	--	--	(4,747)	10,835
Net earnings (loss)	$ 8,635	$ 8,561	$ 5,688	$ 6,120	$ (82,547)	$ 52,150	$ --	$ --	$ (68,224)	$ 66,831
Net earnings (loss) attributable to:										
Shareholders	$ 7,943	$ 7,886	$ 4,906	$ 5,102	$ (82,547)	$ 52,150	$ --	$ --	$ (69,698)	$ 65,138
Non-controlling interests	692	675	782	1,018	--	--	--	--	1,474	1,693
	$ 8,635	$ 8,561	$ 5,688	$ 6,120	$ (82,547)	$ 52,150	$ --	$ --	$ (68,224)	$ 66,831
Additions to segment assets:										
Intangible assets	$ 304	$ 383	$ 11,875	$ 2,456	$ --	$ 27	$ --	$ --	$ 12,179	$ 2,866
Equipment	56	56	15	815	168	991	--	--	239	1,862
Goodwill	--	--	--	--	--	--	--	--	--	--

As at June 30, 2022 and December 31, 2021	Investment Management		Wealth Management		Corporate Activities and Investments		Inter-Segment Transactions		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Segment assets and liabilities:										
Assets	$ 199,952	$ 196,356	$ 362,491	$ 356,949	$ 777,819	$ 932,162	$ (42,834)	$ (56,792)	$ 1,297,428	$ 1,428,675
Liabilities	90,725	92,266	242,645	263,343	252,021	277,281	(42,834)	(56,792)	542,557	576,098

For the six months ended June 30,	Investment Management 2022	Investment Management 2021	Wealth Management 2022	Wealth Management 2021	Corporate Activities and Investments 2022	Corporate Activities and Investments 2021	Inter-Segment Transactions 2022	Inter-Segment Transactions 2021	Consolidated 2022	Consolidated 2021
Revenue										
Commission revenue	$ --	$ --	$ 102,607	$ 95,852	$ --	$ --	$ (1,578)	$ (1,363)	$ 101,029	$ 94,489
Commissions paid to advisors	--	--	(62,762)	(58,071)	--	--	--	--	(62,762)	(58,071)
Net commission revenue	--	--	39,845	37,781	--	--	(1,578)	(1,363)	38,267	36,418
Management and advisory fees	77,441	69,044	17,073	15,913	--	--	(1,401)	(1,232)	93,113	83,725
Fees paid to referring agents	(2,510)	(2,217)	(3,224)	(3,455)	--	--	2,041	1,878	(3,693)	(3,794)
Net management and advisory fees	74,931	66,827	13,849	12,458	--	--	640	646	89,420	79,931
Administrative services income	2,582	2,386	6,647	6,774	34	33	70	--	9,333	9,193
Dividend and interest income	13	1	1,457	577	10,501	8,325	183	209	12,154	9,112
Net revenue	77,526	69,214	61,798	57,590	10,535	8,358	(685)	(508)	149,174	134,654
Expenses										
Employee comp. & benefits	39,135	33,881	26,806	24,941	4,663	2,796	--	--	70,604	61,618
Amortization	4,232	3,551	7,377	5,984	601	622	--	--	12,210	10,157
Interest	108	84	252	201	1,152	444	(64)	(33)	1,448	696
Other expenses	13,393	10,827	14,083	11,944	1,534	1,184	(621)	(475)	28,389	23,480
	56,868	48,343	48,518	43,070	7,950	5,046	(685)	(508)	112,651	95,951
Operating earnings	20,658	20,871	13,280	14,520	2,585	3,312	--	--	36,523	38,703
Net gains (losses)	1,613	(349)	3,225	1,336	(102,948)	97,451	--	--	(98,110)	98,438
Net earnings (loss) before income taxes	22,271	20,522	16,505	15,856	(100,363)	100,763	--	--	(61,587)	137,141
Income tax expense (recovery)	4,497	4,373	4,727	4,350	(8,402)	10,726	--	--	822	19,449
Net earnings (loss)	$ 17,774	$ 16,149	$ 11,778	$ 11,506	$ (91,961)	$ 90,037	$ --	$ --	$ (62,409)	$ 117,692
Net earnings (loss) attributable to:										
Shareholders	$ 16,392	$ 14,806	$ 10,133	$ 9,920	$ (91,961)	$ 90,037	$ --	$ --	$ (65,436)	$ 114,763
Non-controlling interests	1,382	1,343	1,645	1,586	--	--	--	--	3,027	2,929
	$ 17,774	$ 16,149	$ 11,778	$ 11,506	$ (91,961)	$ 90,037	$ --	$ --	$ (62,409)	$ 117,692
Additions to segment assets										
Intangible assets	$ 841	$ 860	$ 14,561	$ 9,745	$ --	$ 27	$ --	$ --	$ 15,402	$ 10,632
Equipment	75	81	507	1,718	243	1,013	--	--	825	2,812
Goodwill	--	--	--	4,702	--	--	--	--	--	4,702

(b) Geographic segments

The Company's business units operate in various geographic regions. The Company attributes revenues generated by a business unit to the geographic region based on where that business unit resides. The following tables disclose certain information about the Company's operations by geography:

	Canada 2022	Canada 2021	United Kingdom 2022	United Kingdom 2021	USA and other 2022	USA and other 2021	Consolidated 2022	Consolidated 2021
For the three months ended June 30,								
Net revenue from external parties	$ 52,173	$ 48,469	$ 11,258	$ 11,247	$ 10,678	$ 10,243	$ 74,109	$ 69,959
For the six months ended June 30,								
Net revenue from external parties	$ 104,307	$ 94,472	$ 23,949	$ 20,437	$ 20,918	$ 19,744	$ 149,174	$ 134,653
As at June 30, 2022 and December 31, 2021								
Non-current assets:								
Intangible assets	$ 103,289	$ 85,312	$ 3,090	$ 3,764	$ 67,233	$ 75,874	$ 173,612	$ 168,213
Equipment	11,346	11,796	867	1,053	2,896	4,316	15,109	16,574
Goodwill	37,323	30,688	888	888	29,035	29,546	67,246	66,643

13. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

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

For the periods ended June 30,	Three months 2022	Three months 2021	Six months 2022	Six months 2021
Decrease (increase) in non-cash working capital assets:				
Interest-bearing deposits with banks	**$ 8,591**	$ 388	**$ (4,321)**	$ (3,159)
Accounts receivable and other	**(2,420)**	(3,927)	**2,762**	(4,011)
Receivables from clients and broker	**8,825**	14,884	**(7,029)**	17,493
Increase (decrease) in non-cash working capital liabilities:				
Client deposits	**(6,593)**	(495)	**258**	1,648
Accounts payable and accrued liabilities	**9,610**	8,567	**(10,152)**	(4,411)
Payable to clients	**(8,825)**	(14,884)	**7,029**	(17,493)
	$ 9,188	$ 4,533	**$ (11,453)**	$ (9,933)

14. FINANCIAL RISK MANAGEMENT

The Company's goal in managing financial risks 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. 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 $276,007 (December 31, 2021 – $308,834) investment in the Bank of Montreal shares, which represents 42% (December 31, 2021 – 41%) of the Company's securities. The Company monitors the investment in the Bank of Montreal shares on a continuous basis. A change in the price of the Bank of Montreal shares by 10% would result in gain or loss of $27,601 (December 31, 2021 - $30,883) being recorded in net gains (losses).

(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 is exposed to price risk with its investment in equity securities. Changes in the fair values of its securities are recognized in net gains (losses) and can have a significant impact on net earnings (loss) attributable to shareholders. This risk is managed through the use of professional in-house expertise, which takes a disciplined approach to investment management. The securities holdings, excluding the Bank of Montreal shares, are diversified by asset class and, as shown in the chart below, by geographical region. The chart also indicates the gain or loss which would be recognized in net earnings as a result of a 10% change in the market prices:

	Securities classified as fair value through the profit and loss	Gain or loss recognized from a 10% change in fair value
As at June 30, 2022		
Canada	**$ 49,787**	**±$ 4,979**
Rest of World	**299,474**	**29,947**
	$ 349,261	**±$ 34,926**
As at December 31, 2021		
Canada	$ 43,602	±$ 4,360
Rest of World	371,634	37,164
	$ 415,236	±$ 41,524

The price risk associated with Securities backing third party investor liabilities and Third party investor liabilities are equal to and offsetting. As a result, they have been excluded from the above analysis.

ii) Currency risk

Currency risk, the risk of a gain or loss resulting from changes in the price of a financial instrument due to changes in currency exchange rates, arises when the Company or one of its subsidiaries is 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	June 30 2022	December 31 2021
USD currency exposure:		
Bank loans and borrowings	**$ 10,062**	$ 14,779

The Company's currency risk is primarily related to the bankers' acceptance payable, which are denominated in USD. This risk associated with these borrowings is mitigated by the USD cash flows that are generated by the Company's foreign subsidiaries. A change in the CAD-USD exchange rate by +/-10% would result in a foreign exchange gain or loss of $1,006 (December 31, 2021 – $1,478) being recognized in net earnings.

From time to time, a foreign subsidiary may hold an unhedged position in financial instruments denominated 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 or decreased 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	June 30 2022	December 31 2021
Interest rate sensitive assets:		
Interest-bearing deposits with banks	$ 60,292	$ 54,510
Short term securities	8,921	8,459
Fixed-income securities	16,482	19,357
	$ 85,695	$ 82,326
Interest rate sensitive liabilities:		
Bank loans and borrowings	$ 131,158	$ 114,873
Client deposits	55,148	53,451
	$ 186,306	$ 168,324

The Company's most significant exposure to interest rate risk is through its bank loans and borrowings as detailed above. 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. The Company's investment in short-term securities partially offsets this risk.

The Company holds $16,482 (December 31, 2021 – $19,357) of fixed-income securities which are primarily investments in fixed-income securities that are managed by its investment management subsidiaries. The interest rate risk associated with these fixed-income securities is managed first by the Company, which selects appropriate fixed-income strategies for various interest rate environments, and then by the subsidiaries, which manages each strategies in accordance with their investment policies. 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 of a financial loss due to one party to a financial instrument failing to discharge its obligation to the Company. The Company's total credit risk exposure, without consideration of any collateral or other credit enhancements, is as outlined below:

As at	June 30 2022	December 31 2021
Cash	$ 66,488	$ 77,081
Interest-bearing deposits with banks	60,292	54,510
Accounts receivable and other	73,524	77,570
Receivables from clients and broker	96,385	89,356
Short-term securities	8,921	8,459
Fixed-income securities	16,482	19,357
	$ 322,092	$ 326,333

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 from customers, and the credit risk is low due to the nature of the Company's customers. The accounts receivable may also include amounts that the Company is owed from advisors for advances or commission reversals. The credit risk associated with these amounts is mitigated by management's review of the advisors' ability to repay the advances or commission reversals, particularly, before amounts are paid to the advisors. The credit exposure on Receivables from clients is offset with securities, which are held in the client margin accounts of the securities dealer subsidiary. There are controls on the amounts that these clients may borrow, depending upon the securities that are pledged. The credit risk associated with the Company's investment in fixed-income securities are managed by the periodic monitoring of the activities of the portfolio managers who, through diversification and credit quality reviews directly manages the credit risk associated with the investments. The short-term securities are government treasury bills, investments in money market funds, which hold government treasury bills or 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 from operations, maintaining a portfolio of liquid securities, and by arranging for significant borrowing facilities, which are secured by collateral, with two major Canadian banks. As at June 30, 2022, the Company had $43,842 available on its borrowing facilities with banks.

15. ACQUISITION

During the quarter, the Company entered into an agreement to acquire 60% interest in Rae & Lipskie Investment Counsel Inc. (operating as "The RaeLipskie Partnership"), a Waterloo, Ontario-based private wealth management firm with over $1.0 billion in assets under management. The transaction is expected to close in the third quarter of 2022, subject to regulatory approvals and other customary closing conditions. The purchase price for the 60% interest is $7,200 on closing, $1,800 due two years from closing, subject to various adjustments, and additional earn-outs over a five-year period from closing. The current employees of The RaeLipskie Partnership will retain the remaining 40% ownership interest. This strategic acquisition continues to expand and enhance Guardian's wealth management offering.

16. FINANCIAL STATEMENT REVIEW

These interim consolidated financial statements have not been reviewed by the Company's auditors.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In accordance with securities regulatory requirements, the discussion and analysis which follows for Guardian Capital Group Limited and its subsidiaries and other controlled entities ("Guardian") pertains to the three month period ended June 30, 2022 and the comparative period in the year 2021, as well as to certain other prior quarterly periods. Readers are encouraged to refer to the discussions and analyses contained in the 2021 Annual Report. This discussion and analysis has been prepared as of August 11, 2022

Additional information relating to Guardian and its business, including Guardian's Annual Information Form, is available on "SEDAR" at www.sedar.com.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

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

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

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

OVERVIEW OF GUARDIAN'S BUSINESS

Guardian is a diversified financial services company, which serves the investment and wealth management needs of a range of clients through its various business segments. The areas in which Guardian operates are: Investment Management, Wealth Management, and Corporate Activities and Investments. Guardian is headquartered in Canada and operates in Canada, the United Kingdom, the United States and the Caribbean. The Investment Management business is operated through the Toronto, Ontario-based Guardian Capital LP ("GCLP") and Guardian Smart Infrastructure Management Inc. ("GSIM"), the London, UK-based GuardCap Asset Management Limited ("GuardCap"), the Salt Lake City, Utah-based Alta Capital Management, LLC ("Alta") and the Richmond, Virginia-based Agincourt Capital Management LLC ("Agincourt"). The Wealth Management business is operated through the following businesses: Guardian Capital Advisors LP ("GCA") and Guardian Partners Inc. ("GPI"), which serve the wealth management and advisory needs of high- and ultra-high net worth clients; Worldsource Financial Management Inc. ("WFM"), a mutual fund dealer and Worldsource Securities Inc. ("WSI"), a securities dealer (together, the "Dealers"), which provide an independent platform for financial advisors to service their clients; IDC Worldsource Insurance Network Inc. ("IDC WIN"), a life insurance managing general agency ("MGA"), which provides insurance advisory services; Modern Advisor Canada Inc. ("Modern Advisor") which is a digital-advisory operation which also serves as the technology platform for Guardian's digital strategy; and Alexandria Bancorp Limited ("ABL"), a Caribbean-based international private bank serving the wealth management needs of international clients. At the end of the current quarter, Guardian had total client assets of $74.6, consisting of $46.9 billion in assets under management ("AUM") and $27.6 billion in assets under administration and advisement ("AUA"). In addition, Guardian has a diversified portfolio of securities, which had a fair value of $651 million at the end of the current quarter.

KEY EVENTS

During the quarter, Guardian entered into an agreement to acquire 60% interest in Rae & Lipskie Investment Counsel Inc. (operating as "The RaeLipskie Partnership"), a Waterloo, Ontario-based private wealth management firm with over $1 billion in assets under management. The transaction is expected to close in the third quarter of 2022, subject to regulatory approvals and other customary closing conditions. The purchase price for the 60% interest is $7.2 million on closing, $1.8 million due two years from closing, subject to various adjustments, and additional earn-outs over a five-year period from closing. The current employees of The RaeLipskie Partnership will retain the remaining 40% ownership interest. This strategic acquisition continues to expand and enhance Guardian's wealth management offering.

Guardian, through its subsidiaries, entered into a new ten-year strategic partnership arrangement with a key corporate partner of the Dealers business. Under the enhanced partnership, Guardian paid $7 million upon signing and agreed to pay an additional $3 million over the next two years. The arrangement entitles Guardian to be the exclusive provider of mutual fund dealer, securities dealer and insurance managing general agency platform for the client's advisors and branches and a strategic partner for investment solutions.

USE OF NON-IFRS MEASURES

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

CONSOLIDATED FINANCIAL RESULTS

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

For the periods ended June 30,	Three months		Six months	
($ in thousands, except per share amounts)	**2022**	2021	**2022**	2021
Net revenue	**$ 74,109**	$ 69,960	**$ 149,174**	$ 134,654
Expenses	**56,952**	48,761	**112,651**	95,951
Operating earnings	**17,157**	21,199	**36,523**	38,703
Net gains (losses)	**(90,128)**	56,467	**(98,110)**	98,438
Net earnings (loss) before income taxes	**(72,971)**	77,666	**(61,587)**	137,141
Income tax expense (recovery)	**(4,747)**	10,835	**822**	19,449
Net earnings (loss)	**$ (68,224)**	$ 66,831	**$ (62,409)**	$ 117,692
EBITDA	**$ 25,592**	$ 27,495	**$ 51,962**	$ 50,984
Adjusted cash flow from operations	**18,485**	21,829	**38,434**	42,352
Attributable to shareholders:				
Net earnings (loss)	**$ (69,698)**	$ 65,138	**$ (65,436)**	$ 114,763
EBITDA	**23,042**	24,708	**46,888**	45,919
Adjusted cash flow from operations	**16,218**	19,201	**33,973**	37,693
Per share amounts (diluted):				
Net earnings (loss)	**$ (2.85)**	$ 2.42	**$ (2.68)**	$ 4.24
EBITDA	**0.94**	0.92	**1.80**	1.70
Adjusted cash flow from operations	**0.63**	0.72	**1.31**	1.39

As at	**2022**	2021	
($ in millions, except per share amounts)	**June 30**	December 31	June 30
Shareholders' equity	**$ 743**	$ 839	$ 780
Securities	**651**	752	698
Per share amounts (diluted):			
Shareholders' equity	**$ 28.74**	$ 31.53	$ 29.09
Securities	**25.17**	28.27	26.03

ASSETS UNDER MANAGEMENT AND ADMINISTRATION

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

As at	**2022**	2021	
($ in millions)	**June 30**	December 31	June 30
Assets under management			
Institutional			
Global equities	**$ 22,239**	$ 27,298	$ 23,112
Canadian equities	**5,246**	7,858	7,647
Fixed income	**15,376**	16,750	16,879
Institutional assets under management	**42,861**	51,906	47,638
Wealth management	**4,070**	4,435	4,003
	$ 46,931	$ 56,341	$ 51,641
Assets under administration and advisement			
Dealers	**$ 15,711**	$ 18,055	$ 16,528
MGA segregated	**7,971**	9,115	7,833
Outsourced Chief Investment Officer and other	**3,944**	4,338	5,541
	$ 27,626	$ 31,508	$ 29,902
Total client assets	**$ 74,557**	$ 87,849	$ 81,543

Guardian is reporting total client assets for the quarter ended June 30, 2022 of $74.6 billion.

AUM was $46.9 billion as at June 30, 2022, a 9% decrease from $51.6 billion as at June 30, 2021, and a 17% decrease from $56.3 billion as at December 31, 2021. The decreases in AUM compared to the prior periods were due largely to the negative performance of global financial markets and approximately $1.6 billion in net outflow of institutional client assets in the latter part of the current quarter. The redemptions were due largely to the headwinds that have plagued this industry for some time, the continued shrinking allocation to the Canadian Equity asset class and the internalization of investment management functions by institutional clients. AUA was $27.6 billion as at June 30, 2022, an 8% decrease from $29.9 billion as at June 30, 2021, and a 12% decrease from $31.5 billion as at December 31, 2021.

RESULTS OF OPERATIONS

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

For the periods ended June 30,	Three months		Six months	
($ in thousands)	**2022**	2021	**2022**	2021
Investment management	**$ 9,292**	$ 11,257	**$ 20,658**	$ 20,871
Wealth management	**6,533**	7,758	**13,280**	14,520
Corporate activities and investments	**1,332**	2,184	**2,585**	3,312
	$ 17,157	$ 21,199	**$ 36,523**	$ 38,703

For the quarter ended June 30, 2022, Guardian is reporting Operating earnings of $17.2 million, a $4.0 million, or 19% decrease from the $21.2 million reported in the same quarter of 2021. EBITDA for the current quarter was $25.6 million (attributable to shareholders $23.0 million), a $1.9 million, or 7% decrease from $27.5 million (attributable to shareholders $24.7 million) in the same quarter of 2021. Net revenue in the current quarter increased to $74.1 million, a $4.2 million increase from the same quarter in 2021. Although at the end of the current quarter the AUM was lower than in the comparative period, the Net revenue was slightly higher as the average AUM was also slightly higher in the current quarter. The large net outflows of Canadian Equity strategy assets mentioned above were largely in the latter part of the current quarter. As a result, the full quarter's revenue impact of the lost assets will be reflected in the next quarter's results. Expenses in the current quarter were $57.0 million, an increase of $8.2 million compared to the same quarter of 2021. The increase in expenses is due to a combination of continued investments into our business to support its current and future growth plans as well as certain one-time costs incurred during the current quarter. Our multi-year strategic investments to support our future growth include strengthening our retail distribution capabilities, the build out of the recently formed Guardian Smart Infrastructure ("GSIM") team, the continued build out of GPI and the integration of the Modern Advisor technology platform. These investments accounted for $1.2 million of the increase in expenses with nominal growth in revenue. The Operating loss incurred by these business units were $2.8 million in the current quarter. The one-time costs incurred in the current quarter were the transaction costs associated with the pending acquisition of The RaeLipskie Partnership and the strategic partnership arrangement entered into with a key corporate client of our Dealers business, and the restructuring costs associated with the decision to no longer pursue the build out of the Emerging Markets Debt ("EMD") investment team. The recent events in the Ukraine have significantly changed the outlook for emerging market debt business and the prospects for new entrants, like us, would be even more challenging. The total of these one-time costs amounted to $1.2 million in the current quarter, including $0.7 million of EMD restructuring costs.

Net losses in the current quarter were $90.1 million, compared to Net gains of $56.5 million in the same quarter in the prior year. The largest portion of the Net losses in the current quarter was attributable to the decreases in fair values of Guardian's securities holdings, which were impacted by the negative performance experienced in the global financial markets. Readers are encouraged to refer to Note 10 in Guardian's Second Quarter 2022 Consolidated Financial Statements for a detailed breakdown of the Net gains (losses).

Net loss attributable to shareholders was $69.7 million, compared to Net earnings attributable to shareholders of $65.1 million in the same quarter in the prior year. The decrease was due to a large swing to Net losses on Guardian's securities holdings in the current quarter, compared to Net gains in the prior year, and to a lesser extent, by the decrease in Operating earnings over the same period.

Adjusted cash flow from operations for the quarter was $18.5 million, a $3.3 million decrease from $21.8 million in the same period in 2021. The decreases is in line with lower Operating earnings in the current period compared to the same period in 2021.

Operating earnings by segment are described below.

Investment Management Segment

The Investment Management Segment's Operating earnings in the current quarter were $9.3 million, a $2.0 million, or a 17% decrease from $11.3 million in the same quarter in the prior year. Included in the current quarter's Operating earnings are $2.0 million in Operating losses incurred in the initial build out of the GSIM team and the continued build out of our retail distribution capabilities. The expenses and losses associated with both of these strategically important initiatives are expected to rise in the short-term, dampening our earnings, but with the aim of developing them into meaningful contributors to our earnings in the near future. EBITDA for the current quarter was $12.0 million, a $1.4 million, or 11% decrease from $13.4 million in the same quarter in the prior year. Net revenue in the current quarter was $37.7 million, a $1.6 million, or 4% increase from $36.0 million reported in same quarter in the prior year. Although at the end of the current quarter the institutional AUM was lower than in the comparative period, the average AUM was slightly higher in the current quarter, resulting in slightly higher Net revenue in the current quarter. The large net outflows of Canadian Equity strategy assets were largely in the latter part of the current quarter. As a result, the full quarter's revenue impact of the lost assets will largely be deferred to the next quarter. The expenses in the Segment increased 14% to $28.4 million compared to the second quarter of 2021. Included in the increase are certain one-time costs and higher employee compensation expenses associated with the additional employees hired over the period, including those associated with the build out of the recently formed GSIM team. The one-time costs included approximately $0.7 million in restructuring charge related to the decision not to continue the build out of the EMD team.

Wealth Management Segment

The Wealth Management Segment's Operating earnings in the current quarter were $6.5 million, a $1.2 million or 16% decrease from $7.8 million in the same quarter in the prior year. EBITDA in the current quarter was $10.9 million, a 2% decrease from $11.1 million in the comparative period. The current quarter's Net revenue increased 5% to $31.0 million, compared to the same quarter in 2021, consisting of $20.1 million in Net commission revenue, $6.6 million in Net management and advisory fees, $3.3 million in Administrative service income and $1.0 million in Interest income. The increase was driven largely by the increased commission revenue earned in the MGA and the Dealers and Interest income earned in the Dealers. Net management and advisory fees decreased slightly to $6.6 million. Expenses in the current quarter were 12% higher at $24.5 million, compared to the prior year. Included in the current quarter's expenses are one-time costs associated with the pending acquisition of The RaeLipskie Partnership, the costs associated with entering into the strategic partnership arrangement and the ongoing strategic investments into the development of a wealth ecosystem. The ecosystem aims to incorporate the Dealers' advisor network and Modern Advisors' technology platform to increase utilization of Guardian's investment solutions by independent advisors.

IDC WIN, our MGA business, delivered EBITDA of $8.2 million (EBITDA attributable to shareholders of $6.7 million) in the current quarter, a modest decrease from 8.4 million in the same quarter in 2021. Net commission revenue grew 5% to $15.8 million in the current quarter, compared to the same quarter in 2021. The increase was largely due to a $1.1 million increase in renewal commissions to $7.9 million, partially offset by lower sales commissions. The sales volumes were more modest in the current quarter compared to the record sales volumes experienced throughout 2021. The contractual premiums on life insurance policies sold ("Premiums Sold"), which drive the sales commissions, were $39 million in the current quarter, compared to $49 million in the same quarter of 2021. Premiums Sold in the current period are good indicators of future revenue stream increases. As these policies are renewed, IDC WIN will earn renewal commissions in those future periods.

Corporate Activities and Investments Segment

The Corporate Activities and Investments Segment's Operating earnings for the current quarter were $1.3 million, a $0.9 million decrease from the $2.2 million earned in the same quarter in the prior year. The current quarter's Net revenue increased 26% to $5.7 million, compared to the same quarter in 2021. The growth in revenue was due largely to the increase in the dividend income earned on the Securities, including our holdings of BMO shares, which increased its dividends per share in the first quarter of 2021. The increase in Net revenue was offset by higher compensation costs, including the effects of additional employees hired since the second quarter of 2021 to support the growth of the operating businesses, and, to a lesser extent, higher interest expenses resulting from increased borrowings as well as higher interest rates on those borrowings.

LIQUIDITY AND CAPITAL RESOURCES

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

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

As at *($ in thousands, except per share amounts)*	2022 June 30	2021 December 31	 June 30
Securities, carried at fair value			
Proprietary investment strategies			
Short-term and fixed-income securities	$ 16,715	$ 19,589	$ 18,916
Canadian equities	12,482	13,832	12,803
Global equities	265,026	335,460	310,608
Canadian real estate	35,915	28,216	24,904
	330,138	397,097	367,231
Bank of Montreal common shares	276,007	308,834	288,290
Short-term securities	8,688	8,227	15,179
Equities	35,838	37,727	27,444
Securities	$ 650,671	$ 751,885	$ 698,144
Securities per share, diluted	$ 25.17	$ 28.27	$ 26.03

Guardian's securities as at June 30, 2022 had a fair value of $650.7 million, or $25.17 per share, diluted, compared with $751.9 million, or $28.27 per share, diluted, at the end of 2021. Shareholders' equity as at June 30, 2022 amounted to $742.9 million, or $28.74 per share, diluted, compared to $838.5 million, or $31.53 per share, diluted, at the end of 2021. In the current quarter, Guardian returned to its shareholders $6.3 million in dividends and $17.9 million in share buybacks.

In addition to its strong balance sheet, Guardian has, under various borrowing arrangements, total borrowing capacity of $175.0 million. As at June 30, 2022, the total borrowings amounted to $131.2 million, compared to $114.9 million at the end of 2021. Guardian's Adjusted cash flow from operations attributable to shareholders for the current quarter was $16.2 million, compared to $19.2 million in the same quarter in 2021. The decrease in the current quarter, compared to the same period one year earlier, was primarily due to lower Operating earnings. Guardian uses its Adjusted cash flow from operations attributable to shareholders primarily to fund its working capital, pay its quarterly dividends, repurchase shares under its Normal Course Issuer Bid, fund its capital expenditures and repay debt where possible. From time to time, Guardian may use a combination of Adjusted cash flow from operations attributable to shareholders, debt and disposal of Securities to help finance larger capital expenditures.

CONTRACTUAL OBLIGATIONS

Guardian has contractual commitments for the payment of certain obligations over a period of time. A summary of those commitments, including a summary of the periods during which they are payable, is shown in the following table:

As at June 30, 2022 *($ in thousands)*	 Total	Payments due by period Within one year	 2 - 3 years	 4 - 5 years	 After five years
Bank loans and borrowings	$ 131,158	$ 131,158	$ --	$ --	$ --
Third party investor liabilities	80,612	80,612	--	--	--
Client deposits	55,148	55,148	--	--	--
Accounts payable and other liabilities	123,992	116,329	7,663	--	--
Payable to clients	96,385	96,385	--	--	--
Commitments	28,016	26,216	1,800	--	--
Scheduled lease payments, undiscounted	14,529	3,619	5,901	3,303	1,706
Total contractual obligations	$ 529,840	$ 509,467	$ 15,364	$ 3,303	$ 1,706

Guardian's contractual commitments are supported by its strong financial position, including its Securities, referred to above under the heading "Liquidity and Capital Resources". The Payable to clients, in Guardian's securities dealer subsidiary, which can fluctuate with client activities, is offset by the Receivable from clients and broker. Client deposits in the offshore banking subsidiary are supported by the Interest-bearing deposits with banks. Third party investor liabilities are supported by Securities backing third party investor liabilities. Commitments include the $9.0 purchase price due pertaining to the pending acquisition of the 60% interest in The RaeLipskie Partnership, which is expected to close in the third quarter of 2022.

SUMMARY OF QUARTERLY RESULTS

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

	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020
As at ($ in millions)								
Assets under management	$ 46,931	$ 53,123	$ 56,341	$ 53,113	$ 51,641	$ 47,945	$ 45,984	$ 32,733
Assets under administration	27,626	30,526	31,508	30,015	29,902	28,376	22,289	20,755
Total client assets	74,557	83,649	87,849	83,128	81,543	76,321	68,273	53,488
For the three months ended ($ in thousands)								
Net revenue	$ 74,109	$ 75,065	$ 78,049	$ 72,384	$ 69,960	$ 64,694	$ 63,724	$ 52,042
Operating earnings	17,157	19,366	22,314	20,771	21,199	17,504	18,493	12,108
Net gains (losses)	(90,128)	(7,982)	52,331	(8,146)	56,467	41,971	80,983	35,739
Net earnings (losses)	(68,224)	5,815	64,451	8,597	66,831	50,861	87,083	42,652
Net earnings (loss) attributable to shareholders	(69,698)	4,262	62,421	7,054	65,138	49,625	86,039	42,201
(in $)								
Net earnings (loss) attributable to shareholders:								
Per Class A and Common share								
Basic	$ (2.85)	$ 0.17	$ 2.52	$ 0.28	$ 2.59	$ 1.95	$ 3.38	$ 1.66
Diluted	(2.85)	0.16	2.35	0.27	2.42	1.83	3.17	1.56
Dividends paid on Class A and Common shares	$ 0.18	$ 0.18	$ 0.18	$ 0.18	$ 0.18	$ 0.16	$ 0.16	$ 0.16
As at								
Shareholders' equity *($ in thousands)*	$ 742,917	$ 828,404	$ 838,520	$ 781,334	$ 780,323	$ 737,363	$ 699,610	$ 631,863
Per Class A and Common share *(in $)*								
Basic	$ 30.68	$ 33.67	$ 33.89	$ 31.56	$ 31.15	$ 29.02	$ 27.43	$ 24.80
Diluted	28.74	31.27	31.53	29.40	29.09	27.14	25.69	23.25
Total Class A and Common shares outstanding *(shares in thousands)*	26,342	26,892	26,954	26,968	27,263	27,691	27,740	27,758

Over the past eight quarters presented above, Guardian's Net revenue has generally trended in the same direction as the changes in Total client assets. These fluctuations can also influence Operating earnings and are driven largely by the factors described below.

Investment management and advisory fees and trailer commissions are highly correlated to the changes in AUM and AUA, which are affected by the volatility of the global financial markets and additions and withdrawals of client assets. Offsetting this volatility are the significant insurance commissions earned in IDC WIN, which are less correlated to the volatility of the financial markets. However, fluctuations may arise in IDC WIN's revenue from the timing of large insurance policies placed by contracted advisors. As IDC WIN has built a business with a significant number of top-producing advisors, and these advisors deal mainly in significantly larger and more sophisticated insurance policies, the timing of the placement of these policies can affect the timing and the level of the insurance commission revenue earned. In addition, some cyclicality of sales commissions and renewal commissions exist in IDC WIN, where the first and the fourth quarters of each year tend to have higher sales and as a result, higher Net commission revenues than the other quarters. In the Corporate Activities and Investments Segment, some increases in dividend income can be seen in the second quarter and, to a lesser extent, in the fourth quarter of each year, due largely to dividends from foreign equities, which pay semi-annual dividends and some "special" mid-year dividends. In addition, the timing of consolidation or deconsolidation of certain investment funds or disposal of securities can also have an impact on the level of dividend income recorded in the period.

The Net revenue decreased in the first and second quarters of 2022 as the Total client assets decreased from the preceding quarter, driven by the negative performance in the global financial markets. Net gains (losses) reflect changes in fair values of the securities during each period, driven by the volatility of the global financial markets in which Guardian's securities trade. The volatility of Net gains (losses) also directly impacts Net earnings (losses) attributable to shareholders. The global financial markets had continued positive performance since Q1 2020 until Q3 2021, when a portion of our securities exposed to the Emerging Market equities, which experienced a negative return, decreased in fair value. In Q1 and Q2 of 2022, negative performance in global financial markets caused the fair value of securities to decline in value. Large increases in AUM in Q4 of 2020 and AUA in Q1 of 2021 reflect the acquisitions of Agincourt and GPI completed in those periods.

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

RISK FACTORS

Guardian is exposed to a number of risk factors, including the key risk factors listed below. A key component of a successful business is its ability to manage its risk. Due to the nature of Guardian's businesses, its largest risk is tied to its exposure to financial markets. A significant portion of its revenue is derived from management of client assets or advisory on clients' wealth. During the current year, due to the ongoing pandemic disruptions, many of the risks listed below are heightened and may be more challenging to manage or mitigate. Readers are encouraged to refer to Note 14 to Guardian's Second Quarter 2022 Consolidated Financial Statements for additional information on financial risk management.

Market Risk

Markets can have a significant effect on the value of both clients' portfolios and our earnings, since investment management and advisory fees, which make up a significant part of our revenues, are generally based on market values. In the Wealth Management Segment, market fluctuations can also impact the amounts being invested by clients, thereby increasing or decreasing our Net commission revenue. 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 Risks

Guardian's securities are subject to risk of price fluctuations. The potential impact of market fluctuations on the value of Guardian's securities is quantified in Note 14 of Guardian's Second Quarter 2022 Consolidated Financial Statements. Guardian manages this risk through professional in-house investment management expertise, which takes a disciplined approach to investment management. All securities are held by independent custodians chosen by Guardian. As at June 30, 2022, Guardian holds $276 million of BMO shares (December 31, 2021 – $309 million), which represents 42% of Guardian's securities (December 31, 2021 – 41%). Guardian has accepted this concentration risk, as the bank is a diversified company with a history of steady and growing dividend payments. However, Guardian has been reducing its concentrated exposure over several years, having sold 2.7 million shares since the second quarter of 2013. The remainder of Guardian's securities portfolio is more diversified, from both an asset class and a geographical perspective.

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

As at *(as a percentage of securities)*	**June 30 2022**	December 31 2021
Bank of Montreal common shares	**42%**	41%
Other Canadian equity securities and real estate	**8%**	5%
Canadian equities and real estate	**50%**	46%
Non-Canadian equities	**46%**	50%
Short-term and Fixed income securities	**4%**	4%
	100%	100%

Foreign Currency Risk

Guardian's investments in its foreign subsidiaries are subject to the risk of foreign currency exchange rate fluctuations. The effects of changes in foreign currency exchange rates on the values of these investments are not included in Net earnings (losses), but are recorded in the Net change in foreign currency translation on foreign subsidiaries in Guardian's Consolidated Statements of Operations and Comprehensive Income, and the cumulative effect is included in Accumulated Other Comprehensive Income in the Shareholders' Equity section of the Consolidated Balance Sheets.

With the acquisition of Alta and Agincourt, Guardian also recognizes obligations to non-controlling interests on its balance sheet, which are denominated in US dollars. As these are expected future transactions between equity interest holders, the changes in the value of these obligations, including changes resulting from foreign exchange rate fluctuations, are recorded directly in the Statements of Equity. This currency risk is managed in a manner similar to the investments in other foreign subsidiaries, in that they are not actively managed, due to the long-term nature of the investments, but are closely monitored by management.

As Guardian continues to expand into foreign jurisdictions and the revenue and earnings sources grow and diversify into other currencies, the operating results can fluctuate with the changes in the foreign currency exchange rates compared to the Canadian dollar. From time to time, Guardian may record certain foreign exchange gains (losses) in Net earnings, such as on the current US Dollar borrowings outstanding, which were used to finance foreign acquisitions such as Alta and Agincourt. This risk is mitigated by an offsetting, similar amount being recognized on the investment in these foreign subsidiaries as Net change in foreign currency translation on foreign subsidiaries, as discussed above. Guardian may also record Net gains (losses) on Canadian dollar cash balances held by foreign subsidiaries. These foreign exchange gains and losses result in similar offsetting Net gains (losses) being recorded in Other comprehensive income as discussed above. Readers are encouraged to refer to Note 14 in Guardian's Second Quarter 2022 Consolidated Financial Statements for further discussion and sensitivity analyses.

Credit Risk

Guardian's credit risk is generally considered to be low. Because of the nature of Guardian's business, its receivables are mainly from large institutions, which are considered to pose a relatively low credit risk, or from individuals in the Dealers business, which are secured by marketable securities in margin accounts. Guardian periodically reviews the financial strength of all of its counterparties, and if the circumstances warrant it, Guardian takes appropriate action to reduce its exposure to certain counterparties. The credit risk associated with Guardian's investment in fixed-income mutual funds is managed by the monitoring of the activities of the portfolio manager who, through diversification and credit quality reviews of the funds' investments, manages the funds' credit risk. From time to time, advisors in the Dealers or the MGA businesses may owe advances received or amounts resulting from reversal of commissions to the Dealer or the MGA. The credit risk associated with these amounts is mitigated by management's review of the advisors' abilities to repay the advances or the potential commission reversals, particularly in the MGA business, before amounts are paid to the advisors.

Interest Rate Risk

Guardian's most significant exposure to interest rate risk is through its bank loans and borrowings. The interest rates on these borrowings are short-term, and Guardian's interest expense and net earnings will fluctuate with the changes in short-term rates. Guardian manages interest rate risk in its international banking operations, largely through matching the interest rates and maturity dates of Client deposit liabilities with Interest-bearing deposits with banks. The interest rate risk associated with Guardian's investment in fixed-income mutual funds is managed by monitoring the activities of the portfolio manager, who manages this risk by positioning the portfolio for various interest rate environments.

Liquidity Risk

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

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

Product Performance Risk

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

Competition Risk

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

Regulatory and Legal Risk

Guardian and its subsidiaries operate in an environment subject to various laws and regulations. Given the nature of Guardian's and certain of its subsidiaries' operations, it may from time to time, be subject to changes in regulations, claims or complaints from investment clients and sanctions from governing bodies. These risks are mitigated by maintaining relevant in-house competence in laws and regulations, compliance and product review oversight, adequate insurance coverage and, where appropriate, utilizing assistance from external advisors.

Advisory Risk

Because of the number of in-house and independent advisors who publicly represent the Dealers and the MGA businesses, there are risks associated in their dealings with their clients. These risks are mitigated by the strong compliance and product review capabilities of these businesses, significant management oversight and insurance coverage carried by both these businesses and the independent advisors.

Key Personnel Risk

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

Information Technology and Cybersecurity Risk

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

The cyber security risk has increased while the majority of Guardian's employees are working remotely and connecting to Guardian's data centres as part of its Business Continuity Plan. Guardian has heightened its monitoring of the internal network traffic and the monitoring of developments in the latest known cyber threats to enhance security controls, where appropriate.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions, which affect the reported amounts of assets, liabilities, contingencies, revenues and expenses. These estimates and assumptions are listed in note 2 (c) to Guardian's December 31, 2021, Consolidated Financial Statements. The most significant accounting estimates are related to the impairment assessment of goodwill and the determination of fair value of securities, which are classified as level 3 within the fair value hierarchy. The valuation approach to level 3 securities is most sensitive to the level of AUM associated with the issuer of the security. The valuation approach to Investment Management Segment goodwill is most sensitive to the levels of AUM within the Segment. The valuation approach to Wealth Management Segment goodwill is most sensitive to the levels of AUA and annual service fees within the Segment. The goodwill in all units are tested annually for impairment. In addition, Guardian reviews goodwill for indications of impairment at the end of each reporting period, and if indications of impairment exist, the goodwill is then assessed for impairment in that period.

NON-IFRS MEASURES

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

Guardian defines EBITDA as net earnings before interest, income tax, amortization, stock-based compensation, and net gains or losses. EBITDA attributable to shareholders as EBITDA less amounts attributable to non-controlling interests. EBITDA attributable to shareholders per share is calculated using the same method, which is used to determine net earnings attributable to shareholders per share, including any adjustment to the average number of shares outstanding, or to income, to calculate the dilutive effect. Guardian believes these are important measures, as they allow management to assess the operating profitability of our business and to compare it with other investment management companies, without the distortions caused by the impact of non-core business items, different financing methods, levels of income taxes, the amounts of net earnings available to non-controlling interests and the level of capital expenditures. The most comparable IFRS measures are "Net earnings" and "Net earnings available to shareholders per share, diluted", which are disclosed in Guardian's Consolidated Statements of Operations.

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

For the periods ended June 30,	Three months		Six months	
($ in thousands)	**2022**	2021	**2022**	2021
Net earnings (loss)	**$ (68,224)**	$ 66,831	**$ (62,409)**	$ 117,692
Add (deduct):				
Income tax expense (recovery)	**(4,747)**	10,835	**822**	19,449
Net (gains) losses	**90,128**	(56,467)	**98,110**	(98,438)
Stock-based compensation	**1,026**	762	**1,781**	1,428
Interest expense	**840**	351	**1,448**	696
Amortization	**6,569**	5,183	**12,210**	10,157
EBITDA	**25,592**	27,495	**51,962**	50,984
Non-controlling interests	**(2,550)**	(2,787)	**(5,074)**	(5,065)
EBITDA attributable to shareholders	**$ 23,042**	$ 24,708	**$ 46,888**	$ 45,919

Adjusted cash flow from operations, Adjusted cash flow from operations attributable to shareholders and Adjusted cash flow from operations attributable to shareholders per share

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

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

For the periods ended June 30,	Three months		Six months	
($ in thousands)	**2022**	2021	**2022**	2021
Net cash from operating activities	**$ 27,673**	$ 26,362	**$ 26,981**	$ 32,419
Add (deduct):				
Net change in non-cash working capital items	**(9,188)**	(4,533)	**11,453**	9,933
Adjusted cash flow from operations	**18,485**	21,829	**38,434**	42,352
Non-controlling interests	**(2,267)**	(2,628)	**(4,461)**	(4,659)
Adjusted cash flow from operations attributable to shareholders	**$ 16,218**	$ 19,201	**$ 33,973**	$ 37,693

Shareholders' equity per share

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

Securities per share

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

OUTLOOK

The world economy remains on very uncertain footing; inflation is apparent everywhere, the conflict in Ukraine shows no sign of abating and tensions are running high in other parts of the world, notably in East Asia. Concerns over the destructive nature of inflation have spurred global central banks into action, first with caution and then greater impetus, and while a shift away from highly stimulative policy is warranted, such adjustments take time to filter into the real economy, making them difficult to appropriately calibrate. This is a key reason why policymakers historically err, by doing too much to rein in surplus demand, instead pushing into deficit and the economy into recession. The risk of such a policy error looms even larger in the current environment given that issues on the supply-side, largely insulated from the impact of monetary policy in the short term (central banks cannot do anything to immediately pump more oil, grow more grains, produce more microchips or clear port traffic), share the blame for the current pricing predicament.

Against this backdrop, global economic dataflow has generally underperformed throughout the last few months, as sanguine expectations have proven too optimistic. In response, forecasters have slashed their growth outlooks, with earlier expectations for above-trend growth giving way to much more tepid rates. Economists' consensus views of a recession across developed markets have risen sharply over the last few months, with the assumed likelihood of a downturn in the next year amounting to a coin flip. Importantly, though, just because something is viewed as increasingly likely does not mean that it will materialize, as it is easier to avoid (or at least mitigate) accidents that can be seen coming. It is those unexpected shocks that seemingly come out of nowhere, and are thus inherently unpredictable, that tend to do the most damage. For the here and now, despite the growing concerns and numerous headwinds, growth momentum appears to remain broadly in place (albeit at a lower rate than a year ago), which is keeping global labour markets historically firm. The global purchasing managers' indexes for the manufacturing and services sectors remain comfortably in expansionary territory, indicating the economy in aggregate is continuing to expand at the halfway point of the year.

Clearly one of the best possible outcomes in the near term would be a moderation in inflation that eases the cost pressures on households and businesses alike, reducing the burden on central banks to use the blunt instruments in their respective toolboxes to tamp down demand. There are some positive developments on this front. For starters, there are growing indications that the pressures on the links within the global supply chain are easing.

Production is increasingly able to run at higher capacity as public health restrictions are scaled back globally, and goods are flowing more freely as shipping bottlenecks subside and transportation hubs face less congestion. Shipping costs have come off the recent highs, with the global benchmark freight rate for major east-west trade routes down 33% from its earlier peak. The resultant reduction in costs of production should be felt in goods prices in months to come. Further, consumer goods demand is ebbing from its blistering pace over the last two years, as spending transitions back in favour of the previously restricted services that dominated the household budget prior to the pandemic. Additionally, while commodity prices remain elevated, particularly for energy products due to the dislocation caused by sanction-induced constraints on Russian supplies, they have started to ease thanks to a combination of expectations for increased supply and the downgraded growth outlook. Any progress to reduce the effects from the ongoing war in Ukraine would be a welcome development here as well.

Ultimately, the outlook is more uncertain than usual; global growth momentum is slowing and there is still an abundance of headwinds combining with widespread pervasive negativity to create a fragile backdrop and raise the risk of a downturn materializing sooner rather than later – aggressively tightening policy may only serve to exacerbate the slowdown. Meanwhile, household and corporate balance sheets are strong and can withstand some turbulence while supporting continued economic growth, all assuming market participants do not drastically increase their pessimism about the future. The bottom line is that the outlook remains highly uncertain and the months ahead will see policymakers weigh each data point carefully to determine whether the odds favour the upside risks to inflation, the downside risks to growth or the baseline scenario of a soft landing, which is seeing its potential runway narrow.

Guardian's results are significantly affected by the level and performance of global stock and bond markets. During the pandemic, along with other market participants, our growth in assets under management and administration benefitted from the fiscal and monetary stimulus provided by governments around the world. In an inflationary environment such as the current period, central banks view controlling runaway inflation as critically important. The first attempts to reign in COVID-19-related inflation started with rolling back quantitative easing by selling securities held on central bank balance sheets, followed by substantial hikes of interest rates. Both quantitative easing and increases in prevailing interest rates tend to reduce the value of financial assets; this of course reduces Guardian's investment management fees, but such a development is somewhat offset by our ability to generate a larger interest rate spread on cash held on behalf of our clients in our Wealth Management segment. While our base case is that central banks will succeed in containing the current high rates of inflation, it is uncertain whether the monetary tightening that has already been implemented (with more expected to come), will be enough to bring the economy to recession, or whether strong corporate and household balance sheets combined with strong demand will keep the economy afloat. Nevertheless, in almost any scenario, Guardian's strong balance sheet, combined with the diversity in our sources of profitability, allow us the comfort of making long-term plans that are not necessarily reliant on the co-operation of events outside of our control.

We will continue upon our long-held path of innovating new product lines created from existing teams at Guardian, in addition to identifying new capabilities we wish to add and bringing in human and technological assets that will permit us to execute on those capabilities. Success in creating new products that can be sold through our existing platforms gives us an efficient way to grow Guardian's assets under management, generating revenue and profitability. We have a number of organic initiatives that fit well with this strategy, but we will continue to evaluate potential acquisition opportunities that can strengthen aspects of our business or accelerate our growth plans. We continue to believe in our strategy to combine organic with acquisitions for ongoing growth. Over the long term, shareholders can expect to experience the benefits of both strategies.

GUARDIAN
CAPITAL

Our history. Your future.

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