

# Guardian Capital LP

MANDATE: PINNACLE HIGH YIELD INCOME FUND (THE "FUND")

## INVESTMENT OBJECTIVE OF THE FUND

To achieve superior long-term returns and to provide income as well as capital growth by investing primarily in high yield, lower rated Canadian corporate bonds, preferred shares and short-term money market securities.

## BACKGROUND OF GUARDIAN CAPITAL LP

Guardian traces its origins back to 1962 when the Company was incorporated as GDN Management Limited. Their name changed in 1987 to Guardian Capital Inc, and in 2004 to Guardian Capital LP.

## INVESTMENT PHILOSOPHY AND PROCESS OF GUARDIAN CAPITAL LP

- Conduct their own credit research.
- Key factors include quality of covenants and management, and quality of assets.
- Extensive financial analysis with emphasis on cash flow, ratio analysis and bankruptcy tests.
- Use scenario analysis to test for downside risk exposures.
- Limit interest rate risk with tight constraints on term/duration.

## BIOGRAPHIES OF KEY PERSONNEL

**J.J. Woolverton** is Managing Director & C.O.O. He has a BBA and a CFA. He has 43 years experience, 15 years with Guardian Capital Inc.

**Peter Hargrove** is Managing Director. He holds a BComm and a CFA. He has 33 years experience, 13 years with Guardian Capital Inc. Product Specialization: Core.

**Stephen Kearns** is Senior Portfolio Manager. He holds a BSc, MBA and a CFA. He has 19 years experience, 15 years with Guardian Capital Inc. Product Specialization: High Yield/Immunized/Cash Matched.

## SUMMARY

Location: Toronto, Ontario  
Founded: 1962  
Ownership: 51% by employees,  
49% publicly owned  
Staff: 50  
Managers/  
Analysts: 27

**Assets:**  
Institutional: \$7.1 billion  
Mutual Funds: \$3.1 billion  
Other: \$0.6 billion  
TOTAL: \$10.8 billion

**Portfolio Characteristics:**  
Duration: Fixed at SCU +1 Yr,  
-2 Yrs  
Quality: Average BB/BBB,  
Max 35% below BB  
Diversification: Maximum 10% in any  
one issue, except  
Canadas; will use  
income trust to enhance  
income of portfolio

	STYLE		
	Short	Neutral	Long
Large	●	●	
Medium	●	●	
Small			

\*Information provided as of December 2008.

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