

IA Clarington Canadian Leaders Class

Manager commentary – Q4 2025

Globally, geopolitical risks remained front and center in the fourth quarter with stalled peace negotiations in Russia and escalating tensions in the Middle East fueling concerns over energy supply. These developments reinforced investor demand for safe-haven assets like gold. In Canada, Materials continued to drive index performance while U.S. markets posted more muted returns. Technology slowed late in the year on concerns surrounding the AI trade, though it still recorded strong full-year gains. Despite a challenging start to the year, Canadian equities ultimately delivered robust gains, significantly outperforming the S&P 500 Index even in the face of tariff shocks.

Going into 2026, we continue to monitor inflation risks stemming from tariff measures and restrictive immigration policies, as elevated consumer prices could constrain the Federal Reserve's ability to implement meaningful rate cuts. In addition, uncertainty surrounding the ongoing CUSMA renegotiation adds another layer of complexity for trade flows and supply chains, potentially influencing input costs and corporate margins across North America. These dynamics reinforce a constructive outlook for gold as a safe-haven asset.

IA Clarington Canadian Leaders Class Series A delivered a strong absolute return but trailed its benchmark (40% S&P 500 Index (CAD), 60% S&P/TSX Composite Index) in the final quarter of 2025, posting a return of 3.0% compared to the benchmark return of 4.2%. Both security selection and asset allocation weighed on relative performance during the period.

Key detractors this quarter were security selection in materials and asset allocation in industrials. Positive contribution came from security selection in health care.

During the quarter, we reinforced positions in high-conviction holdings, prioritizing companies where we see the strongest fundamentals heading into next year. Notably, in Canada, we increased exposure to the banking sector, reflecting confidence in its earnings resilience and solid balance sheets. In the U.S., we took advantage of attractive entry points in Consumer Discretionary names, anticipating fundamental improvements for this sector heading into 2026. We also remain strategically positioned to capture opportunities in AI, as the theme persists into 2026.

Looking ahead to 2026, our focus remains on companies with strong balance sheets, durable growth, and exposure to secular and transformative trends, while maintaining disciplined selectivity amid macro, regulatory, and cyclical uncertainties.

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Fund and benchmark performance, as at December 31, 2025	1 year	3 years	5 years	10 years
IA Clarington Canadian Leaders Class – Series A	19.7%	19.9%	14.0%	10.7%
40% S&P 500 Index (CAD), 60% S&P/TSX Composite Index	23.7%	22.4%	16.2%	13.6%

For definitions of technical terms in this piece, please visit iaclarington.com/glossary and speak with your investment advisor.

The performance data comparison presented is intended to illustrate the Fund's historical performance as compared with historical performance of widely quoted market indices. There are various important differences that may exist between the Fund and the stated indices that may affect the performance of each. The Fund's benchmark is a blend of 40% S&P 500 Index (CAD), and 60% S&P/TSX Composite Index. The blended benchmark presented is intended to provide a more realistic representation of the general asset classes in which the Fund invests. The S&P 500 Index (CAD) includes 500 leading companies in leading industries of the U.S. economy and is widely regarded as the best single gauge of the U.S. equities market. The S&P/TSX Composite Index is the premier indicator of market activity for Canadian equity markets, with 95% coverage of Canadian-based, TSX-listed companies. The index includes common stock and income trust units and is designed to offer the representation of a broad benchmark index while maintaining the liquidity characteristics of narrower indices. The Fund's market capitalization, geographic, and sector exposure may differ from that of the benchmark. The Fund's currency risk exposure may be different than that of the benchmark. The Fund may hold cash while the benchmark does not. It is not possible to invest directly in market indices. The performance comparison is for illustrative purposes only and does not imply future performance. Effective February 7, 2014, IA Clarington Canadian Leaders Fund merged into the Fund.

Indicated mutual fund rates of return include changes in share or unit value and reinvestment of all dividends or distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Returns are historical annual compounded total returns.

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