

IA Clarington Canadian Leaders Class

Manager Commentary – Q1 2026

The past 12 months were eventful on the economic and geopolitical fronts. 2025 was marked by global trade tensions that led to economic uncertainties. As trade tensions gradually eased, the first quarter of 2026 was marked by geopolitical events, most notably the conflict in Iran and the resulting energy shock. The blockade of the Strait of Hormuz led to a substantial reduction in global oil supply, pushing the price of Brent crude to US\$104 per barrel by the end of March, an increase of more than 90% since the beginning of 2026. The magnitude of the inflationary effect will ultimately depend on the duration of the blockade.

As a result of rising inflation expectations, interest rates increased globally. The U.S. Federal Reserve kept its policy rate unchanged during the first quarter of 2026, balancing above-target inflation against a softening labour market. In Canada, the labour market started the year on a weak footing, with job losses erasing the gains recorded at the end of 2025. Inflation remained well controlled below 2% as of February 2026, although higher energy prices are expected to create renewed upward pressure. Canada's geographic position and the importance of its energy sector should help limit the negative effects of the shock on the domestic economy. In this context, the Bank of Canada is expected to remain on hold. While markets are pricing in some rate hikes, these appear unlikely in the near term.

Global growth was strong at the start of 2026, particularly in Europe and emerging markets, largely reflecting the synchronized rate cuts implemented by central banks in recent years. The conflict in Iran, however, is likely to alter this outlook. The effects will be more severe for net energy importers, including many European and Asian countries.

The health care sector contributed to the Fund's performance, driven primarily by favourable security selection. An underweight allocation to energy contributed to performance. An underweight position in Suncor Energy Inc. contributed to performance. A slight overweight allocation to Alphabet Inc. also contributed.

The materials sector detracted from performance on both an allocation and security selection level. Information technology also detracted from performance, largely attributable to weak security selection. An overweight position in Constellation Software Inc. detracted from performance. An overweight position in Thomson Reuters Corp. also detracted.

The fund manager added a new position in Sandisk Corp., as the company may benefit from surging AI data centre capital expenditures. The fund manager increased the Fund's position in Royal Bank of Canada for its strong market position within the financials sector. A holding in UnitedHealth Group Inc. was eliminated as a result of high medical costs and weak guidance, with capital redeployed to better risk-reward opportunities. The fund manager reduced the Fund's position in Meta Platforms Inc. as a result of valuation considerations.

IA Clarington Canadian Leaders Class

Fund and Benchmark Performance: as at March 31, 2026	1-year	3-year	5-year	10-year
IA Clarington Canadian Leaders Class – Series F	23.4%	19.4%	13.5%	12.0%
40% S&P 500 Index (CAD), 60% S&P/TSX Composite Index	26.4%	20.7%	15.0%	13.7%

Get ahead

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.

Series F securities are available only to investors participating in fee based advisory programs through their dealer. No sales charges apply when investing in Series F. iA Clarington does not pay ongoing trailing commissions to dealers for Series F and therefore are not embedded in the Management Expense Ratio (MER). Instead, investors pay an explicit dealer advisor fee for investment advice and related services. Any differences in performance between fund series are primarily due to differences in fees and expenses, as described in the fund's prospectus.

The information provided should not be acted upon without obtaining legal, tax, and investment advice from a licensed professional. Statements by the portfolio manager or sub-advisor represent their professional opinion and do not necessarily reflect the views of iA Clarington. Specific securities discussed are for illustrative purposes only and should not be considered a recommendation to buy or sell. Mutual funds may purchase and sell securities at any time and securities held by a fund may increase or decrease in value. Past investment performance may not be repeated. Unless otherwise stated, the source for information provided is the portfolio manager. Statements that pertain to the future represent the portfolio manager's current view regarding future events. Actual future events may differ. Future-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ. Opinions may change as market conditions or other factors evolve.

Commissions, trailing commissions, management fees, brokerage fees and expenses all may be associated with mutual fund investments, including investments in exchange-traded series of mutual funds. The information presented herein may not encompass all risks associated with mutual funds. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

The iA Clarington Funds are managed by IA Clarington Investments Inc. iA Clarington and the iA Clarington logo, iA Wealth and the iA Wealth logo, and iA Global Asset Management and the iA Global Asset Management logo, are IA Clarington Money Market Fund trademarks of Industrial Alliance Insurance and Financial Services Inc. and are used under license. iA Global Asset Management Inc. (iAGAM) is a subsidiary of Industrial Alliance Investment Management Inc. (iAIM).