

# IA Clarington QV Canadian Small Cap Class

## Manager Commentary – Q1 2026

IA Clarington QV Canadian Small Cap Class invests substantially all of its assets in units of IA Clarington QV Canadian Small Cap Fund (“the Reference Fund”). Its performance therefore largely reflects the performance of that fund. All reference made to “the Fund” hereinafter reflects a discussion of the portfolio holdings and characteristics of the Reference Fund.

IA Clarington QV Canadian Small Cap Class Series F returned 6.0% relative to 11.4% for the S&P/TSX Small Cap TR Index over the past quarter. Over the past year, the return was 33.3% for the Fund compared to 65.8% for the benchmark.

Canadian small-capitalization equities experienced markedly higher volatility related to geopolitical events, with wider implications for inflation, economic growth and interest rates. In the first quarter of 2025, volatility stemmed from tariff uncertainty and its subsequent resolution. In the first quarter of 2026, the ongoing conflict in the Middle East and a surge in oil prices introduced further volatility that may have a persistent effect on inflation and interest rates. While interest rates moderated as inflationary pressures subsided over the past year, inflation continues to be sticky above central bank targets, and elevated oil prices could stoke additional inflationary pressures. The stance on interest rates has also shifted from accommodative to a more neutral tone, reflecting potential inflationary pressures. Gold and other precious metals rallied on demand from central banks and from investors seeking a safe haven.

The real estate, health care and information technology sectors were the largest contributors to the Fund’s performance over the one-year period. The Fund’s more diversified return sources, relative to the benchmark where energy and materials drove the vast majority of returns, provided downside protection through periods of volatility. Five acquisitions of the Fund’s holdings were also completed over the past year at an average premium of approximately 35%, with proceeds recycled toward attractive opportunities.

Aritzia Inc. contributed to the Fund’s performance as the company executed well on product relevance, store growth and supply chain optimization, allowing it to navigate weak consumer spending and tariff pressures. Information Services Corp. contributed to the Fund’s performance after the company initiated a strategic review of its business, including the evaluation of acquisition bids. Headwater Exploration Inc. contributed as higher oil prices and improvements from waterflooding on its producing wells have reduced decline rates and lowered maintenance capital expenditures.

The Canadian small-cap benchmark is heavily concentrated in junior resource producers. Materials was the largest detractor from the Fund’s performance, driven by sharp rallies in gold and silver prices that drove gains for producers to which the Fund does not have direct exposure. Energy also detracted as the Fund’s holdings within the sector are more defensive and less sensitive to commodity prices.

Pet Valu Holdings Ltd. detracted from the Fund’s performance as organic growth weakened amid softening consumer spending and increased promotional intensity. Enghouse Systems Ltd. also detracted as the company navigated challenges from converting users to a subscription model amid a competitive backdrop. Richards Group Inc. detracted as organic challenges in its packaging and health care businesses offset growth from acquisitions.

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The Fund's holding in Parkland Corp. was converted to shares in SunocoCorp LLC following the completion of the acquisition. The fund manager increased the Fund's holdings in Pet Valu Holdings, Definity Financial Corp., Knight Therapeutics Inc., Mullen Group Ltd., Evertz Technologies Ltd., Wipak Ltd. and Cargojet Inc.

Over the period, holdings in Andlauer Healthcare Group Inc., GDI Integrated Facility Services Inc., Guardian Capital Group Ltd., Parkland and TELUS International Inc. were eliminated as a result of acquisitions. The fund manager reduced the Fund's holdings in AltaGas Ltd., E-L Financial Corp., Secure Waste Infrastructure Corp. and iA Financial Corp.

The fund manager has positioned the Fund for consistent long-term return potential while targeting below-average risk relative to the benchmark and comparable small-cap funds. Over the past year, the Fund's results have been driven by the execution of its holdings and the accelerated unlocking of value through corporate actions. The fund manager believes the Fund's diversified construction and sound balance sheet positioning should provide defensiveness, while lower valuations relative to the broader small-cap benchmark and stronger quality metrics may allow the Fund to navigate a range of market conditions. The fund manager believes the Fund is well prepared to deploy capital counter-cyclically should opportunities arise.

<b>Fund and benchmark performance as at March 31, 2026</b>	<b>1-year</b>	<b>3-year</b>	<b>5-year</b>	<b>10-year</b>
IA Clarington QV Canadian Small Cap Class - Series F	33.3%	17.7%	13.6%	10.6%
S&P/TSX SmallCap Index	65.8%	25.8%	15.7%	12.3%

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For definitions of technical terms in this piece, please visit [iaclarington.com/glossary](http://iaclarington.com/glossary) and speak with your investment advisor.

This Fund changed its name from IA Clarington Canadian Small Cap Fund, effective June 16, 2025.

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 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 S&P/TSX SmallCap Index provides an investable index for the Canadian small cap market. It includes common stock and is calculated in real-time. To be eligible for inclusion in the index, the float-adjusted market capitalization and the total company market capitalization of a security must represent a minimum weight of 0.005% and maximum weight of 0.08% of the float and total market capitalization of the S&P/TSX Composite at the stock level on the reference date, based on the volume weighted average price (VWAP) of the security on the TSX over the last 10 trading days prior to the reference date. For the Fund's investment purposes, companies with a market capitalization of less than C\$ 3 billion are considered to be smaller capitalization companies. The Fund's sector and geographic 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.

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.

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Returns for more than one year are historical annual compounded total returns while returns for one year or less are cumulative figures and are not annualized.

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