# IA Clarington Dividend Growth Class

## Manager Commentary – Q1 2026

The 12-month period ending March 31, 2026, was eventful on the economic and geopolitical fronts. Global trade tensions in 2025 led to economic uncertainty, and the first quarter of 2026 brought renewed geopolitical developments, including military conflict in Iran. The blockade of the Strait of Hormuz led to a substantial reduction in global oil supply, pushing Brent crude oil to US$104 per barrel by the end of March, more than 90% higher than at the start of the year. Higher energy prices raised inflation expectations globally.

The U.S. Federal Reserve held its policy rate steady, balancing above-target inflation against a softening labour market. U.S. growth rebounded in the first quarter, supported by investment spending in artificial intelligence (AI). In Canada, the labour market started the year on a weak footing, though inflation remained well controlled below 2% as of February. Higher energy prices are expected to create renewed upward pressure, but Canada's geographic position and the importance of its energy sector should help limit the negative effect on the domestic economy. The Bank of Canada is expected to remain on hold.

Canadian equities, as represented by the S&P/TSX Composite Index, returned 34.8% over the 12-month period, with the materials, energy and financials sectors among the strongest performers. The U.S. equity market, as represented by the S&P 500 Index, returned 17.8% in U.S.-dollar terms and 14.2% in Canadian-dollar terms.

The Fund's security selection in the information technology and communication services sectors contributed to performance over the period (April 1, 2025 – March 31, 2026). An underweight allocation to the industrials sector and an overweight allocation to the energy sector also contributed to performance. Suncor Energy Inc. contributed to performance, supported by record operational results and high crude oil prices. An underweight position in Thomson Reuters Corp. also contributed to performance. An out-of-benchmark position in Cameco Corp. contributed to performance, as the stock was supported by surging AI-driven demand for nuclear energy and a partnership with the U.S. government.

Security selection in the financials, industrials and materials sectors detracted from performance. An overweight allocation to the information technology and communication services sectors also detracted from performance, as did an underweight allocation to the materials sector. An underweight position in Barrick Mining Corp. detracted from relative performance, as the stock performed well over the period as a result of a historic surge in gold prices and solid financial results. A position in UnitedHealth Group Inc. also detracted from performance amid high medical costs and weak earnings guidance (an estimate of future performance when discussing company earnings.

New positions included Cameco Corp., supported by surging AI-driven demand for nuclear energy, and Barrick Mining Corp., as a result of a historic surge in gold prices and record financial results. The fund manager increased the Fund's position in Canadian Natural Resources Ltd. and added to the Fund's position in Amazon.com Inc., supported by strong positioning in AI and accelerating revenue growth in cloud services (service that stores data, run software and accessing computer power over the internet). Alphabet Inc. was eliminated to crystallize gains, and a position in Visa Inc. was also eliminated. The fund manager reduced the Fund's position in Waste Connections Inc. as part of a defensive shift in response to market uncertainty, and trimmed the Fund's holding in Brookfield Asset Management Ltd.

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Looking ahead, the fund manager believes earnings dispersion is likely to remain a defining feature of the Canadian market, with earnings results diverging across sectors and within them. Trade policy developments and their downstream effects on energy, manufacturing and consumer sectors continue to be a source of uncertainty. AI remains a prominent theme globally, shaping capital spending and productivity expectations. The fund manager remains focused on dividend sustainability, balance-sheet strength and valuation discipline, and believes this framework may be well suited to navigate the current environment.

| | 1-year | 3-year | 5-year | 10-year |
|---|---|---|---|---|
| **IA Clarington Dividend Growth Class - Series F6** | 21.0% | 16.8% | 12.8% | 10.5% |
| **15% S&P 500 Index (CAD), 85% S&P/TSX Composite Dividend Index** | 30.1% | 20.1% | 15.8% | 13.0% |

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 15% S&P 500 Index (CAD), and 85% 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 which 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.

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 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.

A mutual fund's "yield" refers to income generated by securities held in the fund's portfolio and does not represent the return of or level of income paid out by the fund.

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.

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

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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.

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.



iA Clarington™ Investments