IA Clarington Strategic Equity Income Class

Manager commentary – Q2 2025

The Fund invests substantially all of its assets in units of IA Clarington Strategic Equity Income 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.

Our 2025 economic and markets outlook was predicated upon three main expectations and one reality. Our expectations assumed the economy was not going to fall into a recession. However, economic growth would slow but remain relatively strong, corporate earnings would continue to grow positively given this backdrop, and inflation would continue to grind lower as the year progressed. We have received confirmation on these predictions at this point in the year and have no reason to believe that these positive trends will change as the year progresses. Although this economic backdrop is positive for both equity and high-yield bond investment allocations, we would be remiss to ignore current elevated valuations in equities and the potential for increased volatility as the year progresses.

As investors, we had our challenges during the second quarter of the year, mostly instigated by the U.S. administration's "Liberation Day" tariff proposals. Markets scrambled to quantify the potential negative impact to the economy and markets. We reminded our unitholders that while the quantum of the initial analysis was negative, there were likely positive future macroeconomic developments to offset many of those potential outcomes. In particular, we highlighted the new budget and fiscal bill expected to pass by the end of second quarter that would likely add to earnings growth and investment expectations from corporations as the year progressed.

Our changes to the Fund during the second quarter of the year have been marginal and generally opportunistic. Within our equity exposure, we added to some technology and U.S. bank-related securities after U.S. tariff announcements contributed to a significant correction in parts of the equity market. The largest contributors to the Fund's performance during the second quarter came from our exposure to securities in the financials and industrials sectors, as they contributed 3.04% and 2.75% to the Fund's quarterly performance, respectively. Our cash levels increased during the quarter while our overall equity exposure decreased. We felt it prudent to reduce the Fund's exposure to ongoing negative headline risk, while at the same time taking advantage of significant price corrections in some securities with long-term growth at attractive valuations. We continue to expect that the Canadian dollar will strengthen against the U.S. dollar and, as such, we remain almost fully hedged to our U.S.-dollar exposure within the Fund.

IA Clarington Strategic Equity Income Class

The Fund's top two contributors to performance during the past three months included our holdings in AtkinsRéalis Group Inc. and The Toronto-Dominion Bank (TD Bank). AtkinsRéalis has benefitted from increasing nuclear power demand given the rapid build-out of artificial intelligence capabilities, as well as its continued progress in exiting its historically problematic fixed-price contract business. TD Bank outperformed following strong quarterly earnings results that showed an improvement in its capital ratios and a lower-than-expected provision for credit losses.

The largest detractors from performance during the quarter came from the Fund's exposure to Thermo Fisher Scientific Inc. and Johnson & Johnson. Thermo Fisher underperformed following concerns that Liberation Day tariffs could negative impact its business, as well as its participation in broad-based weakness in the U.S. health care sector. Johnson & Johnson also underperformed on concerns about tariffs negatively impacting its business, as well as a negative reaction to its unsuccessful attempt to end talc-related legal claims. Since the end of the quarter, the company's shares have rallied strongly.

Fund and Benchmark Performance as at: June 30, 2025	1-year	3-year	5-year	10-year
IA Clarington Strategic Equity Income Class – Series A	17.3%	9.7%	11.5%	6.5%
S&P/TSX Composite Dividend Index	24.2%	14.7%	16.1%	10.2%

Non-traditional fixed income asset classes may carry higher risk, but generally provide higher yield than traditional fixed income asset classes. 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. 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 historical performance of the IA Clarington Strategic Equity Income Class as compared with historical performance of widely quoted market indices. As this fund invests substantially in its Reference Fund (IA Clarington Strategic Equity Income Fund), the differences discussed are those of the Reference Fund. 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 Composite Dividend Index aims to provide a broad-based benchmark of Canadian dividend-paying stocks. The index includes all stocks in the S&P/TSX Composite with positive annual dividend yields as of the latest rebalancing of the S&P/TSX Composite. The Fund may have exposure to equities domiciled both in Canada and outside of Canada while the benchmark only has exposure to equities domiciled in Canada. The Fund may have currency risk exposure while the benchmark has none. 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 October 3, 2013, the investment objective and strategies of the Fund were changed.

IA Clarington Strategic Equity Income Class