

IA Clarington Strategic Equity Income Fund

Manager commentary – Q1 2025

Inflation moderated considerably over the past year, while economic growth remained quite resilient. However, tariffs have created a significant degree of uncertainty in recent months, resulting in volatility across financial markets.

Equities trended higher, led by defensive higher-yielding sectors that performed quite well as lower yields supported their valuations.

For the 12-month period ending March 31, 2025, the Fund's exposures to the financials and energy sectors were the largest contributors to performance during the period. The single largest individual contributor was Loblaw Cos. Ltd. owing to the company's ability to generate consistent, low-volatility earnings growth in a slowing economic environment. Royal Bank of Canada was the second-largest contributor as the company outperformed following its successful acquisition and integration of HSBC Bank Canada. The company also benefited from the positive impact of the steepening yield curve (when long-term bonds begin offering higher yields than short-term bonds).

The Fund's exposures to consumer cyclical and communication services companies were the largest detractors from performance. The single largest detractor was Superior Plus Corp., as unseasonably warm weather negatively affected propane demand, which led the company to lower its annual guidance and its dividend in favour of share repurchases. The second-largest detractor was Magna International Inc., as the share price fell following the bankruptcy of partner company Fisker Inc., which caused Magna to lower its full-year guidance. The company was also affected by uncertainty surrounding its business in the wake of potential tariffs.

Over the period, new positions included Wells Fargo & Co., Johnson & Johnson and Uber Technologies Inc.

Increased positions included Visa Inc., Canadian Imperial Bank of Commerce and Enbridge Inc.

Decreased positions included Air Canada, Superior Plus and Microsoft Corp.

Eliminated positions included Canadian National Railway Co., Bank of Nova Scotia and Norfolk Southern Corp.

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The fund manager expects economic growth to slow over the coming quarters as trade tensions and tariffs will likely create challenges and remain the primary focus of financial markets over the short term.

The Fund continues to hold overweight exposures to defensive businesses with higher yields, given their perceived attractive valuations and relative yields.

Fund and Benchmark Performance as at: March 31, 2025	1-year	3-year	5-year	10-year
IA Clarington Strategic Equity Income Fund – Series Y	7.4%	3.7%	11.3%	5.9%
S&P/TSX Composite Index	15.3%	7.6%	17.0%	9.1%

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 financial 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 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 invests in dividend paying stocks while the benchmark is comprised of companies which may not necessarily pay a dividend. 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.

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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