IA Clarington Strategic Income Fund

Manager commentary – Q4 2025

As we reflect on the recently passed quarter and calendar year, a few things have stood out to confirm the main drivers of investment returns. This past quarter and year were dominated by better-than-expected earnings and cash flow growth, all underwritten by strong economic growth. Earnings growth in the Canadian markets was significantly higher than the average growth rate over the past 15 years and was generally broad based. Valuations within equity markets continue to trade at a discount to other global markets, which also helped drive the strongest equity returns in our local market since 2009. Given recent conditions and our expectations of better economic growth in North America and generally lower central bank rates globally, we expect these trends to continue in the coming year. While the magnitude of equity returns is likely to be lower, the positive direction should produce better-than-average returns as 2026 unfolds. We would be remiss not to acknowledge the frothy valuations concentrated within the information technology sector; however, we also see a broadening out of opportunities outside of this sector from both an earnings perspective and relative valuations.

Our fixed-income investments benefited from these market conditions as the Fund is concentrated in corporate bonds that are more sensitive to the economy and company developments, and less sensitive to 10-year government bond rates. High-quality investment-grade debt was the weakest performer within fixed income in Canada, while higher-yielding corporate bonds stood out as best performers during the quarter as longer-term rates were generally higher.

The exposures in our equity portfolios are barrelled between business models that are highly correlated to the economy and income-focused defensive businesses with stable earnings and cash flow profiles. Our preference in securities correlated to the economy are focused in sectors such as financials and industrials, while our income-focused defensive positioning is concentrated in the utilities sector that should benefit from the expansion of the electricity grid and consumer-related market segments. These segments have mature and cash-flow-rich business models as a source of income, with less expected volatility. We added to our sector exposure to financials and materials equities, while reducing our sector allocation to industrials and energy positions. The largest contributors to the Fund's performance during the fourth quarter came from our exposure to financials and materials equities.

Within fixed income, credit spreads in high-yield fixed income finished in almost the exact spread at which they started the quarter, when adjusting for changes to government bonds. During the quarter, we reduced our exposure to government debt as data continued to support our thesis of stronger economic growth. Our overall credit quality remained squarely in the BBB average rating bucket during the quarter. We expect to increase our exposure to corporate debt and reduce duration as the year progresses and evidence of a stronger economy becomes more evident. We continue to expect that the

Canadian dollar will strengthen against the U.S. dollar and, as such, we remain mostly hedged to our U.S.-dollar exposure within the Fund.

The Fund's top two contributors to performance during the past three months included our holdings in Royal Bank of Canada (RBC) shares and Keyera Corp. 6.875% 2079 bonds. RBC outperformed following strong financial results, as well as a positive revision to its medium-term ROE (return on equity) target to "17% or better," up from the target it had set at its Investor Day. Keyera completed a consent solicitation during the period, which amended the terms such that it will no longer be automatically exchanged for preferred shares in the event of a bankruptcy, making the terms consistent with the company's other outstanding hybrid notes.

The largest detractors from performance during the quarter came from the Fund's exposure to Stantec Inc. and Telus Corp. Stantec underperformed following strong share price performance through the earlier part of the year on concerns that artificial intelligence could negatively impact the broader engineering industry. Telus shares underperformed following concerns about the sustainability of its dividend, which led the company to issue multi-year free cash flow and growth guidance, as well as pause its dividend growth.

Fund and Benchmark Performance as at: December 31, 2025	1-year	3-year	5-year	10-year
IA Clarington Strategic Income Fund – Series Y	10.2%	8.8%	6.7%	6.1%
40% FTSE Canada Universe Bond Index, 60% S&P/TSX Composite Index	19.3%	14.5%	9.4%	8.4%

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 benchmark is a blend of 40% FTSE Canada Universe Bond Index 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 FTSE Canada Universe Bond Index is comprised of Canadian investment grade bonds and has

significantly different portfolio duration characteristics. The FTSE Canada Universe Bond Index consists of a broadly diversified selection of investment-grade Government of Canada, provincial, corporate and municipal bonds issued domestically in Canada. 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 fixed income component can invest in both investment grade and high yield bonds while the benchmark has exposure only to investment grade bonds. The Fund may have exposure to equities and bonds domiciled both in Canada and outside of Canada while the benchmark only has exposure to equities and bonds 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. Overall, the Fund's bond and equity exposure can differ, because the Fund does not use a fixed ratio similar to the benchmark. 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.

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