

IA Clarington Tactical Income Class

Manager Commentary – Q1 2026

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

Inflation moderated over the past year while economic growth remained quite resilient. However, tariffs and events in Iran created a significant degree of uncertainty, resulting in elevated volatility across financial markets.

High-yield bonds outperformed investment-grade bonds as economic growth and expectations for interest-rate cuts supported the outlook for this part of the bond market. Investment-grade bonds also performed well on expectations for interest-rate cuts and moderating inflation.

Equities trended higher over the period, led by the energy and materials sectors. These sectors performed well as prices of underlying commodities rose as a result of broader macroeconomic themes.

The Fund’s equity component contributed to overall performance during the 12-month period ending March 31 2026, with the Fund’s exposures to the financials and energy sectors being the largest contributors to performance. The largest individual contributor was Toronto-Dominion Bank as stronger-than-expected results, an announced restructuring expected to result in ongoing cost savings and share buybacks drove outperformance of shares.

The fixed-income component contributed to the Fund’s overall performance. The largest individual contributor was Keyera Corp. (6.875%, 13/06/2079) as this security underwent a consent solicitation which removed its automatic conversion provision into preferred shares upon a bankruptcy event. Sunoco LP (3.875%, 16/06/2026) also contributed to performance as this security was created following the acquisition of Parkland Corp. and subsequently received a credit rating upgrade.

For the equity component, the Fund’s exposure to the information technology sector was the largest detractor from performance. The largest individual detractor was Waste Connections Inc. as the company experienced issues with its Chiquita Canyon landfill that required it to incur additional remediation expenses.

For the fixed-income component, the largest individual detractor was goeasy Ltd. (6%, 15/05/2030) as issues emerged across the company’s loan portfolio which caused its net charge-offs to rise. A position in goeasy Ltd. (7.625%, 01/07/2029) also detracted from performance for the same reason.

An increasing weight to equities contributed to the Fund’s performance over the period.

New positions included Agnico Eagle Mines Ltd., Waste Management Inc., Government of Canada (3.25%, 01/06/2035) and U.S. Treasury (4.125%, 15/02/2036).

Increased positions included Toronto-Dominion Bank, Johnson & Johnson and Sleep Country Canada Holdings Inc. (6.625%, 28/11/2032).

Eliminated positions included Alphabet Inc., Target Corp., U.S. Treasury (4.125%, 15/11/2032) and Canadian Treasury Bill (0%, 18/06/2025).

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Decreased positions included Waste Connections and Visa Inc.

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

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

Fund and Benchmark Performance as at: March 31, 2026	1-year	3-year	5-year	10-year
IA Clarington Tactical Income Class – Series F	11.1%	9.4%	6.9%	6.9%
40% FTSE Canada Universe Bond Index, 60% S&P/TSX Composite Index	20.2%	13.9%	9.3%	8.3%

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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.

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.

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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