IA Clarington Tactical Income Class

Manager Commentary – Q2 2026

IA Clarington Tactical Income Class 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 references made to "the Fund" hereinafter reflect a discussion of the portfolio holdings and characteristics of the Reference Fund.

As we reflect on the past quarter, several positive things stand out and were expected by our team entering the year. Economic growth was solid, particularly in the U.S., as was earnings growth that exceeded expectations by a significant amount during the past three to six months. As the conflict in the Middle East gave way to prospects for peace, so did many of the risks associated with higher prices driven by higher energy costs. Although elevated, inflation expectations were set to decline, in our opinion, as lower oil prices reflect better prospects and the limited go-forward effects of last year's tariffs. Productivity gains have accelerated higher while U.S. employment and consumer debt remained stimulative. Most markets and sectors across fixed income and equities enjoyed positive returns during the past quarter.

IA Clarington Strategic Income Fund posted returns of greater than 5% over the past quarter, driven predominately from our investments in securities related to economic growth while minimizing the impact of commodity-related equities. The Fund's fixed-income exposure continued its long-term record of outperforming its bond benchmarks during the quarter.

The Fund's largest contribution to performance during the quarter came from our exposure to banks, as better economic prospects improved their loan provision levels and earnings profile. The Fund's top-two contributors to performance during the past three months included holdings in Toronto-Dominion Bank and Royal Bank of Canada. Toronto-Dominion Bank delivered better-than-expected earnings growth, lower-than-expected credit provisions and a continued improvement in its return on equity (ROE). Royal Bank of Canada also demonstrated improving earnings growth and lower-than-expected credit provisions, generating an ROE above the medium-term target of 17% set at its Investor Day.

The largest detractors from the Fund's performance during the quarter came from the Fund's exposure to Agnico Eagle Mines and Stantec. Agnico Eagle tracked the performance of gold lower throughout the quarter as worries about higher inflation lifted expectations for interest-rate hikes, which ultimately reduced demand for the precious metal. Stantec underperformed following its earnings release that showed organic growth slowing to below-target levels for the year, exacerbating the market's concerns about the risk of disruptions related to artificial intelligence (AI) on its business.

Excess liquidity and corporate earnings commentary after the first quarter gave us confidence in our expectations for the second quarter and remainder of the year, as overall prospects for growth remain strong. We would be remiss if we did not point out some of the risks that may contribute to a market's correction. Our biggest concern is a sustained and higher 10-year bond yield that may trigger a short-term but impactful market correction, given the relationship between equity yields and bonds yield approaching 5% in the U.S. and exceeding 4% in Canada. Although not expected, we remain "barbelled" in our investment approach to this possibility, with a much larger-than-benchmark exposure to defensive business models that should perform well in a corrective environment. Our fixed-income exposure is also with low duration, helping to minimize the potential negative impacts of a rising interest-rate environment in absolute and relative terms.

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The Fund's current equity positioning favours securities correlated to the economy and focused in sectors such as financials and industrials. As well, our income and defensive positioning is concentrated in utilities sector securities that should benefit from the expansion of the electrical grid, and in consumer-related stocks that have mature and cash-flow-rich business models with less expected volatility. We added to the Fund's exposure to Canadian banks during the quarter, while further reducing our already-low exposure to positions in the materials and energy sectors.

Within fixed income, credit spreads in high-yield securities were moderately lower when adjusting for changes to government bonds. During the quarter, we modestly increased the Fund's weight to investment-grade bonds with a higher exposure to government bonds. At yield levels approaching 4.5%, we believed that yields were now appropriately high enough to compensate for risk, while providing the Fund with an added layer of downside protection if prospects for a Middle East ceasefire diminished, which would likely lead to economic demand destruction and slower growth. In effect, we believe we were getting paid to hedge the portfolio against unforeseen geopolitical events. 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.

Fund and Benchmark Performance as at: June 30, 2026	Q2	1-year	3-year	5-year	10-year
IA Clarington Tactical Income Class – Series F	5.2%	11.4%	11.1%	7.0%	7.1%
40% FTSE Canada Universe Bond Index, 60% S&P/TSX Composite Index	5.0%	20.4%	15.6%	9.2%	8.4%

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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.

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

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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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