

IA Clarington Loomis U.S. Dollar Floating Rate Income Fund

Manager Commentary – Q1 2026

The bank loan (debt instrument with floating interest rates that are reset at regular intervals) market delivered mid-single-digit returns in 2025, driven by strong income, although performance lagged the high-yield (fixed-income securities with higher risk and higher yield than investment grade bonds) and investment-grade (high-quality debt securities with a low risk of default) markets as declining base rates and modest price pressure tempered returns. In the first quarter of 2026, expectations for merger-and-acquisition-fuelled issuance faced strong challenges from the software and artificial intelligence (AI) space in addition to geopolitical uncertainty and a decreased likelihood of lower rates. Loan issuance was muted given risk-off sentiment (market conditions in which higher-risk assets tend to perform poorly), particularly for refinancings and repricings. The loan market was characterized by resilient collateralized loan obligation (CLO, a collection or 'bundle' of corporate loans that are offered as an income-generating security. Payments on these loans are the source of the income investors receive) demand, although retail outflows were significant during the quarter. Refinancing risk (in a senior loan arrangement, borrowers have the ability to refinance at any time without penalty, which is what they tend to do when they see that investors are flush with cash) remains a concern for B-minus-rated borrowers with maturities in 2028.

During the 12-month period ending March 31 2026, exposure to B-rated loans contributed to the Fund's performance. The fund manager believes these loans continue to provide opportunities. Ryan LLC was among the individual contributors to the Fund's performance.

Private credit (a debt security or lending arrangement that is not accessible in the public markets) names detracted from the Fund's performance, as several holdings were marked down significantly as their value was seen as impaired. Illiquid (a security that is not readily tradeable) speculative credit holdings also detracted. While the fund manager was generally able to reduce exposure to some of the more speculative bond holdings inherited in the portfolio, their values had declined materially since their original purchases. First Brands Group LLC was among the individual detractors.

The fund manager continued to diversify the Fund's loan holdings, adding new bank loans in the industrials space. The fund manager added to the Fund's bank loan exposure over the period, focusing on B-rated loans. The fund manager also added high-yield credit exposure. The Fund's exposure to the software sector was reduced.

Market volatility during the first quarter of 2026 was increasingly shaped by geopolitical risk tied to the conflict in the Middle East. The intensification of tensions in March drove a sharp rise in energy prices, lifted inflation expectations and reinforced concerns around global supply chains, energy security and regional stability. These developments compounded existing fiscal uncertainty in the U.S., including government shutdown episodes earlier in the quarter. U.S. Treasury yields moved higher, reflecting heightened fiscal concerns and the risk that higher energy prices could reignite inflationary pressures.

The fund manager believes the U.S. economy could remain in the expansion-to-late-cycle phase of the credit cycle, with the likelihood of slowing economic growth in the near term and the potential for re-acceleration later in the year. Corporate fundamentals remain solid and corporate balance sheets are generally healthy. The fund manager is preserving liquidity, selectively adding credit risk and remaining prepared to redeploy capital should credit spreads widen. The fund manager believes long-term value has returned to fixed-income markets through a combination of discount-to-par pricing and attractive all-in yields.

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Fund and benchmark performance as at March 31, 2026	1 year	3 year	5 year	10 year
IA Clarington Loomis U.S. Dollar Floating Rate Income Fund – Series F	3.6%	3.0%	2.2%	2.9%
Morningstar LSTA US Leveraged Loan Index (USD)	4.8%	8.0%	5.9%	5.6%

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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.

Loomis, Sayles & Company, L.P. was appointed sub-advisor to the IA Clarington Loomis U.S. Dollar Floating Rate Income Fund effective September 4, 2024. This Fund changed its name from IA Clarington U.S. Dollar Floating Rate Income Fund, effective June 16, 2025.

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 the Morningstar LSTA US Leveraged Loan Index, which is designed to deliver comprehensive, precise coverage of the US leveraged loan market. The Fund's geographic, sector and credit quality exposure may differ from that of the benchmark. The Fund can invest in high yield corporate bonds and government bonds, which are not included in the benchmark. For this Fund, performance is reported in USD and any investments in non-U.S. based issuers (including Canadian issuers) may be purchased in currencies other than U.S. dollars. When these non-U.S. investments are purchased in a currency other than U.S. dollars, the value of the investment will be affected by the value of the U.S. dollar relative to the value of the other currency. If the U.S. dollar rises in value relative to the IA Clarington Loomis U.S. Dollar Floating Rate Income Fund other currency but the value of the non-U.S. based investment otherwise remains constant, the value of the investment in U.S. dollars will have fallen. Similarly, if the value of the U.S. dollar has fallen relative to the other currency, the value of the U.S. Dollar Fund's investment will have increased. As the Fund's performance is reported in USD, the U.S. indices referenced within are also quoted in their native currencies of U.S. dollars to reflect the performance of the holdings. 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 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.

The information provided should not be acted upon without obtaining legal, tax, and investment advice from a licensed professional. Statements by the portfolio manager or sub-advisor represent their professional opinion and do not necessarily reflect the views of iA Clarington. Specific securities discussed are for illustrative purposes only and should not be considered a recommendation to buy or sell. Mutual funds may purchase and sell securities at any time and securities held by a fund may increase or decrease in value. Past investment performance may not be repeated. Unless otherwise stated, the source for information provided is the portfolio manager. Statements that pertain to the future represent the portfolio manager's current view regarding future events. Actual future events may differ. Future-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ. Opinions may change as market conditions or other factors evolve.

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Commissions, trailing commissions, management fees, brokerage fees and expenses all may be associated with mutual fund investments, including investments in exchange-traded series of mutual funds. The information presented herein may not encompass all risks associated with mutual funds. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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