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

Manager Commentary – Q2 2026

The U.S. leveraged loan market remained bifurcated throughout the second quarter as geopolitical tensions, persistent inflation concerns and growing fears about disruptions related to artificial intelligence (AI) weighed on sentiment. Despite these challenges, primary market activity proved resilient, with corporate borrowers offsetting a sharp slowdown in sponsor-backed issuance. Leveraged loan activity totaled approximately US$224 billion, down 7% from the first quarter of 2026 but remaining above historical averages.

Issuance dynamics shifted meaningfully during the quarter. Private equity deal activity fell 38%, driving a 33% decline in sponsored loan issuance as sponsors focused on refinancing existing obligations and extending maturities rather than pursuing new transactions. Amend-and-extend activity reached record levels as borrowers sought to address the sizable 2028 maturity wall. Meanwhile, corporate borrowers increased their presence in the market, highlighted by several large transactions, including the US$13 billion Warner Bros. Discovery term loan.

Secondary market conditions stabilized following the volatility experienced in late the first quarter, although performance remained highly uneven across sectors and credit quality. Software credits continued to underperform amid concerns surrounding AI-driven disruption, while healthcare surpassed software as the largest source of new leveraged loan issuance for the first time in more than a decade. Larger and higher-rated borrowers generally maintained stronger market access than lower-rated issuers.

Investor demand weakened during the quarter as measurable loan demand fell to approximately US$34.5 billion, the lowest level since late 2023. Much of the decline was driven by slower issuance of collateralized loan obligations (CLO), which fell to roughly US$33 billion from US$47 billion in the first quarter. Although loan fund flows turned modestly positive after several quarters of outflows, overall demand remained subdued relative to recent years.

Credit dispersion widened further as lenders became increasingly selective. While spreads for many borrowers rated BB and B retraced much of their early-quarter widening, lower-rated B-minus issuers continued to face materially higher financing costs. The gap between stronger and weaker credits expanded as investors demanded greater compensation for perceived sector-specific and fundamental risks.

Overall, the second quarter reinforced the transition toward a more selective lending environment. Refinancing and extension activity provided borrowers with additional flexibility, but market access increasingly favoured higher-quality issuers and non-software sectors. Persistent inflation, geopolitical uncertainty and ongoing AI-related concerns continue to shape credit market conditions heading into the second half of 2026.

The portfolio slightly underperformed its benchmark on a net basis in the second quarter. Within the leveraged loan allocation, a CCC-rated loan in the cable satellite industry was the main detractor from performance. B-rated technology loans also detracted.

Outside of the leveraged loan allocation, CLO holdings and ETFs were the main contributors to the Fund's performance, while private credit holdings slightly detracted.

Market volatility remained elevated during the second quarter, though fears of a severe economic downturn eased as the conflict involving the U.S., Israel and Iran proved less disruptive to global energy markets than

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initially feared. While higher oil prices and geopolitical uncertainty continued to weigh on sentiment, the broader economic backdrop remained resilient. The initial energy shock lifted inflation expectations and contributed to higher interest rates, with the 10-year U.S. Treasury yield rising from approximately 4.32% to 4.47% over the quarter. At the same time, credit markets largely absorbed the volatility, while investment-grade and high-yield corporate spreads tightened as investors looked through near-term geopolitical risks and remained focused on resilient economic growth.

Looking ahead through the remainder of 2026, we believe the U.S. will remain firmly in the 'Expansion to Late Cycle' phase of the credit cycle. Our outlook is based on positive wealth effects, supportive fiscal policy, robust corporate profits and a significant capital expenditure cycle tied to AI. Manufacturing activity has also remained healthy, order books are strong and inventories remain relatively lean. Corporate health appears solid, as reflected in healthy earnings, profit margins and corporate balance sheets. After softening in 2025, labour market indicators have improved, with payroll growth, job openings and unemployment claims also suggesting continued resilience. Globally, growth entered 2026 on more synchronized footing, supported by monetary easing in 2025, improving manufacturing activity and increasingly supportive fiscal policy. Despite the energy shock and geopolitical tensions that remain, the global economy appears more resilient than it was during the initial energy shock following Russia's invasion of Ukraine.

Fund and benchmark performance as at June 30, 2026	Q2	1 year	3 year	5 year	10 year
IA Clarington Loomis U.S. Dollar Floating Rate Income Fund – Series F	1.2%	3.4%	2.9%	2.1%	2.8%
Morningstar LSTA US Leveraged Loan Index (USD)	1.9%	4.4%	7.6%	6.0%	5.5%

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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.

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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.

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