

IA Clarington Loomis Global Allocation Fund

Manager commentary – Q4 2025

Most segments of the world financial markets moved higher in the fourth quarter. A favourable backdrop characterized by more stimulative central bank policies, continued global economic growth and robust corporate earnings, proved supportive for investor risk appetites.

The U.S. bond market delivered a solid total return with low volatility in the quarter, closing out a positive year. Fixed-income assets remained supported by a backdrop of positive economic growth, an annualized inflation rate that largely held below 3%, and accommodative policy by the U.S. Federal Reserve (the Fed).

Developed market government bonds, while slightly positive in absolute terms, lagged the U.S. European bond markets performance was mixed, but a weak showing for Japan offset much of the gain. The Bank of Japan continued to raise interest rates in an effort to normalize its monetary policy, making it an outlier among its global peers. Emerging market bonds gained ground in the quarter, closing out a strong year for the asset class.

The world equity markets registered solid gains, helping the major indexes record their third consecutive year of double-digit returns. Performance was uneven over the first half of the quarter on concerns that stocks related to artificial intelligence (AI) were in a “bubble.” However, stocks staged a notable rebound and went on to achieve new record highs by year-end behind the favourable trends in economic growth, corporate earnings and interest rates.

IA Clarington Loomis Global Allocation Fund Series T8 returned 1.3% during the fourth quarter, outperforming its blended benchmark, 40% Bloomberg Global Aggregate Bond Index (CAD Hedged), 60% MSCI AC World Index (CAD), which returned 1.2%. The Fund’s equity and fixed-income components contributed to performance.

For the Fund’s equity component, the three largest contributors were Alphabet Inc, Cummins Inc. and Parker Hannifin Corp.

Alphabet shares were supported by a series of positive developments in the fourth quarter, including the announcement of a multi-billion-dollar cloud computing agreement with Anthropic, a leading AI firm. Strong third-quarter earnings released on October 29 added further momentum. Later in the quarter, shares reacted positively to reports that Meta was in discussions to use Google’s TPU chips—a

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potential new revenue stream and a significant validation of TPU technology for external partners, which had previously been used exclusively in-house.

Cummins was a leading contributor for the fourth quarter, demonstrating strong business momentum despite ongoing weakness in truck markets. The company has benefited from a combination of internal efficiency initiatives—such as cost reductions that have driven exceptional margin performance across segments—and external demand tailwinds, particularly for its 95L gensets used as backup power for data centres. While trucking markets remain weak, optimism is building that the prolonged four-year downturn may be nearing its end.

Parker Hannifin shares rose in the quarter, with roughly half of the gain occurring after strong third-quarter earnings on November 6. The company raised its fiscal-year 2026 revenue guidance by 200 basis points on robust order trends, reinforcing confidence in a cyclical industrial rebound. Margin guidance was also increased, supported by productivity improvements and higher volumes tied to the recovery. The company also announced the acquisition of Filtration Group, a deal similar to its successful CLARCOR acquisition, suggesting the potential to replicate its proven cost-synergy playbook.

For the Fund's fixed-income component, yield curve and duration positioning contributed strongly to relative performance over the quarter. Positioning in the U.S. dollar, Japanese yen and euro-pay markets particularly contributed. Spread sector allocation also contributed to relative performance over the quarter. Risk-adjusted overweight positions in the communications, sovereign and bank loans sectors particularly contributed to relative performance.

For the Fund's equity component the three largest detractors were The Home Depot Inc., O'Reilly Automotive Inc. and BlackRock Inc.

Home Depot shares lagged during the quarter, as management cited ongoing consumer uncertainty and tough year-over-year comparisons following last year's storm activity, which particularly impacted roofing-related work at recently acquired SRS. At its recent Investor Day, management acknowledged limited visibility into a near-term catalyst for an industry inflection. Despite these headwinds, Home Depot continues to execute well with its DIY customer base and is gaining share in the professional segment, underscoring the effectiveness of its strategy and expanded capabilities.

O'Reilly shares detracted in the fourth quarter; the stock reacted negatively to earnings released in October after management noted that tariff-related price increases were causing some consumers to defer purchases. Despite this, the company raised its fiscal-year 2025 comparable store sales guidance from 3–4.5% to 4–5%. Shares faced additional pressure in December amid concerns over gross margin

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compression at a peer, driven by tariffs and higher SG&A (selling, general and administrative costs) per store.

Shares of BlackRock detracted during the period. While the drivers of this weakness were not entirely clear, investor concerns may have centered on the company's growing presence in private credit following its acquisition of HPS. Although 2025 saw isolated credit market challenges, there is little evidence of systemic risk that would materially impair BlackRock's private credit earnings potential.

Equity initiations in the portfolio over the quarter included Chipotle Mexican Grill Inc. Chipotle is a leading fast-casual restaurant chain known for customizable menu options that emphasize real food without artificial additives. Founded in 1993, Chipotle has over 3,800 locations, nearly all of which are company owned, providing strong control of its brand, relationships and operations. Chipotle competes in an attractive market segment; it leads on value across quick-service and fast-casual categories, with greater weight and protein per dollar than its peers. The company has maintained disciplined pricing, underpacing inflation while investing in food quality, technology and employees. It has the highest restaurant margin in its peer group, which we expect to continue through sales leverage, throughput initiatives and equipment upgrades. Management is growth oriented, with new restaurant openings their top capital allocation priority. Chipotle has consistently grown net restaurants at a 5-9% rate annually, and we anticipate continued growth supported by a robust pipeline and international expansion. The company has also been an innovator in restaurant technology, consistently developing solutions to improve employee and customer experience. We expect intrinsic value growth to be driven by revenue growth, margin expansion and capital allocation via share repurchases. We believe that shares of Chipotle are attractive based on our discounted cash flow methodology.

Within the Fund's fixed-income component, Dayforce Inc. was added, purchasing new issue and secondary bonds with 2032 maturities. Dayforce provides technology solutions. The company offers a platform for talent and workforce management, human resources, benefits and payroll services that help to manage the entire employee lifecycle, from recruiting and onboarding, to paying people. Dayforce serves customers worldwide. The company is based in the U.S. and is in the software industry.

New issue bonds of Talen Energy Supply LLC with 2034 and 2036 maturities were purchased. Talen is an independent power producer – TLN's generation mix is heavily skewed to the PJM region (mid-Atlantic), followed by ERCOT (Texas), with the remaining assets scattered in the northeast and western U.S. The company's ownership stake in the Susquehanna nuclear facility in Pennsylvania is a significant asset on TLN's balance sheet; the rest of the assets are a mix of gas/coal/oil plants.

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Within the Fund's fixed-income component, our allocations to Micron Technology Inc. and VICI Properties Inc. were reduced during the quarter in order to raise reserves and build in liquidity/flexibility for the portfolio.

We believe the stage is set for robust earnings growth across developed and emerging markets. In 2026, healthy economic growth and moderating inflation should bolster most markets. The expansion phase of the credit cycle is likely to persist. Corporate fundamentals have been solid, and 2026 profit margins should remain near multi-year highs in most regions. Earnings growth is likely to accelerate in Europe but still lag the growth rates of the MSCI Emerging Markets Index and the S&P 500 Index. Globally, risk premiums look slim across both credit and equity market valuations. But that does not imply potential for a market drawdown. In our view, it seems more likely that fixed-income and equity assets can post modest total returns while the economic and earnings backdrop remains supportive.

U.S. GDP likely grew about 2.3% in 2025, and we expect similar growth in 2026. AI-driven capital spending and healthy corporate profits are the key positives, plus a bit of push from tax cuts which is expected to add stimulus in the spring. Against this, payroll employment has slowed, falling from 1.2% year-over-year (yoy) in late 2024, to 0.6% in late 2025. Average hourly earnings have also slowed, from about 4.0% yoy to 3.5% over the same period. Over the year to November, the unemployment rate edged up from 4.2% to 4.6% (Bureau of Labor Statistics). Capital expenditure strength and employment listlessness are expected to continue.

The markets displayed continued optimism about the direction of Fed policy. The unemployment rate climbed off its 2023 low, and data from ADP, Challenger, and the Fed's Beige Book showed weak demand from employers. However, labour market weakness contrasted with headline inflation that came in between 2.7% to 3.0% (annualized) in the second half of 2025, as gauged by the Consumer Price Index. Measured inflation has now exceeded the Fed's target for four consecutive years.

Current financial conditions in the U.S. do not signal that monetary policy is tight, in our view. Equities finished the year near all-time highs, while credit spreads were close to all-time lows. Corporate bankruptcies are low, and recent issues in credit appear idiosyncratic rather than systemic. Given the generally positive outlook for corporate profits and fiscal stimulus in 2026, we doubt that more than one more Fed rate cut after December can be justified unless U.S. economic conditions take a pronounced turn for the worse.

	1 year	3 years	5 years	10 years
Fund and benchmark performance, as at December 31, 2025				

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IA Clarington Loomis Global Allocation Fund – Series T8	6.5%	14.2%	6.1%	7.5%
40% Bloomberg Global Aggregate Bond Index (CAD Hedged), 60% MSCI AC World Index (CAD) ¹	11.1%	14.0%	7.4%	7.6%

Non-traditional fixed income asset classes may carry higher risk, but generally provide higher yield than traditional fixed income asset classes. For definitions of technical terms in this piece, please visit iaclarington.com/glossary and speak with your financial advisor.

¹Source: MSCI Inc. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed, or produced by MSCI.

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 Bloomberg Global Aggregate Bond Index (Currency Hedged) (40%) and MSCI AC World Index (CAD) (60%). The blended benchmark presented is intended to provide a more realistic representation of the general asset classes in which the Fund invests. The Bloomberg Global Aggregate Index is a flagship measure of global investment grade debt from twenty-eight local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. There are four regional aggregate benchmarks that largely comprise the Global Aggregate Index: the US Aggregate, the Pan-European Aggregate, the Asian-Pacific Aggregate, and the Canadian Aggregate Indices. The MSCI AC World Index (CAD) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 50 country indexes comprising 23 developed and 24 emerging market country indexes. The Fund's market capitalization, geographic, sector and credit quality exposure may differ from that of the benchmark. The Fund's currency risk exposure may be different than that of the benchmark. 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. IA Clarington Loomis Global Allocation Fund was formerly IA Clarington Global Allocation Fund.

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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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.

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