IA Clarington QV Global Equity Fund

Manager Commentary – Q2 2026

During the second quarter of 2026, IA Clarington QV Global Equity Fund Series F returned 9.6% versus 15.6% for the MSCI World Index ($CAD). From a sector perspective, the quarter was defined by a dramatic 'risk on' shift back toward a narrow set of information technology stocks, and to a lesser extent financials and industrials, predominantly at the expense of energy, materials, and defensives such as utilities, consumer staples and health care.

The Fund's relative underperformance in the quarter was driven by its sector underweight position in information technology and overweight position in consumer staples and energy. This was somewhat offset by strong security selection within the health care and industrials sectors.

As at June 30, 2026, the Fund held 45 positions across nine sectors, with a cash balance of approximately 2.6%. During the quarter, we made net sector weighting increases within communication services, consumer discretionary and health care, and decreases across industrials, information technology, materials and energy. We initiated Hims and Hers Health Inc. (HIMS) and Microsoft Corp., re-initiated on Lennox International Inc. (LII), and exited Tokyo Electron Ltd. and Merck & Co. Inc.

HIMS is a vertically integrated direct-to-consumer digital health platform with leading brand resonance and market share. HIMS possesses valuable capital-light economics underpinned by increasing returns to scale as new subscribers and therapeutics are added to the platform. The category is growing rapidly, driven by the structural megatrends of bespoke wellness along with technology and regulatory breakthroughs enabling personalized medicine at scale. With deep management talent and a market-leading brand, subscriber base and production facilities, we believe HIMS is ideally positioned to capitalize on these megatrends.

Microsoft is a dominant technology franchise that is augmenting its very profitable core software business through investment in higher-growth artificial intelligence (AI) infrastructure. While the elevated capital intensity is not without risk, we believe this investment provides significant upside optionality in a world where metered digital intelligence becomes a mission-critical cost of doing business for Microsoft's customers. Importantly, this optionality neatly dovetails and strengthens its dominant software ecosystem that is anchored by the Office 365 platform (430M+ paid seats, ~75% Fortune 500 penetration) and reinforced by a leading product suite.

LII is a manufacturer and distributor of heating, ventilation, air conditioning and refrigeration solutions for residential and commercial markets. LII has a multi-decade track record of persistent high-single-digit revenue growth, margin expansion and share count reduction that has fueled double-digit earnings and dividend per-share growth. The growth is set to continue as replacement volumes (about 75% of sales) combine with tailwinds from the scaling of recent investments into manufacturing, distribution and product line expansion.

IA Clarington QV Global Equity Fund

The Fund's meaningful additions were largely normal course portfolio management, as we believed the likes of Thor Industries Inc., Netflix Inc., Tencent Holdings Ltd. and Alibaba Group Holding Ltd. all warranted higher weights, given valuations that presented very attractive future return profiles. Tokyo Electron and Merck were exited at valuations approaching historical peaks, moderating future return outlooks, while Samsung Electronics Co. Ltd., Old Dominion Freight Line Inc. and Starbucks Corp. were significantly reduced for the same reason.

The conflict that closed the Strait of Hormuz in late February, while somewhat de-escalated, oscillates daily between a fragile ceasefire and a return to open conflict, frustrating the path to lasting peace and return to pre-crisis transit volumes. Oil prices have completed their round trip, with Brent crude falling from over US$100 back to the low US$70s, its worst quarterly performance in over five years. Although this has temporarily relieved investor fears of sustained inflation, these developments have not revived expectations for interest-rate cuts, as core U.S. inflation continues to hold near 3%. This has likely played a key role in the U.S. Federal Reserve's recent pivot to a more hawkish stance and the removal of its previous language hinting at future rate cuts. Meanwhile, the AI technology rally remains remarkably strong but increasingly narrow, with only a small number of semiconductor franchises pushing the S&P 500 Index to record highs, leaving little room for disappointment. Resilient employment and earnings data are supportive of the momentum; however, trade tariffs, uncertainty around the CUSMA trade negotiations and U.S. midterm elections in the fall of 2026 could produce a wide range of outcomes for investors. Against this backdrop, we continue to favour a mix of reasonably valued, durable franchises and discounted cyclicals compared to the singular AI-driven investment theme driving a large portion of today's market returns.

Fund and benchmark performance as at June 30, 2026	**Q2 2026**	**1-year**	**3-year**	**5-year**	**10-year**
IA Clarington Global Equity Fund - Series F	9.6%	20.8%	13.8%	11.5%	10.2%
MSCI World Index (CAD)[1]	15.6%	26.2%	22.0%	14.5%	14.1%

Get ahead

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.[1] Source: 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.

iA Clarington™ Investments

IA Clarington QV Global Equity Fund

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 MSCI World Index (CAD) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI World Index (CAD) consists of 23 developed market country indices. The Fund's market capitalization, geographic and sector 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. 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. 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.

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.

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.

The iA Clarington Funds are managed by IA Clarington Investments Inc. iA Clarington and the iA Clarington logo, iA Wealth and the iA Wealth logo, and iA Global Asset Management and the iA Global Asset Management logo, are IA Clarington Money Market Fund trademarks of Industrial Alliance Insurance and Financial Services Inc. and are used under license. iA Global Asset Management Inc. (iAGAM) is a subsidiary of Industrial Alliance Investment Management Inc. (iAIM).

