IA Clarington Global Multifactor Equity Fund

Manager commentary – Q1 2025

As 2024 progressed, the world appeared to be slowly finding the right balance between encouraging growth and controlling inflation. Central banks throughout the world made concerted efforts to manage the cost of living and inflation challenges facing individuals and businesses.

The most recent quarter was dominated by U.S. President Trump’s surprisingly aggressive stance on tariffs, particularly towards Canada. By the end of the period, Trump had implemented 25% tariffs on steel, aluminum and cars, with more tariff announcements expected in April.

U.S. growth was expected to be somewhat flat in the first quarter, as consumer and business confidence was increasingly shaken by political uncertainty. The U.S. Federal Reserve held its target interest rate steady at 4.50%.

In Canada, the economic recovery was going well, with interest-rate cuts taking the policy interest rate down to 2.75%. However, uncertainty related to trade policy caused household and business confidence to plummet, slowing the economy.

The European economy continued to stagnate, but optimism returned with peace negotiations in Ukraine and the announcement of substantial fiscal stimulus in Germany. Some signs of a pick-up in growth emerged, but tariffs weighed down activity.

China's economy struggled with a balance sheet recession, as households and companies alike prioritized debt repayment over spending or investing, leading to economic stagnation.

The U.S. equity market, as represented by the S&P 500 Index, returned favourable results in 2024 but regressed by 4.3% in the first quarter of 2025 given economic pressures. Over the 12-month period, this resulted in a return of 8.3% in U.S.-dollar terms and 15.1% in Canadian-dollar terms.

Canadian equities, as represented by the S&P/TSX Composite Index, fared better toward the end of the period, with a 1.0% return for the last quarter and a 15.8% return for the period.

On the global front, the MSCI World Index and MSCI EAFE Index respectively returned -1.7% and 6.9% over the last quarter (in Canadian-dollar terms, therefore including foreign currency movements), and 13.8% and 11.5% for the period.

The Fund’s underweight exposures to the health care and materials sectors contributed to performance. Security selection contributed the most to performance overall, particularly within the communication services and information technology sectors. Individual contributors included Apple Inc., the American information technology giant renowned for its consumer electronics, software and services. The company benefited from the strong rebound of shipments in China, which significantly boosted its earnings in the second and third quarters of 2024. Leading semiconductor company NVIDIA Corp. generated impressive revenue and earnings throughout 2024, which was driven largely by huge demand in key segments such as artificial intelligence data centres.

The Fund's security selection in the financials, industrials and consumer discretionary sectors detracted the most from performance. An underweight exposure to the financials sector also detracted from performance, as did its overweight exposures to the communication services and consumer discretionary sectors. Individual detractors included Merck & Co. Inc., which faced supply-chain disruptions and increased competition in the pharmaceuticals industry. Additionally, the company reported lower-than-expected sales for key products, affecting investor confidence. PayPal Holdings Inc. experienced slower growth in user acquisition and transaction volumes, as well as pressure from increased competition in the digital payments space.

The Fund is managed with a systematic and quantitative process, and most of the decisions are based on the input provided by the investment model, which analyzes factor exposure.

New positions included Adobe Inc., Spotify Technology SA and T-Mobile US Inc.

Increased positions included NVIDIA, Hitachi Ltd. and WH Group Ltd.

Decreased positions included Enel SPA, Sands China Ltd. and Wells Fargo & Co.

Eliminated positions included UnitedHealth Group Inc., JPMorgan Chase & Co. and Broadcom.

The Fund uses a systematic investment process where the fund manager does not attempt to predict the future evolution of the market, but instead focuses on ensuring that the model's factor exposure remains relevant. This process is designed to ensure that the Fund can react effectively to market conditions.

Fund and benchmark performance, as at March 31, 2025	**1-year**	**3-year**	**5-year**	**10-year**
IA Clarington Global Multifactor Equity Fund–Series A	14.5%	12.3%	14.4%	8.2%
MSCI World Index^ (CAD)	13.8%	12.8%	16.4%	10.9%

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For definitions of technical terms in this piece, please visit iaclarington.com/glossary and speak with your investment advisor.

IA Clarington Global Multifactor Equity Fund was formerly IA Clarington Global Value Fund. The name change was effective June 17, 2024.

^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.

The performance data comparison is intended to illustrate the historical performance of the Fund 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. 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 are historical annual compounded total returns.

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.

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