IA Clarington Loomis Global Equity Opportunities Fund

Manager Commentary – Q2 2026

Global equity markets rebounded in the second quarter following a challenging start to 2026. Strong corporate earnings and easing tensions in the Middle East bolstered markets, along with renewed support for spending related to artificial intelligence (AI).

The MSCI All Country World Index returned 16.8% for the quarter (in Canadian-dollar terms), with all sectors posting positive results apart from the energy sector. The information technology sector returned over 40%, significantly outperforming the broader market. The financials and industrials sectors also registered double-digit returns.

IA Clarington Loomis Global Equity Opportunities Fund Series F returned 14.9%, underperforming the MSCI All Country World Index (CAD). Security selection in the information technology sector was the largest detractor from relative results; the financials and consumer discretionary sectors also detracted on a relative basis. Not having exposure to the energy sector was the largest contributor to relative performance, along with the industrials, communication services and health care sectors.

The three largest detractors from performance were Broadcom Inc., S&P Global Inc. and Tyler Technologies Inc.

Broadcom detracted in the second quarter following its 2026 second-quarter earnings report, as investors reacted to a modest miss in AI semiconductor guidance for the third quarter and unchanged AI semiconductor revenue guidance for fiscal year 2027. We view the lack of a guidance increase as reasonable given Broadcom’s strong operational execution and focus on long-term business management. The company continues to deepen relationships with key customers, including Google, Meta, OpenAI, and Anthropic, while its recently announced XPV platform with Blackstone and Apollo could become a meaningful growth catalyst as AI infrastructure spending accelerates through 2028.

Shares of Tyler Technologies were pressured by several factors, including a convertible bond offering used to fund an accelerated share repurchase program, as investors focused on the potential for future dilution. Sentiment was further impacted by the company's removal from the Russell 1000 Growth Index and Russell Mid-Cap Growth Index, which likely triggered index-related selling. Lastly, following the April 29 earnings release, investors also interpreted guidance as implying slightly slower organic SaaS growth. Given concerns about AI-driven disruption in software, this perceived reduction in guidance weighed on sentiment. Management later clarified that the expected contribution from the For The Record acquisition did not reflect any change to the company's underlying organic growth outlook.

S&P Global detracted from performance as investors worried that AI could disrupt its Market Intelligence segment. We believe these concerns are overstated, as the business is built on proprietary, mission-critical data that is difficult for large language models to replicate. SPGI is also partnering with leading AI platforms, positioning its content to benefit from growing AI adoption, while its other core businesses continue to drive strong revenue and profit growth.

The three largest contributors to performance were Taiwan Semiconductor Manufacturing Co. Ltd. (TSMC), KLA Corp. and ASML Holding NV.

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TSMC contributed to returns over the quarter, supported by continued investor enthusiasm for its central role in the AI infrastructure buildout and its position in leading-edge semiconductor manufacturing. We highlight the company's planned capital expenditures of US$52–$56 billion, a meaningful increase from recent years, as evidence of its commitment to meeting growing demand across both advanced foundry services and advanced packaging. We believe TSMC has demonstrated a strong ability to generate attractive returns on incremental capital investment, and we expect that strength to continue as the company expands capacity.

KLA was a top contributor to performance, benefiting from the global AI-driven semiconductor buildout as the world's leading supplier of process control equipment. Beyond growing expectations for strong wafer fabrication equipment (WFE) spending across both logic and memory markets, the company reinforced its long-term growth outlook at its March Investor Day, highlighting opportunities to increase the share of process control within WFE and drive additional market share gains. Several structural industry trends support this opportunity, including larger chip sizes, higher chip costs, increasing design complexity, particularly in high-bandwidth memory (HBM), more leading-edge design starts, and tight industry capacity, which makes yield improvement one of the most cost-effective ways to increase output.

ASML contributed to performance as demand for its lithography equipment continued to strengthen, driven by AI-related semiconductor investment. While ASML has historically been best known for its leadership in extreme ultraviolet (EUV) lithography for advanced logic chips, EUV is becoming increasingly critical in memory manufacturing as well, with all three major DRAM producers now using the technology for leading-edge production. With significant memory capacity expansions expected in 2027 and 2028, ASML remains uniquely positioned as the sole supplier of EUV lithography systems.

Over the period, we initiated a position in Broadcom and eliminated our positions in Expedia Group Inc. and CGI Inc.

Broadcom is a leading semiconductor and infrastructure software company, with a strong portfolio of IP for custom chips (ASICs) and networking. We believe its ability to help large customers such as Google and Meta design custom chips tailored to specific workloads positions the company well to benefit from the rapidly expanding AI market. High returns on capital have ben driven by the monetization of its world-class IP, a cost-focused culture and low capital intensity. The company's roots in networking are also proving especially valuable given the strain AI workloads place on networking silicon. We also highlight that long-time CEO Hock Tan has been an excellent steward of the business, including through several large M&A transactions across semiconductors and software. We believe intrinsic value will compound over time, driven primarily by strong revenue growth and disciplined capital allocation, with some contribution from margin expansion. Shares of Broadcom appear attractively valued based on our discounted cash flow analysis.

We eliminated our position in Expedia, an online travel agency, as we lost confidence in the company's management team. While Expedia met our quality determination upon investment, the departure of CFO Scott Schenkel, who had been in the position for just over a year, prompted concerns regarding management stability and a shift in the company's strategy going forward. We reallocated capital from the sale into what we believe to be higher-conviction holdings.

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We sold our position in CGI, an IT services consultant, as we became less confident in its ability to grow intrinsic value, driven by weakening conviction in its top-line organic growth. We identified higher-conviction opportunities elsewhere in the portfolio.

We remain focused on investing in high-quality businesses with strong management teams, robust balance sheets and the ability to compound value over the long term.

Fund and benchmark performance, as at June 30, 2026	Q2 2026	1-year	3-year	5-year	Since inception (Nov. 2019)
IA Clarington Loomis Global Equity Opportunities Fund – Series F	14.9%	25.5%	20.3%	11.6%	13.6%
MSCI AC World Index (CAD)[1]	16.8%	28.6%	22.5%	14.0%	14.6%

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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 ACWI captures large and mid cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. With 2,461 constituents, the index covers approximately 85% of the global investable equity opportunity set. 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.

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