

# IA Clarington Loomis Global Equity Opportunities Fund

## Manager commentary – Q4 2025

Global equities delivered strong gains in the fourth quarter of 2025, supported by easing inflation pressures, resilient economic growth and expectations of further central bank interest-rate cuts in early 2026. Major developed markets outperformed as investor sentiment improved, driven by robust corporate earnings and optimism around technological innovation, particularly in the artificial intelligence (AI) and semiconductor industries. Overall, risk appetite strengthened, and equity valuations expanded as markets priced in a more accommodative monetary policy environment for the year ahead.

IA Clarington Loomis Global Equity Opportunities Fund Series A returned 1.7% in the fourth quarter, performing in line with its benchmark, the MSCI All Country World Index (CAD), which returned 1.8%. The communication services, industrials and information technology sectors were the largest contributors to relative results, while the financials, materials and consumer discretionary sectors detracted from returns on a relative basis.

The largest three contributors to performance 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 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.

The largest three detractors from performance were The Home Depot Inc., O'Reilly Automotive Inc. and BlackRock Inc.

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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 challenges, 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 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.

New positions included Chipotle Mexican Grill Inc., 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, underpricing 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. Shares of Chipotle are attractive based on our discounted cash flow methodology.

We believe we are entering 2026 with "more of the same" expectations for growth and inflation, while the U.S. dollar seems vulnerable on several fronts. 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 key positives, plus a bit of push from tax cuts, which is expected to add stimulus in the spring. Over the year to November, the U.S. unemployment rate remained steady. Capital expenditures strength and employment listlessness are expected to continue.

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Certainly, there are global macroeconomic factors that will continue to shape investor sentiment. As such, our focus remains on investing in quality companies we believe can generate value over the longer term with high-quality management and robust balance sheets. We continue to closely monitor global economic developments. In the interim, such developments may continue to be catalysts for volatility and could provide market opportunities to build positions in select companies at potentially more-attractive valuation levels.

Fund and benchmark performance, as at December 31, 2025	1 year	3 years	5 years	Since inception (Nov. 2019)
IA Clarington Loomis Global Equity Opportunities Fund – Series A	7.1%	19.1%	9.3%	10.9%
MSCI AC World Index (CAD) <sup>1</sup>	16.6%	21.1%	12.8%	13.3%

For definitions of technical terms in this piece, please visit [iaclarington.com/glossary](http://iaclarington.com/glossary) and speak with your investment advisor.

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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 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 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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