

IA Clarington Loomis Global Equity Opportunities Fund

Manager commentary – Q3 2025

IA Clarington Loomis Global Equity Opportunities Fund Series A returned 7.2% during the third quarter compared to 9.7% for the MSCI AC World Index (CAD).

Global equity markets experienced a meaningful turnaround in the second quarter of 2025. While markets initially declined in early April owing to President Trump's announcement of higher-than-expected tariffs, they quickly rebounded after trade tensions eased and investor confidence was supported by a strong earnings season and resilient consumer demand.

Global equities extended their recovery in the third quarter amid fading concerns about U.S. trade policy, tariffs leading to rising inflation, slowing economic growth and weaker corporate profits.

The U.S. Federal Reserve (the Fed) reduced interest rates by 25 basis points (bps) at its September meeting. Subsequent comments by Fed Chair Jerome Powell indicated that the central bank was becoming less concerned about inflation and more focused on maintaining labour market stability. Investors saw this as a sign that the Fed was likely to continue easing policy and bid up asset prices across the board.

The MSCI All Country World Index (in CAD) ended the six-month period just over 16.0%, with the majority of sectors posting positive results. The information technology and communication services sectors meaningfully outperformed the market. The industrials, consumer discretionary, materials and financials sectors also registered double-digit results, while the health care, energy and consumer staples sectors posted negative returns.

The Fund's underweight allocations to the energy and consumer staples sector were the largest contributors to performance over the same period. The Fund's lack of exposure to the real estate and utilities sectors also contributed. Individual contributors included NVIDIA Corp., which has been both a direct beneficiary and a direct enabler of the impressive improvements in artificial intelligence (AI) capabilities. Taiwan Semiconductor Manufacturing Co. Ltd. continued to capitalize on its near-monopolistic status in advanced semiconductor manufacturing, aided by rapidly rising demand for computers that can handle AI. Alphabet Inc. unveiled a variety of AI-enabled features and updates to its Gemini model, which helped alleviate concerns that it was falling behind in AI.

The Fund's security selection in the consumer discretionary sector was the largest detractor from performance. The Fund's security selection in the health care, financials, information technology and industrials sectors also detracted. Individual detractors included UnitedHealth Group Inc. largely owing to lower earnings guidance in April, a May announcement that the CEO had stepped down, a drastic cut to guidance in July, and rising costs of providing medical care. Roper Technologies Inc. underperformed owing to challenges related to AI-enabled competition. London Stock Exchange Group lagged amid concerns about price competition from existing peers and potential AI-enabled competition.

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New positions included KLA Corp., a global leader in process control and yield-management solutions used in semiconductor manufacturing and related industries. The company rates highly across the fund manager's quality metrics.

The fund manager increased and decreased positions within the Fund based on valuations and risk/reward profiles.

Eliminated positions included Allison Transmission Holdings Inc., a provider of medium and heavy-duty automatic transmissions, as the fund manager became less confident in the company's capital allocation priorities.

The U.S. government shutdown has left investors with a data gap, as the statisticians at the Bureau of Labor Statistics are classified as inessential workers. Without public employment data, markets are expected to focus on private data, which currently show a mixed picture.

Private inflation data is equally mixed. Two high-profile price pressures are the price of beef, as prior drought has reduced herd size, and the cost of electricity, which is being pushed higher by soaring data centre demand.

The Fed will have to make policy decisions in a partial data vacuum. The fund manager suspects that if the shutdown is still in effect at the next Fed meeting, the obvious economic and labour market damage will lead to another 25-bps cut.

The fund manager expects capital expenditures related to data centres, AI and machine learning to be the most powerful positive drivers of economic growth in the next year or two. The fund manager remains focused on investing in quality companies that should be able to generate value over the longer term, with high-quality management and robust balance sheets. The fund manager will continue to closely monitor global economic developments, as they may provide investment opportunities.

| Fund and benchmark performance, as at September 30, 2025 | 1 year | 3 years | 5 years | Since inception (Nov. 2019) |
|--|--------|---------|---------|-----------------------------|
| IA Clarington Loomis Global Equity Opportunities Fund – Series A | 10.0% | 21.5% | 9.9% | 11.0% |
| MSCI AC World Index (CAD) ¹ | 20.8% | 23.6% | 14.5% | 13.6% |

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

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IA Clarington Loomis Global Equity Opportunities Fund

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