# IA Wealth High Growth Portfolio

## Manager commentary – Q3 2025

The end of the period was marked by easing trade tensions and global economic resilience, but there were concerns about U.S. inflation and a loss of independence and credibility at the U.S. Federal Reserve (the Fed).

The ratification of trade agreements between the U.S. and key partners reduced uncertainty and made the business environment more predictable. That said, tariffs accounted for 10% of total imports as of August, and this proportion was expected to rise.

The U.S. economy grew and consumption rebounded, driven by wealthier households and a positive wealth effect. Non-residential investment also remained robust, particularly in artificial intelligence.

Job creation slowed significantly but remained positive. Layoffs were limited, but hiring was also subdued.

Inflation hovered around 3% year-over-year, and tariffs began to affect consumer prices. The Fed lowered its benchmark interest rate by 25 basis points (bps), with further cuts expected by year-end.

The Canadian economy contracted in the second quarter but showed modest growth in the third. While consumer spending remained resilient, exports and investments were down, and the labour market weakened. Headline inflation was slightly below the 2% target, but core inflation stagnated between 2% and 3%. The Bank of Canada cut its benchmark interest rate by 25 bps in September.

The Carney government unveiled its initial list of nation-building projects, which included projects already well advanced in their approval process. The main themes were export diversification, energy dominance and critical minerals.

The European economy grew modestly in the third quarter, with inflation remaining around 2%. The European Central Bank held interest rates steady, and markets did not expect further cuts. Fiscal risks emerged in France and the U.K., as both countries needed to consolidate their fiscal positions but faced political opposition.

Regarding fixed income, the FTSE Canada Universe Bond Index returned 0.9% over the six-month period as interest rates generally rose. Canadian credits returned 2.3%.

# IA Wealth High Growth Portfolio

In equities, the U.S. equity market represented by the S&P 500 Index returned excellent results, although the weakening of the U.S. dollar versus the Canadian dollar detracted from returns. The top sectors included information technology, communication services and consumer discretionary. Canadian equities also performed well. The top-performing sectors included materials, information technology and financials. On the international front, the MSCI World Index and MSCI EAFE Index returned 15.6% and 13.2%, respectively (in Canadian-dollar terms, therefore including foreign currency movements).

Over the six-month period, the Fund's overweight exposure to equities and underweight exposure to fixed income contributed to performance as equities outperformed fixed income. The Fund's underweight position in U.S. equities contributed to performance. Individual contributors included IA Clarington Thematic Innovation Class and PIMCO Monthly Income Fund.

The Fund's overweight position in short-term securities detracted from performance. Individual detractors included IA Clarington QV Canadian Small Cap Fund, IA Clarington QV Global Equity Fund and Fidelity Canadian Disciplined Equity Fund.

During the period, the Fund took a long position in gold futures and strategically reallocated resources from short-term securities and fixed income to equities.

Within fixed income, the Fund's allocation to core bonds increased.

Within equities, the Fund's allocation to emerging markets exchange-traded funds, Canadian equities and U.S. equities increased, while exposure to global equities was trimmed.

The Fund maintains a slightly overweight exposure to equities, which are supported by a favourable macroeconomic backdrop. The Fund has initiated a position in emerging markets equities, which are benefiting from Fed policy easing, a weaker U.S. dollar and strong foreign inflows.

In fixed income, the Fund has shifted to a broadly neutral stance globally, with a tilt toward U.S. bonds. Yields in the U.S. remain meaningfully higher than in Europe or Japan.

The Fund has shifted to an underweight exposure to the U.S. dollar owing to Fed easing, political pressure on central bank independence and a persistent current account deficit. The Fund maintains an overweight exposure to the Japanese yen, which could strengthen as the Bank of Japan faces pressure to normalize.

The Fund holds a strategically overweight position in gold as central bank demand is robust, and gold serves as both a reserve asset and an inflation hedge.

# IA Wealth High Growth Portfolio

The Fund's main active positions are within currencies and commodities, with short positions on the U.S. dollar against the Canadian dollar, euro and Japanese yen, as well as long positions in gold.

| Fund and benchmark performance, as at September 30, 2025 | 1-year | 3-year | 5-year | Since inception (Apr. 2016) |
|---|---|---|---|---|
| **IA Wealth High Growth Portfolio – Series B** | 11.0% | 13.1% | 8.4% | 6.5% |
| **5% ICE BofA US High Yield Constrained Index (CAD Hedged), 15% S&P 500 Index (CAD), 15% FTSE Canada Universe Bond Index, 25% S&P/TSX Composite Index, 40% MSCI World Index (CAD)[1]** | 19.2% | 20.0% | 13.1% | 11.4% |

Non-traditional fixed income asset classes may carry higher risk, but generally provide higher yield than traditional fixed income asset classes. 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.

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

[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.

The Fund's strategy is to invest in other investment funds. 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 benchmark is a blend of 5% ICE BofA US High Yield Constrained Index (CAD Hedged), 15% S&P 500 Index (CAD), 15% FTSE Canada Universe Bond Index, 25% S&P/TSX Composite Index and 40% MSCI World Index (CAD). The blended benchmark presented is intended to provide a more realistic representation of the general asset classes in which the Fund invests. 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 S&P/TSX Composite Index is the premier indicator of market activity for Canadian equity markets, with 95% coverage of Canadian-based, TSX-listed companies. The index includes common stock and income trust units and is designed to offer the representation of a broad benchmark index while maintaining the liquidity characteristics of narrower indices. The S&P 500 Index (CAD) includes 500 leading companies in leading industries of the U.S. economy and is widely regarded as the best single gauge of the U.S. equities market. The FTSE Canada Universe Bond Index is comprised of Canadian investment grade bonds and has significantly different portfolio duration characteristics. The FTSE Canada Universe Bond Index consists of a broadly diversified selection of investment-grade Government of Canada, provincial, corporate and municipal bonds issued domestically in Canada. The ICE BofA US High Yield Constrained Index (CAD Hedged) tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. The Fund's geographic, sector and credit quality exposure may differ from that of the benchmark. The Fund's fixed income component can invest in both investment grade and high yield bonds while the benchmark has exposure only to investment grade bonds. The Fund may have different currency risk exposure than the benchmark. The Fund may hold cash while the benchmark does not. Overall, the Fund's bond and equity exposure can differ, because the Fund does not use a fixed ratio similar to the benchmark. 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.

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.