

IA Clarington Inhance Global Equity SRI Class

Manager commentary – Q3 2025

The first half of 2025 was defined by the U.S. imposing extreme global tariff policies that led to a sharp decline in equity markets, followed by investors quickly reversing course and once again favouring the artificial intelligence (AI) trade. This sharp reversal in sentiment resulted in the MSCI World Index's staggering 30% increase from April lows.

The potential of AI has excited the investment community, and massive amounts of capital have flowed into the space. This has led to a small group of companies contributing the lion's share of the market's performance, resulting in a record-high level of market concentration and raising questions about the sustainability and breadth of the equity rally.

Since the start of 2025, the average effective U.S. tariff rate has surged from about 2.5% to roughly 18%, with no clarity as to where rates will peak or how long they will last. Companies are in a costly race to adapt, realigning supply chains through nearshoring, reshoring and diversification. These complex, expensive manoeuvres can take years to execute.

The Fund's overweight exposure to the information technology sector contributed to performance, as did its underweight exposures to the health care and consumer staples sectors over the period (April 1, 2025 – September 30, 2025). The Fund's lack of exposure to the energy sector also contributed, as did security selection in the communication services sector. Individual contributors included Alphabet Inc. owing to a turnaround in its AI narrative and the persistent strength of its core operations. Investor confidence improved as the threat of a forced breakup in the Department of Justice antitrust case faded. Apple Inc. lagged for part of the period but rebounded on news that it would invest an additional US\$100 billion in domestic manufacturing, which was expected to de-risk (reduce risk) its supply chain and avoid potential tariffs on its flagship products. Specialized industrial distributor Diploma PLC reported strong earnings results, raised its full-year 2025 organic growth (growth resulting from increased productivity and sales, rather than, e.g., through acquisition of a competitor) guidance to 10%, and demonstrated the accretive impact of its recent mergers-and-acquisitions activity.

The Fund's security selection was the primary detractor from relative performance, primarily within the information technology, financials and industrials sectors. An underweight exposure to the communication services sector and overweight exposure to the financials sector also detracted from performance. Individual detractors included Constellation Software Inc., which was weaker amid news of President Mark Leonard's departure and market concerns about AI disruption. The Fund held an underweight position in NVIDIA Corp. owing to concerns that its meteoric, AI-fueled growth may be

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unsustainable amid rising competition. Brown & Brown Inc. came under pressure after its organic revenue growth missed analyst expectations.

New positions included Lumine Group Inc., a vertical market software serial acquirer (a company that uses a continuous strategy of buying other businesses to drive its own long-term growth) with mid-single-digit organic growth across communications and media segments. The business is run by exceptional capital allocators with a long track record of creating value. MercadoLibre Inc. is a leader in Latin America's rapidly growing e-commerce and financial technology markets. The company's integrated ecosystem creates powerful network effects that drive customer loyalty and reinforce its competitive advantages. Nasdaq Inc. offers an attractive investment opportunity owing to its transformation from a traditional exchange operator into a diversified financial technology and data-centric company. The company has meaningfully enhanced its competitive advantage by expanding into high-growth solutions businesses. Röko AB is a Nordic serial acquirer that went public earlier this year. The company looks to buy high-margin (refers to a company's profits), high-quality businesses that are market leaders in their respective niche areas.

Increased positions included high-conviction names like Addtech AB, Halma PLC, Moody's Corp. and Visa Inc.

Decreased positions included Apple Inc. and Texas Instruments Inc. to reflect conviction or valuation (A measurement of how much an investment is worth) concerns.

Eliminated positions included Adobe Inc., American Tower Corp., CarMax Inc., Novo Nordisk AS and Xylem Inc., with the proceeds being reallocated to higher-conviction opportunities with more attractive risk-reward profiles.

In April 2025, Vancity Investment Management (VCIM) signed an investor letter expressing concerns regarding Amazon.com Inc.'s Quebec warehouse closures and its commitment to freedom of association and collective bargaining. Along with other investors, VCIM has invited the company to respond to the concerns raised.

In July 2025, VCIM met with Amazon to discuss the Valuing Water Finance Initiative. In the meeting, VCIM discussed Amazon Web Service's data-centre expansion and how this fits into the company's goal to be water positive by 2030 and its commitments to water replenishment projects, water use efficiency, water positive goal transparency, operational water risk assessments, supply-chain water risk assessments and a company-wide metrics and enterprise strategy.

In May 2025, VCIM participated in its first meeting with LVMH Moet Hennessy Louis Vuitton SE as part of the World Benchmark Alliance's collaborative engagement on nature and biodiversity. The discussion

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covered the company's existing biodiversity initiatives, progress over recent years and key challenges in implementation.

VCIM engaged with Microsoft Corp. to discuss working conditions for data workers involved in labelling, annotation, and content moderation for AI and interactive media platforms like Xbox Live and LinkedIn. As a part of the World Benchmarking Alliance's Ethical AI benchmarking, VCIM held a meeting with Microsoft to get a more in-depth understanding of how the company is mitigating risks associated with AI safeguards, transparency and equality, and how this is supported by governance structures.

As part of its involvement in Climate Action 100+, VCIM met with Trane Technologies PLC to review progress on its climate commitments.

As part of the World Benchmarking Alliance's Collective Impact Coalition on Nature, VCIM met with Hermes International SA in September 2025 to explore the company's approach to measuring and disclosing nature-related impacts, dependencies and risks.

VCIM is a signatory of an investor statement that emphasizes the economic and social importance of a robust public health system in the U.S. This investor statement urges companies in which VCIM invests to ensure that they maintain fair access to health care in light of the current U.S. administration's cuts to various programs.

VCIM participated in the Global Investor Coalition on Workplace Mental Health Benchmark spearheaded by CCLA Investment Management Ltd. For this initiative, VCIM supported the investor engagement with Microsoft and will sign the next round of investor letters.

VCIM signed a joint statement in which investors warn that the chemical sector is not transitioning fast enough to protect vital ecosystems and stated that companies are not robustly mapping their dependencies and impacts on nature or taking advantage of the strong market potential for sustainable and safer alternatives to hazardous chemicals.

VCIM signed the Statement – Call for Responsible Corporate Policy and Practices on Human Rights in Conflict-Affected and High-Risk Areas (CAHRA).

AI is a transformational technology that will affect society in innumerable ways. The question nobody has an answer for, however, is when the AI spending will stall out and which companies will be the eventual winners. As a result, the fund manager remains cautious about predicting winners and blindly investing in the AI trade.

The fund manager believes that companies will adapt to new tariffs and capitalize on AI advancements. At the same time, the fund manager remains focused on ensuring that the Fund's holdings are prepared

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for what lies ahead and has had many conversations with management teams for those that are most vulnerable.

VCIM's investment approach is defined by a core philosophy: identify high-quality growth companies trading at reasonable prices and are fully integrated with a rigorous ESG framework. This disciplined process results in a distinct portfolio profile that will not always align with short-term market trends. Periods of divergence are not a weakness but a testament to the consistency of this strategy through short-term market oscillations.

While market leadership will inevitably rotate, the fundamental principles of quality have proven to be a reliable source of excess returns over the long term.

Fund and benchmark performance as at September 30, 2025	1 year	3 year	5 year	10 years
IA Clarington Inhance Global Equity SRI Class – Series A	3.1%	13.8%	6.6%	9.1%
MSCI World Index (CAD) ¹	20.8%	24.2%	15.3%	12.9%

For definitions of technical terms, visit iaclarington.com/glossary or speak with your investment advisor.

¹Source: 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 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 Fund's benchmark, the MSCI World Index, 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 consists of 23 developed market country indices. The Fund holds securities of companies which meet the fund manager's socially responsible investment principles, while the holdings in the benchmark may not align with these principles. 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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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 for time periods of more than one year are historical annual compounded total returns while returns for time periods of one year or less are cumulative figures and are not annualized. Where applicable, compound growth charts are used only to illustrate the effects of a compound growth rate and are not intended to reflect future values or returns of a fund. 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.

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