

IA Clarington Inhance Global Equity SRI Class

Manager Commentary – Q1 2026

Global equities delivered solid performances in a year defined by momentum-driven (an approach that invests in securities exhibiting an upward price trajectory) market leadership, a robust artificial intelligence (AI) narrative, unprecedented tariff uncertainties and a global energy shock sparked by conflict in the Middle East.

U.S. market concentration reached historical highs, with the top 10 companies now comprising over 40% of the S&P 500 Index's total weight.

The AI trade matured, and hyperscalers (large cloud service providers which can provide services such as computing and storage enterprise scale) committed billions to AI infrastructure, heavily rewarding industrials companies. However, traditional software-as-a-service companies experienced severe multiple (stock valuation) compression as investors aggressively repriced the existential risk posed by low-cost AI models. Similar concerns spread to other human capital and data-centric industries, such as information services companies, engineering firms, insurance brokerages and commercial real estate services.

Sweeping U.S. import tariffs forced a costly realignment of global supply chains, and the ongoing political and legal uncertainty has forced companies to rapidly execute expensive nearshoring, reshoring and diversification efforts.

The early 2026 outbreak of war in the Middle East shocked global energy markets. With the Strait of Hormuz closed, soaring crude oil prices compounded supply chain pressures and reignited inflation concerns. This triggered a spike in headline-driven volatility and a rapid market rotation into energy and defensive (an investment posture designed to protect against an event or conditions that could have an adverse impact on an asset class or market) assets.

The Fund's overweight exposures to the information technology and industrials sectors contributed to performance over the period (April 1, 2025 – March 31, 2026), as did its underweight exposure to the health care sector. The Fund's security selection in the communication services sector also contributed. The Fund's quality and defensive positioning contributed early in the period. Individual contributors included Diploma PLC, which delivered strong full-year returns and upgraded its full-year earnings guidance (forward looking forecast of the company's expected future financial performance) owing to strong structural demand in the aerospace and data-centre markets, while management continued deploying capital into highly accretive mergers and acquisitions. Halma PLC benefited from robust demand for its AI-related photonics products. The company delivered robust organic revenue growth (resulting from increased productivity and sales) across its decentralized divisions and continued its highly accretive mergers and acquisitions activities. ASML Holding NV delivered exceptional returns given surging demand and robust order intake for its mission-critical lithography systems.

The Fund's security selection was the primary detractor from performance over the period, particularly its holdings in the information technology, financials and industrials sectors. The Fund's lack of exposure to the energy sector and overweight exposure to the consumer discretionary sector also detracted. Individual detractors included Constellation Software Inc. as market concerns about agentic AI disruption risks created a persistent overhang, exacerbated by the sudden departure of founder and CEO Mark Leonard. An

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underweight allocation to NVIDIA Corp. detracted as the company's stock surged on the back of massive, sustained AI infrastructure spending by hyperscalers. Insurance brokerage Brown & Brown Inc. faced downward pressure as commercial property and casualty insurance pricing began to show signs of softening.

New positions included high-quality, resilient companies that presented a more predictable range of outcomes, such as vertical market software serial acquirer (a company that drives growth by acquisition strategies) Lumine Group Inc., Latin American e-commerce and digital banking company MercadoLibre Inc., exchange operator and diversified financial technology and data company Nasdaq Inc., Nordic serial acquirer Roko AB, global power management company Eaton Corp. PLC and global consumer goods company Unilever PLC. The Fund also initiated positions in JPMorgan Chase & Co. and PNC Financial Services Group Inc. to capture higher net interest income (the difference between the revenue a bank generates from interest-bearing assets and the interest expense paid to depositors or lenders) and strategically diversify the Fund's financials sector exposure.

Increased positions included high-conviction holdings such as Alphabet Inc., LVMH Moet Hennessy Louis Vuitton SE and Amazon.com Inc. The Fund's holding in NVIDIA was also increased.

Decreased positions included Costco Wholesale Corp. and Nintendo Co. Ltd. owing to stretched valuations (asset prices that exceed what company fundamentals justify). Trane Technologies PLC, Schneider Electric SE and Diploma were trimmed to reduce the Fund's overweight exposure to industrials companies or for valuation concerns. Positions in S&P Global Inc., Moody's Corp., Brown & Brown and Intercontinental Exchange Inc. were trimmed to redeploy capital into the Fund's highest-conviction positions.

Eliminated positions included Adobe Inc., American Tower Corp., CarMax Inc., Novo Nordisk AS, MSCI Inc. and London Stock Exchange Group PLC to fund higher-conviction opportunities with more attractive risk/reward profiles.

In terms of environmental, social and governance (ESG) factors (refers to a company's environmental, social and corporate governance policies), Vancity Investment Management Ltd. (VCIM) acted as lead filer on a shareholder proposal submitted to Alphabet requesting a report on risks associated with inaccuracies in generative AI systems and the company's strategies to mitigate false or misleading outputs. The proposal seeks enhanced transparency into governance, oversight and risk management practices to address potential legal, regulatory and reputational impacts.

VCIM co-filed a shareholder proposal with Amazon.com requesting enhanced transparency on the effectiveness of its human rights and labour practices, citing concerns related to the adherence to internationally recognized standards. Following the proposal submission, VCIM participated in two related investor engagements focused on workforce governance, worker safety, unionization and broader human capital management. Amazon.com acknowledged challenges associated with disclosure consistency given its scale and seasonal workforce, and it expressed openness to continued dialogue.

In March 2026, VCIM led the writing and development of a new investor statement on excessive executive compensation, in partnership with United Church Funds, as part of a newly launched initiative coordinated by the Interfaith Center on Corporate Responsibility (ICCR). VCIM's ESG team proposed the development of an investor statement as a foundational step to launch the campaign. The statement outlines concerns regarding misaligned and excessive executive compensation and sets out investor calls to action across

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proxy voting (casting shareholder votes without attending the meeting), corporate engagement and stewardship practices. The investor statement was presented and publicly launched at ICCR's Annual Spring Conference in New York on March 25, 2026.

The fund manager takes a cautious approach to AI, ensuring that investment decisions are made thoughtfully.

Elevated inflation, exacerbated by developments in the Middle East, suggests that central banks will likely maintain current policy interest rates for now as policymakers take a "wait and see" approach.

U.S. trade policy and tariffs remain fluid and fraught with uncertainty as political debates and legal challenges remain. Any regulatory clarity or stability in supply chain costs would be seen as a positive catalyst for investor sentiment.

The fund manager remains focused on quality, seeking companies with strong balance sheets, consistent earnings and durable competitive advantages. High-quality stocks dramatically underperformed lower-quality stocks in 2025. When the near-term market excitement fades, value is likely to become the focus, which would present an opportunity for disciplined investors to benefit from the revaluation of quality.

	1-year	3-year	5-year	10-year
IA Clarington Inhance Global Equity SRI Class - Series F	-13.4%	4.9%	2.4%	8.9%
MSCI World Index¹ (CAD)	15.3%	18.0%	12.6%	12.6%

Get ahead

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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.

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Returns for more than one year are historical annual compounded total returns while returns for one year or less are cumulative figures and are not annualized.

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