

IA Clarington Target Click 2030 Fund

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 like the European Union, Japan and South Korea 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 as companies rebuilt inventories.

The U.S. economy continued to grow and consumption rebounded, driven by wealthier households and a positive wealth effect from strong financial market performance. Non-residential investment also remained robust, particularly in artificial intelligence. Job creation slowed significantly over the summer but remained positive.

Inflation accelerated slightly, hovering around 3% year-over-year. Tariffs began to affect consumer prices. In this environment, the Fed lowered its benchmark interest rate by 25 basis points (bps), with further cuts expected by year-end.

After contracting in the second quarter, the Canadian economy showed mediocre growth in the third quarter. While consumer spending remained resilient, exports and investments were down. The labour market also weakened. Headline inflation was slightly below the 2% target, but core inflation stagnated between 2% and 3%. In September, the Bank of Canada cut its benchmark interest rate by 25 bps, to 2.50%.

The Carney government unveiled its initial list of nation-building projects, which included projects already well advanced in their approval process. Nevertheless, this could send a positive signal to investors. The main themes were export diversification, energy dominance and critical minerals. Fiscal spending was expected to increase significantly from higher defense spending.

The European economy grew modestly in the third quarter, with inflation being contained 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.

Fixed-income returns were relatively modest. The FTSE Canada Universe Bond Index returned 0.9% for the six-month period ending September 30, 2025, as interest rates generally rose during the period. Canadian credits fared better, with a 2.3% progression.

As for equities, the U.S. equity market represented by the S&P 500 Index returned strong results for the six-month period ending September 30, 2025 and progressed by 20.0% (in U.S. – dollar terms.) However, the U.S. dollar weakened versus from the Canadian dollar, which detracted from returns and resulted in a 16.0% progression for this index in Canadian-dollar terms for the six-month period ending September

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30, 2025. 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% for the six-month period ending September 30, 2025, respectively (in Canadian-dollar terms, therefore including foreign currency movements).

To honour its guarantees, the Fund has a high percentage of its positions invested in zero-coupon bonds maturing in 2030. The remaining portion of the Fund is invested in a global equity fund and Treasury bills.

The Fund's equity component contributed to performance as its only underlying equity fund, IA Clarington Global Equity Exposure Fund, generated positive returns. However, the position's small weight meant that it had a limited effect on overall performance.

In fixed income, the Fund held nearly 95% in Ontario zero-coupon bonds maturing in 2030, but returns were reduced by interest-rate increases.

The Fund's investment in global equity was modestly reduced and fixed income increased as part of a natural shift in the portfolio composition to better honour the Fund's guarantees for 2030.

New positions included Canadian Treasury bills purchased to replace short-term instruments that had reached maturity.

Decreased positions included IA Clarington Global Equity Exposure Fund to shift the portfolio composition toward more provincial zero-coupon fixed-income securities maturing in 2025.

Eliminated positions included Canadian Treasury bills that reached maturity.

Fund and benchmark performance, as at September 30, 2025	1-year	3-year	5-year	10-year
IA Clarington Target Click 2030 Fund – Series A	3.6%	4.5%	-1.0%	1.5%
20% MSCI World Index¹ (CAD)¹, 80% FTSE Canada All Government Bond Index	5.8%	7.8%	2.3%	3.9%

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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 financial 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 benchmark is a blend of FTSE Canada All Government Bond Index (80%) and MSCI World Index (CAD) (20%). The blended benchmark presented is intended to provide a more realistic representation of the general asset classes in which the Fund invests. The FTSE Canada All Government Bond Index consists of a selection of investment-grade Government of Canada fixed-income securities issued domestically in Canada. The FTSE Canada All Government Bond Index is comprised of Canadian investment grade bonds and has different portfolio duration characteristics. 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 Fund's market capitalization, geographic, sector and credit quality 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. 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 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.

Each of the IA Clarington Target Click Funds (the "Funds") will pay, on the Fund's maturity date, the highest month-end net asset value per unit achieved during the life of the Fund. Industrial Alliance Insurance and Financial Services Inc. ("Industrial Alliance"), the parent company of the Manager of the Funds, has provided a guarantee to each of the Funds that it will pay any shortfall to the Fund if the net asset value of any Fund is less than its guaranteed value at maturity. Each Fund's maturity date will occur on June 30 of the year specified in the Fund's name. The guaranteed amount will benefit the investors who hold units of the Fund on that maturity date. If an investor were to redeem units of the Fund before the maturity date, the redemption will be based on the net asset value at the time of transaction. In some circumstances, the maturity date for a Fund may be accelerated, in which

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case the Fund will pay the greater of the net asset value on that accelerated maturity date and the net present value of the guaranteed amount, less any applicable redemption charges.

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