IA Clarington Thematic Innovation Class

Third Quarter, 2026

Portfolio Management Team



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Key Reasons To Invest

- Provides exposure to U.S. all-cap companies benefiting from secular change and industry disruption driven by technological innovation.
- Employs a disciplined fundamental investment process that integrates qualitative and quantitative insights, with an emphasis on risk management.
- Maintains a diversified portfolio with broad exposure across multiple sectors and themes of the U.S. economy.

Investment Goal

The Fund seeks to achieve long-term capital growth by investing primarily in U.S. equities.

Fund Performance

	Q3 2026	1-year	3-year	5-year	10-year
IA Clarington Thematic Innovation Class – Series F	0.1%	15.9%	25.9%	13.8%	11.6%
S&P 500 Index (CAD)	2.4%	18.1%	24.9%	16.4%	16.2%

Source: iA Clarington, as at September 30, 2026.

Market Environment

The U.S. economy remained resilient in the third quarter of 2026, supported by solid consumer spending, a healthy labour market and accelerating investment in data-centre construction. Growth in gross domestic product (GDP) was expected to remain strong in the U.S. over the period following the second quarter's 2.2% increase in GDP, while unemployment held at 4.1%. However, inflation rose to 3.4% in August, partly reflecting higher energy prices, prompting the U.S. Federal Reserve to raise its policy rate by 25 basis points in September and signal the possibility of further increases.

Despite rising interest rates, U.S. equities held up well, with the S&P 500 Index (CAD) returning 2.4% during the third quarter of 2026. Historically strong earnings growth, continued enthusiasm around artificial intelligence (AI) and a resilient economy helped offset valuation pressures from higher yields. The U.S. 10-year Treasury yield rose 17 basis points to 5.28%, while the 30-year yield reached its highest level since the early 2000s, reflecting inflation concerns, elevated government debt and increased technology-sector borrowing to finance AI-related investments.

Performance Commentary

IA Clarington Thematic Innovation Class underperformed its benchmark, the S&P 500 Total Return Index, for the period.

As the war in Iran intensified, investor focus shifted to rising inflation, higher energy prices and surging U.S. Treasury yields. Higher yields reduced the appeal of high-beta sectors and pressured valuations. At the same time, AI-related names experienced one of their sharpest corrections, with some AI stocks falling more than 50%.

As a result, stock selection in the information technology sector drove most of the Fund's underperformance over the quarter. Our exposure to names such as Micron Technology, Apple, Lam Research, Western Digital Corp., Entegris and Nokia was detrimental to the Fund's overall relative performance versus our benchmark. Also, the Fund's lack of exposure to strong performers, such as Palantir Technologies, added to the underperformance in this sector. This was partially offset by positive security selection in the financials and consumer discretionary sectors.

Portfolio Positioning

Over the quarter, we took advantage of attractive entry points to initiate or add to several high-conviction positions, including Starbucks, Philip Morris International, Target and Robinhood Markets, in line with our focus on fundamentally driven opportunities with identifiable catalysts. We also initiated positions in ATI, which is benefiting from record aerospace and defense order backlogs, and Comfort Systems, which appears well positioned to capture AI-driven data-centre investment through its mission-critical HVAC, electrical, plumbing and cooling solutions. In addition, we initiated a position in AMD, as we expect demand to shift from GPUs toward CPUs as consumer AI agents develop and agent adoption broadens. We exited Walmart given mounting inflationary pressures and elevated valuations, and sold Morgan Stanley as we expect investment banking and capital markets activity to moderate after two quarters of exceptional strength.

We maintained our "barbell" strategy in the Fund while reducing cyclical exposure and trimming names with less valuation support amid market volatility. We held an allocation of 5% to 15% in small- and mid-cap AI innovators, anchored by dominant, high-quality compounders. As higher oil prices pushed interest rates up, we favoured cash-generative businesses with reasonable valuations and commodities like agriculture and copper. We reduced select holdings in the financials and consumer discretionary sectors, given a flatter yield curve and pressure on lower-income consumers. The Fund maintains healthy exposure to industrials and energy infrastructure, reflecting our conviction in supply-chain reshoring and AI-driven power demand. Our overall AI exposure is unchanged, but we rotated from memory into networking and accelerators, as quality and durability – attributes we believe memory lacks – now seem to matter most.

As the AI cycle will soon enter its fifth year, we believe the opportunity set is evolving, with more compelling opportunities moving up the stack into software, hyperscaler, and early adopters of the technology. We also expect a stock picker's market, as technologies such as Instinct and Muse disrupt multiple sectors of the economy. In our view, identifying the winners and avoiding the losers will be key to outperformance in the years ahead. While we continue to see opportunities in power generation, semiconductors and networking equipment, we are more cautious than before, as much of this growth is already reflected in valuations. We remain focused on identifying the most attractive opportunities across the AI value chain and will reposition the portfolio accordingly as these themes evolve.

Portfolio Characteristics

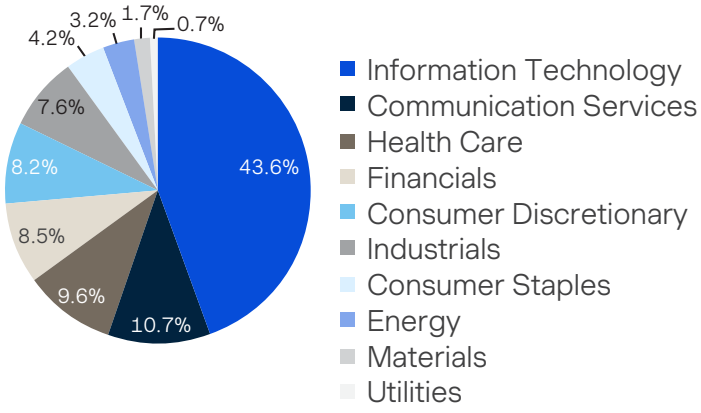
Asset Mix (%)

Equity	97.9
U.S. Equities	92.8
Foreign Equities	4.4
Canadian Equities	0.7
Cash and Other	2.1
Treasury Bills	1.3
Cash and Other Net Assets	0.8

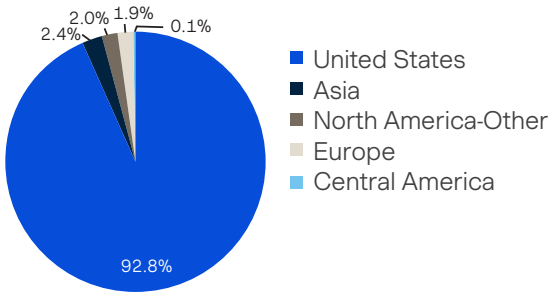
Top Holdings (%)

NVIDIA Corp.	9.1
Microsoft Corp.	7.0
Alphabet Inc.	5.1
Apple Inc.	5.0
Amazon.com Inc.	4.9
Meta Platforms Inc.	4.0
Taiwan Semiconductor Manufacturing Co. Ltd.	2.1
ExxonMobil Holdings Corp.	1.8
Advanced Micro Devices Inc.	1.8
Visa Inc.	1.8

Sector Allocation[1]



Geographic Allocation



Total Number of Investments[2]

Fixed Income	3
Equity	99

Portfolio Characteristics

Portfolio Yield	0.8%

Source: iA Clarington, as of September 30, 2026.

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

[1]Excludes applicable sector allocations of exchange-traded funds. [2]Excludes Cash and Other Net Assets and applicable investment funds not managed by IA Clarington Investments Inc.

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 is the S&P 500 Index (CAD). 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 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. Effective May 30, 2019, Taylor Asset Management Inc. was removed as sub-advisor and Industrial Alliance Investment Management Inc. remained as portfolio manager, and the Fund's investment strategies changed. Effective April 1, 2023, the portfolio manager changed to iA Global Asset Management Inc.

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.[CN1.1]

Series F securities are available only to investors participating in fee based advisory programs through their dealer. No sales charges apply when investing in Series F. iA Clarington does not pay ongoing trailing commissions to dealers for Series F and therefore are not embedded in the Management Expense Ratio (MER). Instead, investors pay an explicit dealer advisor fee for investment advice and related services. Any differences in performance between fund series are primarily due to differences in fees and expenses, as described in the fund's prospectus.

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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.

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(W26-1538) 10/26