

IA Clarington Thematic Innovation Class

Manager commentary – Q4 2025

IA Clarington Thematic Innovation Class Series A underperformed the S&P 500 index in the fourth quarter of the year with a return of 0.3% compared to 1.1% for the benchmark. Key contributors included a pick-up in mergers and acquisitions (“M&A”) activity across the health care sector, as well as the decision to add AI memory chip makers based on upside conviction. Overall, performance was supported by relative overweights in health care and communication services, combined with relative underweights in consumer staples and real estate. Stock selection was also additive, notably in health care and the hardware subsector of information technology.

As we enter the first quarter, we expect several key trends that shaped 2025 to continue. First, with expectations for additional rate cuts becoming more firmly established, the upward rerating of small- and mid-cap equities that began in the latter half of last year is likely to persist. Second, AI-related investment should remain robust, supported by strong near-term guidance across the supply chain and hyperscaler customers. Finally, health care continues to be one of the most under allocated subsectors and is poised to outperform as policy headwinds recede. Considering these dynamics, we are maintaining our overweight positions in health care and AI within the IT sector, while sustaining a selective tilt toward smaller caps and cyclical names, reflecting our view that outperformance within the index will broaden.

We capitalized on favourable entry points to invest in several names of interest, including Ulta Beauty, Chipotle Mexican Grill, and Hilton Worldwide, expecting fundamental improvements for consumer-focused companies as we head into 2026. We fully exited Roblox, expecting growth to slow in 2026 as it faces the challenges of surpassing the success of its Grow a Garden game and increased business investments that could pressure margins. On the AI front, we initiated a position in Ciena, which is positioned to benefit from scale-across networking of data centres. We also initiated positions in Samsara and Shopify, because we think they are strategically aligning their businesses with the emerging role of AI in software.

The Fund aims for long-term capital growth by targeting U.S. companies that have strong market leadership and are positioned to benefit from ongoing innovation. Looking ahead to 2026, we see AI adoption emerging as a key theme alongside companies exposed to cyclical trends influenced by fiscal and monetary policies. Accordingly, we selectively increase our exposure to cyclical sectors when attractive opportunities present themselves. We continue to be optimistic about the long-term potential of AI, automation, and related infrastructure, particularly as adoption continues to expand. We expect a wider range of index performers in 2026 as AI adoption spreads across various sectors of the economy.

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Fund and benchmark performance, as at December 31, 2025	1 year	3 years	5 years	10 years
IA Clarington Thematic Innovation Class – Series A	11.6%	23.2%	11.8%	9.1%
S&P 500 Index (CAD)	12.4%	23.5%	16.1%	14.7%

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

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 are historical annual compounded total returns.

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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

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