IA Clarington U.S. Dividend Growth Fund

Manager Commentary – Q1 2026

The past 12 months were eventful on the economic and geopolitical fronts. 2025 was marked by global trade tensions that led to economic uncertainties. As trade tensions gradually eased, the first quarter of 2026 was marked by geopolitical events, most notably the conflict in Iran and the resulting energy shock. The blockade of the Strait of Hormuz led to a substantial reduction in global oil supply, pushing the price of Brent crude oil to US$104 per barrel by the end of March, an increase of more than 90% since the beginning of 2026. The magnitude of the inflationary effect will ultimately depend on the duration of the blockade.

As a result of rising inflation expectations, interest rates increased globally. The U.S. Federal Reserve kept its policy rate unchanged during the quarter, balancing above-target inflation against a softening labour market where job creation was essentially flat at the start of the year. After slowing in the fourth quarter, U.S. growth rebounded strongly in the first quarter, with investment spending in artificial intelligence (AI) serving as one of the main drivers. North American markets are less exposed to goods transiting through the Strait of Hormuz, and the U.S. is a net exporter of oil, suggesting that the effects on U.S. growth should be limited.

Despite a more difficult month of March, the U.S. equity market, as represented by the S&P 500 Index, posted favourable results over the last year, advancing 17.8% in U.S.-dollar terms. The weaker U.S. dollar versus the Canadian dollar, however, reduced returns to a 14.2% gain in Canadian-dollar terms. Top-performing sectors for the period included information technology, energy and industrials.

Security selection in the communication services, consumer staples and real estate sectors contributed to performance. At the sector level, an underweight allocation to consumer discretionary and health care contributed to performance. An overweight allocation to industrials also contributed.

Alphabet Inc. was a top contributor to performance. The company's strong earnings results were driven by robust AI-integrated search growth and surging Google Cloud revenue. General Electric Co. was another top contributor to performance.

Security selection in the information technology, health care and industrials sectors detracted from performance over the period (April 1, 2025 – March 31, 2026). At the sector level, an underweight allocation to information technology detracted from performance. Overweight allocations to financials and consumer staples also detracted.

UnitedHealth Group Inc. detracted from performance over the period. The company's underperformance over the period was driven mainly by high medical costs and weak guidance (an estimate of future performance when discussing company earnings). Oracle Corp. also detracted from performance.

The fund manager added a new position in Oracle Corp. to tilt toward businesses benefiting from digital transformation, automation and efficient infrastructure. The fund manager also added a position in Taiwan Semiconductor Manufacturing Co. Ltd. to increase the Fund's semiconductor weighting and capture continued strength in AI-related demand.

The fund manager increased the Fund's positions in NVIDIA Corp. and Broadcom Inc. as a result of Broadcom's dominant position in AI-related infrastructure and accelerated revenue growth.

IA Clarington U.S. Dividend Growth Fund

The fund manager eliminated holdings in Danaher Corp. and Ares Capital Corp. to redeploy capital to other opportunities as the risk-reward profiles became less attractive.

The fund manager reduced the Fund's position in UnitedHealth Group Inc. as a result of high medical costs and weak earnings guidance, redeploying capital to better risk-reward opportunities. The Fund's position in Waste Connections Inc. was also reduced.

The fund manager expects earnings dispersion to remain a defining feature of markets, with index-level returns masking notable divergences beneath the surface. Global trade dynamics and policy uncertainty continue to shape the macroeconomic backdrop, and the path forward is unlikely to be linear. AI remains a prominent theme, influencing both capital spending cycles and productivity narratives across sectors. In this environment, the fund manager remains selective and valuation-aware, focused on balance-sheet strength and durable cash generation, and prepared to act as opportunities emerge.

	1-year	3-year	5-year	10-year
IA Clarington U.S. Dividend Growth Fund - Series F	1.4%	13.7%	11.8%	10.3%
S&P 500 Index (CAD)	14.2%	19.5%	14.4%	15.0%

Get ahead

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 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 invests in dividend paying stocks while the benchmark is comprised of companies, which may not necessarily pay a dividend. 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.

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.

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.

The information provided should not be acted upon without obtaining legal, tax, and investment advice from a licensed professional. Statements by the portfolio manager or sub-advisor represent their professional opinion and do not necessarily reflect the views of iA Clarington. Specific securities discussed are for illustrative purposes only and should not be considered a recommendation to buy or sell. Mutual funds may purchase and sell securities at any time and securities held by a fund may increase or decrease in value. Past investment performance may not be repeated. Unless otherwise stated, the source for information provided is the portfolio manager. Statements that pertain to the future represent the

IA Clarington U.S. Dividend Growth Fund

portfolio manager's current view regarding future events. Actual future events may differ. Future-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ. Opinions may change as market conditions or other factors evolve.

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.

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.

iA Clarington™ Investments