IA Clarington Inhance High Growth SRI Portfolio

Manager commentary – Q4 2025

Over the period, interest rates moved slightly higher globally while corporate bond credit spreads remained tight, leading to a modest positive return for Bloomberg Global Aggregate Index (+0.8%). U.S. high-yield bonds gained (+1.5%), outperforming U.S. corporate investment-grade bonds (+0.5%). Global equity markets advanced, though at a slower pace than in previous quarters, with the MSCI World Index up +3.4%. Leaders were the Nikkei Index (+12.2%) and S&P/TSX Composite Index (+6.3%). European equities also posted solid gains (Euro Stoxx 50: +5.2%), while the S&P 500 Index lagged with a +2.7% return. Emerging markets delivered +4.8%. Within equities, "value" stocks slightly outperformed "growth" stocks by around 0.7% (MSCI World Indices). The U.S. dollar weakened 1.4% against the Canadian dollar over the quarter. Gold prices continued their strong rally, up +11.2%, while oil prices fell sharply, by -6.2%.

We maintain a positive view on equities despite elevated valuations. The macroeconomic backdrop remains supportive, with monetary policy broadly easing and earnings growth remaining strong. We anticipate a potential broadening of market leadership beyond mega-cap technology stocks, favouring Canada as well as Asian and emerging markets where valuations are compelling and earnings momentum is improving.

Our view on government bonds remains nuanced. Higher yields offer improved return potential and good hedging characteristics, but the macro environment—marked by stronger growth, fiscal dominance and significant issuance—continues to challenge duration exposure. In Canada, expectations for a possible Bank of Canada rate hike by late 2026 reinforce our cautious stance.

We continue to favour the Canadian dollar over the U.S. dollar. The loonie stands to benefit from Canada's relatively positive growth outlook and commodity exposure, while the U.S dollar faces headwinds from U.S. Federal Reserve policy easing and structural deficits.

The Fund's strong underperformance can mostly be explained by negative selection effect coming from the Socially Responsible Investing (SRI) style of investing compared to traditional market indices, even controlling for their equity-style biases. The largest detractors were IA Clarington Inhance Global Equity SRI Class and IA Clarington Inhance Canadian Equity SRI Class , while IA Clarington Inhance Monthly Income SRI Fund slightly outperformed.

The Fund's underperformance can also be explained by a structural underweight position in the Canadian market within equities, and an equity-style tilt towards growth stocks across regions.

As at the end of the quarter, no tactical asset allocation is reflected in the portfolios.

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IA Clarington Inhance Bond SRI Fund (Series B) returned -0.51% in the fourth quarter of 2025, slightly underperforming the FTSE Canada Universe Bond Index (-0.32%). Results were driven by positive credit selection in corporate bonds, a small preferred share allocation, and a tactical longdated U.S. Treasury position. The Fund actively participated in extension trades and rolling up the yield curve to help obtain attractive yields. Additionally, the Fund added new corporate issues, and executed relativevalue switches within provincial bonds. Yield-curve positioning stayed balanced with a slight tilt toward longer maturities under 25 years. The Fund maintains overweight exposure to shortterm corporates and a defensively underweight position in longerdated credit, ending the quarter with 25.4% in positive impact bonds.

IA Clarington Inhance Global Equity SRI Class (Series A) returned -4.63%, underperforming its benchmark by 622 basis points in Canadian-dollar terms owing primarily to weak security selection in the information technology, industrials and financials sectors. Constellation Software Inc., Topicus.com Inc. and Lumine Group Inc. lagged on concerns about artificial intelligence (AI) disruption and leadership uncertainty, while software names such as ServiceNow Inc. were affected by broader sector weakness. Wolters Kluwer NV and Copart Inc. drove underperformance in the industrials sector, while insurance brokers weighed on the financials sector. Positive contribution came mainly from Alphabet Inc. in the communication services sector. Portfolio activity included exiting MSCI Inc., increasing Nvidia Corp. after a pullback, and trimming ASML Holdings NV and Costco Wholesale Corp. on elevated valuation concerns.

***IA Clarington Inhance Global Small Cap SRI Fund* (Series A)** returned -4.07%, underperforming the MSCI World Small Cap Index (+1.30%) in Canadian-dollar terms, largely owing to security selection in the health care, industrials and information technology sectors. Key detractors included Grocery Outlet Holding Corp. following reduced guidance, Stevanato Group SpA on industry-wide concerns after peers reported weak results, Topicus on ongoing AIrelated sentiment pressure, and Steadfast Group Ltd. after temporary CEO suspension and a slowing insurance prices. Several smaller detractors also added meaningful aggregate headwinds. Positive contributors included XPEL Inc., Five Below Inc., Darling Ingredients Inc., Safestore Holdings PLC and TopBuild Corp. on strong earning results. The Fund initiated ServiceTitan Inc. and exited Alfen NV and Four Corners Property Trust Inc.

IA Clarington Inhance Canadian Equity SRI Class (Series A) returned +1.10%, trailing the S&P/TSX Composite Index (+6.25%) owing to negative sector allocation and security selection. Underweight positions in the materials sector and overweight positions in the industrials sector detracted, while stock challenges in the information technology and materials sectors added further pressure. Strong contributors included Aritzia Inc., DRI Healthcare Trust, Badger Infrastructure Solutions Ltd. and Premium Brands Holdings Corp., while detractors included OR Royalties Inc. and vertical-market software names Constellation Software, Topicus and Lumine. The Fund exited Toromont Industries Ltd. and initiated a position in Zedcor Inc. during the quarter.

IA Clarington Inhance Monthly Income SRI Fund (Series T6) returned +2.62%, below the benchmark's (70% S&P/TSX Composite Index, 30% FTSE Canada Universe Bond Index) return of +4.26%. The financials sector led equity gains, driven by strong performance from Royal Bank of Canada and The Toronto-

Dominion Bank, while the consumer discretionary sector was supported by Games Workshop Group PLC. DRI Healthcare and holdings in the industrials sector also contributed positively. The utilities sector detracted, with Northland Power Inc. declining after a dividend cut, while the materials and communication services sectors also weighed modestly on performance. The Fund's fixed-income portion remained focused on shortterm, highquality corporate bonds, benefiting from short-duration performance, while preferred shares contributed as well. The Fund exited Power Corp. and Savaria Corp., and added TMX Group Ltd..

In terms of shareholder engagement in the fourth quarter:

- We co-filed a shareholder resolution with Amazon.com Inc. requesting a report evaluating the effectiveness of its policies and practices in respecting internationally recognized human rights standards across its operations and supply chain. While Amazon has committed to uphold International Labour Organization (ILO) Core Conventions, recent rulings and allegations—including labour law violations, anti-union practices, hazardous working conditions and increased spending on union avoidance—raise concerns about the adequacy of these commitments. A thorough assessment would help Amazon address potential legal, operational and reputational risks stemming from non-adherence to its stated principles.

- We co-filed a shareholder resolution with Alphabet requesting a report on risks related to generative AI accuracy and strategies to mitigate falsehoods. While AI drives significant business growth for Google, models like Gemini and Gemma have been shown to produce errors, creating legal, regulatory and reputational risks. Shareholders seek greater transparency on how Alphabet addresses these challenges to protect users and long-term value.

- We met with RBC and Bank of Montreal to discuss recent updates to each institution's climate strategy and reporting. These discussions provided valuable insight into how the banks are refining their approaches to climate risk management, target-setting and disclosure practices.

- We reached out to Apple Inc. to discuss its inclusion on the Valuing Water Finance Initiative's company focus list, and to discuss the company's water stewardship and sustainable business practices.

- As part of participation in the Nature Action 100+ engagement group, outreach was made to Costco to encourage the formal integration of biodiversity considerations into its business operations. To assist in this effort, examples were shared of how peer companies have effectively embedded biodiversity into their practices.

- We met with LVMH Moet Hennesey Louis Vuitton SE to discuss numerous biodiversity related topics, including programs for reducing Substances of Very High Concern (SVHCs) and Substances of Concern (SoCs) across Fashion & Leather Goods and Perfumes & Cosmetics, progress on PFAS phase-out, supplier engagement challenges, and upcoming steps including digital product passport readiness and regenerative agriculture initiatives.

- We engaged with KITS Eyecare Ltd. and Zedcor to encourage enhanced ESG disclosures. As part of this initiative, each company received a curated set of peer disclosure examples and resources to support improvements in ESG reporting and broader sustainability practices.

- We met with the Climate Action 100+ team to kick-off our 2026 engagement with Trane Technologies PLC. The company is a leader in the decarbonization space and we intend to work with it on Scope 3 emissions reduction, capital allocation towards green technologies, and progress on its decarbonization strategy.

Other investor statements and initiatives supported:

- Vancity Investment Management supported a “Say on Climate” vote request sent to FTSE 100 companies, encouraging them to provide shareholders with an opportunity to vote on their climate risk and resilience strategies at least once every three years. Such votes enable investors to express support for a company’s approach, including related capital expenditures, and establish a clear mechanism for raising concerns where necessary.

- The ESG team participated in multiple Canada Climate Week events, which support Canada’s commitment of a significant greenhouse gasses (GHG) reduction by 2030 through the creation and promotion of events where cross-collaboration on Canada’s climate-related challenges can drive solutions and opportunities. This was an opportunity to connect with other investors and climate experts, and to hear from thought leaders.

- We joined the steering committee of a new collaborative engagement group organized by Interfaith Center on Corporate Responsibility (ICCR). The purpose of the group is to engage companies on excessive executive compensation. Excessive executive compensation can be detrimental to investors as it often suggests weak corporate governance and can be poorly aligned with long-term shareholder value. For society, it fuels wealth inequality and social tension, as the growing disparity between CEO and average-worker pay is perceived as unethical, and can undermine economic stability and trust in democratic institutions.

We remain optimistic about the long-term outlook for equities. The recent broadening of market leadership beyond a narrow group of technology names suggests the market is resting on a healthier, more sustainable foundation. While global growth is moderating, the backdrop remains supportive, underpinned by resilient corporate earnings and a synchronized shift toward monetary easing by major central banks. We acknowledge that risks related to trade policy and geopolitical friction may induce intermittent volatility; however, we believe these periods often create opportunities. Ultimately, we continue to focus on owning high-quality businesses with durable competitive advantages that we believe are best positioned to compound value throughout various macroeconomic cycles.

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Fund and benchmark performance as at December 31, 2025	1 year	3 year	Since inception (Jan 2022)
IA Clarington Inhance High Growth SRI Portfolio – Series A	2.9%	9.1%	4.0%
55% MSCI World Index (CAD)[1], 25% S&P/TSX Composite Index, 20% FTSE Canada Universe Bond Index	15.4%	21.6%	11.5%

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

[1]Source: MSCI. 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 Fund's strategy is to invest in other investment funds. 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 20% FTSE Canada Universe Bond Index, 25% S&P/TSX Composite Index and 55% MSCI World Index. 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 Universe Bond Index is comprised of Canadian investment grade bonds and has significantly different portfolio duration characteristics. The FTSE Canada Universe Bond Index consists of a broadly diversified selection of investment-grade Government of Canada, provincial, corporate and municipal bonds issued domestically in Canada. The S&P/TSX Composite Index is the premier indicator of market activity for Canadian equity markets, with 95% coverage of Canadian-based, TSX-listed companies. The index includes common stock and income trust units and is designed to offer the representation of a broad benchmark index while maintaining the liquidity characteristics of narrower indices. The MSCI World Index 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 consists of 23 developed market country indices. The Fund has exposure to securities of companies which meet the fund manager's socially responsible investment principles, while the holdings in the benchmark may not align with these principles. The Fund's market capitalization, geographic, sector exposure and credit quality 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.

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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. Returns for time periods of more than one year are historical annual compounded total returns while returns for time periods of 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.

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