IA Clarington Global Dividend Fund

Manager commentary – Q2 2025

The second quarter kicked off at full speed with the U.S. administration's "Liberation Day" and the implementation of reciprocal tariffs. These tariffs were later postponed, which contributed to an improvement in the global economic climate. Markets experienced significant volatility early in the quarter in response to trade tensions. Even so, gradual easing allowed the S&P 500 Index to regain lost ground, and it rose 12% on the quarter. The rebound was supported by technology giants, which continued to benefit from the tailwind of artificial intelligence. In the second quarter, European and Canadian markets no longer outperformed U.S. markets. For example, the Euro Stoxx 50 Index was flat on the quarter, whereas the S&P/TSX Composite Index was up by 8.0%.

Despite some easing of trade tensions, the second quarter saw notable market volatility as investors reacted to President Trump's tariff policies targeting key U.S. trading partners. This created significant uncertainty for sectors with global supply chains, like materials and consumer discretionary. Economic data reflected this pressure, with the ISM Manufacturing Index signaling a contraction in the factory sector as companies grappled with the unstable environment.

Looking ahead, we expect equity markets will remain highly sensitive to developments on the trade front. The potential for further market adjustments is high as the full economic impact of these tariffs unfolds. Given this backdrop, we believe a disciplined and selective approach is crucial. Our focus remains on identifying high-quality companies with strong balance sheets and durable competitive advantages that can maintain resilience in the face of these macroeconomic uncertainties.

The Fund's performance was driven by strong security selection, particularly within the information technology sector. Key contributors included Microsoft Corp., NVIDIA Corp. and Broadcom Inc., all of which delivered significant returns. Our holding in Heidelberg Materials AG also contributed positively. However, the portfolio was negatively impacted by detractors in the health care and utilities sectors, with UnitedHealth Group Inc. and CMS Energy being the most significant underperformers for the quarter.

Our strategy is to maintain a resilient portfolio that can navigate volatile conditions while capturing long-term growth. This quarter, we shifted to a more defensive footing. We took profits in certain high-performing technology and payments companies like Alphabet Inc. and Mastercard Inc., and trimmed cyclical holdings like Accenture PLC. and Accor SA. We redeployed that capital into defensive companies with stable demand, such as The Hershey Company, and increased our weight in areas like private credit through Ares Capital Corp.

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Fund and benchmark performance as at June 30, 2025	1 year	Since inception (Feb 2023)
IA Clarington Global Dividend Fund – Series A	11.5%	13.2%
MSCI World Index (CAD)[1]	15.9%	19.0%

For definitions of technical terms, visit iaclarington.com/glossary or speak with your investment advisor.

[1]Source: 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 Fund's benchmark, 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 holds 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 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 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. Where applicable, compound growth charts are used only to illustrate the effects of a compound growth rate and are not intended to reflect future values or returns of a fund. 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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