

IA Clarington Global Dividend Fund

Manager Commentary – Q1 2026

The 12-month period ending March 31, 2026, was marked by significant economic and geopolitical developments. Global trade tensions in 2025 created uncertainty, and the first quarter of 2026 brought renewed geopolitical disruption, most notably the military conflict in Iran. The blockade of the Strait of Hormuz by Iranian forces led to a substantial reduction in global oil supply, pushing Brent crude oil to US\$104 per barrel by the end of March, more than 90% higher than at the start of the year. Higher energy prices raised inflation expectations globally, with the magnitude of the inflationary effect dependent on the duration of the blockade.

The U.S. Federal Reserve held its policy rate steady, weighing above-target inflation against a softening labour market. U.S. growth rebounded in the first quarter, supported by investment spending in artificial intelligence (AI). In Canada, inflation remained below 2% as of February, though higher energy prices are expected to create renewed upward pressure. The Bank of Canada is expected to remain on hold.

Global growth was strong at the start of the year, particularly in Europe and emerging markets, largely reflecting the synchronized interest-rate cuts implemented by central banks in recent years. The conflict in Iran, however, is likely to alter this outlook. The effect is expected to be more severe for net energy importers, including many European and Asian economies. In Europe, the Bank of England and the European Central Bank may be required to raise interest rates more quickly, and a European recession (a significant decline in economic activity, typically defined as two consecutive quarters of declining GDP) could follow.

The Fund's sector allocation was the primary contributor to performance over the period (April 1, 2025 – March 31, 2026). Within sector allocation, the energy and health care sectors were the primary contributors. Currency effects were modestly supportive. Taiwan Semiconductor Manufacturing Co. contributed to performance, supported by continued strength in AI-related demand. An overweight exposure to Alphabet Inc. also contributed to performance, supported by robust AI-integrated search growth and surging Google Cloud revenue.

Security selection was the largest detractor from performance over the period. Negative security selection effects in the financials, health care and industrials sectors were the principal detractors. An overweight position in UnitedHealth Group Inc. detracted from performance amid high medical costs and weak earnings guidance (an estimate of future performance when discussing company earnings). An overweight position in Oracle Corp. also detracted from performance.

New positions included Oracle Corp., as the fund manager tilted toward businesses benefiting from digital transformation, automation and efficient infrastructure, and Union Pacific Corp., which was added for its consistent dividend growth (growth in dividend payments) and strong free-cash-flow (refers to the cash a company generates after accounting for capital expenditures) generation. The fund manager increased the Fund's positions in Taiwan Semiconductor Manufacturing Co. and NVIDIA Corp., supported by continued strength in AI-related demand. Danaher Corp. and Ares Capital Corp. were eliminated in order to redeploy capital to other opportunities as the risk-reward profile became less attractive. The fund manager reduced the Fund's position in UnitedHealth Group Inc. amid high medical costs and weak earnings guidance, and trimmed the Fund's holding in Linde plc.

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The global economy has shown resilience, with gross domestic product (the total dollar value of all goods and services a country produces over a specific time period) growth projected to reach 3.1% to 3.3% in 2026. However, the conflict in Iran has increased uncertainty for both the economic and market outlooks. The most significant direct effect has been on the price of oil, which has led to higher inflation and higher interest rates. In this environment, the fund manager is remaining attentive to the evolution of the conflict and its effect on interest rates, corporate cash flows (the cash a company generates after accounting for capital expenditures) and the relative attractiveness of global dividend-paying equities.

	1-year	3-year	Since Inception (Feb 2023)
IA Clarington Global Dividend Fund - Series F	3.9%	13.0%	11.9%
MSCI World Index (CAD)	15.3%	18.0%	17.4%

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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 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.

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