

IA Clarington Global Dividend Fund

Manager commentary – Q1 2025

As 2024 progressed, the world appeared to be slowly finding the right balance between encouraging growth and controlling inflation. Central banks throughout the world made concerted efforts to manage the cost of living and inflation challenges facing individuals and businesses.

The most recent quarter was dominated by U.S. President Trump's surprisingly aggressive stance on tariffs, particularly towards Canada. By the end of the period, Trump had implemented 25% tariffs on steel, aluminum and cars, with more tariff announcements expected in April.

U.S. growth was expected to be somewhat flat in the first quarter, as consumer and business confidence was increasingly shaken by political uncertainty. The U.S. Federal Reserve held its target interest rate steady at 4.50%.

In Canada, the economic recovery was going well, with interest-rate cuts taking the policy interest rate down to 2.75%. However, uncertainty related to trade policy caused household and business confidence to plummet, slowing the economy.

The European economy continued to stagnate, but optimism returned with peace negotiations in Ukraine and the announcement of substantial fiscal stimulus (a government action or policy designed to stimulate economic activity) in Germany. Some signs of a pick-up in growth emerged, but tariffs weighed down activity.

China's economy struggled with a balance sheet recession, as households and companies alike prioritized debt repayment over spending or investing, leading to economic stagnation (refers to a prolonged period of slow or no growth in an economy).

On the global front, the MSCI World Index and MSCI EAFE Index respectively returned -1.7% and 6.9% over the last quarter (in Canadian-dollar terms, therefore including foreign currency movements), and 13.8% and 11.5% for the period.

The Fund's overweight exposures to the financials and utilities sectors contributed to performance over the period (April 1, 2024 – March 31, 2025), as did its underweight exposure to the information technology sector. The Fund's security selection in the information technology, materials and utilities sectors also contributed to performance. Individual contributors included CMS Energy Corp., which experienced strong gains owing to favourable regulatory decisions and declining interest rates. Philip

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Morris International Inc.'s strategic shift towards smoke-free products has been well received by the market.

The Fund's underweight exposure to the consumer staples sector detracted from performance, as did its overweight exposure to the materials sector. The Fund's security selection in the health care and consumer discretionary sectors also detracted. Individual detractors included Elevance Health Inc., which faced rising health care costs, lower-than-expected enrollment in its insurance plans and regulatory pressures. Shares of Ashtead Group PLC, a leading equipment rental company, declined owing to weak rental revenue growth in the U.S. market.

New positions included Heidelberg Materials AG, which benefits from resilient demand in construction materials, supported by infrastructure spending and sustainable building trends. Rheinmetall AG was added to reflect the Fund's focus on companies with strong fundamentals and significant sector tailwinds (refers to favourable conditions for particular investments or the market as a whole).

Increased positions included Canadian Natural Resources Ltd. as the Fund shifted incrementally toward more defensive positions. The company added energy exposure that should allow the Fund to benefit from inflation, and oil sands are one of the lowest full-cycle-cost (refers to the total cost associated with a product or project throughout its entire lifecycle) ways to gain commodity exposure.

Decreased positions included Ashtead Group owing to expectations of weaker rental revenue and the Fund's incremental shift to more defensive positions.

Eliminated positions included Booking Holdings Inc., which faced challenges from moderating travel demand and potential margin (refers to a company's profits) pressures. Diageo PLC encountered challenges from declining spirits consumption in key markets and foreign exchange volatility.

U.S. equity markets have faced significant volatility driven primarily by President Trump's tariff policies targeting imports from key trading partners like Canada, Mexico and China. Sectors with global supply chains, such as materials and consumer discretionary, are particularly vulnerable. The ISM Manufacturing Index fell to 49 in March, signaling an economic contraction (slowdown in the economy). This decline is likely attributable to decreased factory orders and employment as companies and workers grapple with market uncertainty.

Looking ahead, equity markets will likely remain sensitive to developments in the White House. The Portfolio Manager will be cautious and closely monitor developments in trade negotiations in order to mitigate risk in the Fund.

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Fund and benchmark performance as at March 31, 2025	1 year	Since inception (Feb 2023)
IA Clarington Global Dividend Fund – Series A	13.4%	14.6%
MSCI World Index (CAD) ¹	13.8%	18.4%

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

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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'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.

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