IA Clarington Global Dividend Fund

Manager commentary – Q3 2025

The end of the period (April 1, 2025 – September 30, 2025) was marked by easing trade tensions and global economic resilience, but there were concerns about U.S. inflation and a loss of independence and credibility at the U.S. Federal Reserve (the Fed).

The ratification of trade agreements between the U.S. and key partners reduced uncertainty and made the business environment more predictable. That said, tariffs accounted for 10% of total imports as of August, and this proportion was expected to rise.

The U.S. economy grew and consumption rebounded, driven by wealthier households and a positive wealth effect. Non-residential investment also remained robust, particularly in artificial intelligence (AI).

Job creation slowed significantly but remained positive. Layoffs were limited, but hiring was also subdued. This may have been the result of lower immigration.

Inflation hovered around 3% year-over-year, and tariffs began to affect consumer prices. The Fed lowered its benchmark interest rate by 25 basis points (bps), with further cuts expected by year-end.

The Canadian economy contracted in the second quarter but showed modest growth in the third quarter. Consumer spending remained resilient, but exports and investments were down, and the labour market weakened. Headline inflation (total inflation including volatile components such as energy and food) was slightly below the 2% target, but core inflation (excludes energy and food) stagnated between 2% and 3%. The Bank of Canada cut its benchmark interest rate by 25 bps in September.

The Carney government unveiled its initial list of nation-building projects, which included projects already well advanced in their approval process. The main themes were export diversification, energy dominance and critical minerals. Fiscal spending was expected to increase significantly from higher military defense spending.

The European economy grew modestly in the third quarter, with inflation remaining around 2%. The European Central Bank held interest rates steady, and markets did not expect further cuts. Fiscal risks emerged in France and the U.K., as both countries needed to consolidate their fiscal positions but faced political opposition.

On the global front, the MSCI World Index returned 15.6% (in Canadian-dollar terms, therefore including foreign currency movements).

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The Fund's underweight exposure to the consumer staples sector contributed to performance, as did its lack of exposure to the real estate sector. The Fund's stock selection in the energy and materials sectors also contributed. Individual contributors included Microsoft Corp., which experienced strong financial performance from its cloud-computing services and surging demand for its AI initiatives. Alphabet Inc.'s share price rose owing to a favourable antitrust ruling and continued growth in its core businesses, along with elevated demand for its AI products and cloud-computing services.

The Fund's significantly underweight exposure to the information technology sector detracted from performance, as did its overweight exposure to the energy sector. Security selection in the financials, health care and industrials sectors also detracted. Individual detractors included UnitedHealth Group Inc. as the company reported weaker-than-expected earnings (a company's profits or net income) amid rising medical costs. Heightened scrutiny from the Department of Justice into the company's Medicare Advantage billing practices and the CEO's unexpected passing negatively affected investor sentiment. London Stock Exchange Group PLC faced competition from new AI models and rivals, along with recent weakness in capital markets activity.

New positions included South Bow Corp. to diversify the Fund's yield generation.

Increased positions included CRH PLC based on its attractive risk-to-reward profile ahead of its inclusion in the index.

Decreased positions included Visa Inc., which was trimmed to reflect its price appreciation and reduced discount to intrinsic value (stock is more fairly valued).

Eliminated positions included Rheinmetall AG owing to the absence of an additional margin of safety (when purchasing an investment that is significantly below its intrinsic value, there is less room for the investment to fall).

According to the fund manager, policy signals and trade rhetoric have remained fluid, and interest-rate expectations were reset as inflation progress slowed unevenly across regions. Equity leadership stayed narrow but durable, led by cash-rich platforms tied to AI and productivity, while cyclical stocks (stocks whose performance is impacted by economic expansions and contractions) were more volatile. Periodic volatility appears likely as growth cools and policy paths diverge. The underlying fund manager's stance is selective, prioritizing balance-sheet strength, durable cash flows and credible runways for reinvestment, while maintaining the flexibility to add selectively amid market dislocations. This approach should support attractive risk-adjusted returns over time. Earnings breadth (refers to the number of companies whose earnings are increasing or decreasing) may improve gradually as inventories continue to normalize.

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Fund and benchmark performance as at September 30, 2025	1 year	Since inception (Feb 2023)
IA Clarington Global Dividend Fund – Series A	11.4%	14.1%
MSCI World Index (CAD)[1]	20.8%	21.1%

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.

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