IA Clarington Global Balanced Plus Portfolio

Manager Commentary – Q2 2026

Over the second quarter of 2026, the S&P 500 Index (C$) gained 17.1%, compared to 7.0% for the S&P/TSX Composite Index. European markets also rebounded, with the MSCI Europe Index (C$) rising 12.8%. However, the NASDAQ Composite Index (C$) and the MSCI Emerging Markets Index (C$) led the rally with returns of 23.6% and 26.1%, respectively, driven largely by momentum related to artificial intelligence (AI).

Globally, interest rates moved slightly higher, while corporate bond spreads tightened and remain tight from a historical perspective, leading to a modest positive return of 0.9% for the Bloomberg Global Aggregate Total Return Index (CAD Hedged).

Over the period, the ICE BofA US High Yield Total Return Index (CAD Hedged), representing U.S. high-yield bonds, had a positive return of 2.0%, while U.S. investment-grade corporate bonds, as measured by the Bloomberg US Corporate Total Return Index (CAD Hedged), rose 1.0%.

The U.S. dollar strengthened significantly toward the end of the quarter, reflecting changing expectations for U.S. Federal Reserve policy, with markets now pricing in interest-rate hikes. Overall, the U.S. dollar appreciated by 2.4% against the Canadian dollar, as the interest-rate differential widened. Relative to its U.S. counterpart, the Canadian dollar has fallen to its lowest level since early 2025.

The Fund is composed of four underlying funds: IA Clarington Strategic Corporate Bond Fund, IA Clarington Loomis Global Multisector Bond Fund, IA Clarington Strategic Income Fund and IA Clarington Loomis Global Allocation Fund. By design, the Fund has a static target allocation among its underlying funds, which is rebalanced monthly.

All underlying funds contributed positively to the Fund's returns over the period, with IA Clarington Loomis Global Allocation Fund outperforming the benchmark.

For IA Clarington Loomis Global Allocation Fund, not having exposure to the energy sector was the largest contributor to relative performance, along with the industrials, communication services and health care sectors. The three largest contributors to performance were Taiwan Semiconductor Manufacturing Co. Ltd. (TSMC), KLA Corp. and ASML Holding NV. Security selection in the information technology sector was the largest detractor from relative results; the financials and consumer discretionary sectors also detracted on a relative basis. The three largest detractors from performance were Broadcom Inc., S&P Global Inc. and Tyler Technologies Inc. Within fixed income, spread sector allocation contributed strongly to relative performance over the quarter. In particular, overweight allocations to the communications, information technology and consumer cyclical sectors contributed. For the underlying fund's fixed-income portion, security-specific selections within the communications, information technology and bank loans sectors detracted from performance over the period.

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IA Clarington Loomis Global Allocation Fund remains focused on high-quality businesses with durable competitive advantages, strong management teams and solid balance sheets that can compound value over the long term. Within equities, the underlying fund added a new position in Broadcom, reflecting the manager's positive outlook on companies benefiting from the continued expansion of AI infrastructure and semiconductor demand. In fixed income, the underlying fund selectively added exposure to corporate and emerging markets debt opportunities. Holdings in Iron Mountain Inc. were sold to raise reserves and build in liquidity and flexibility for the portfolio. During the quarter, the underlying fund exited equity positions in Expedia Group and CGI as conviction in their long-term growth prospects weakened, reallocating capital toward higher-conviction investment ideas.

For IA Clarington Strategic Income Fund, performance was driven predominately from investments in securities related to economic growth, while minimizing the impact of commodity-related equities. The underlying fund's fixed-income exposure continued its long-term record of outperforming its bond benchmarks during the quarter. The underlying fund's largest contribution to performance during the quarter came from exposure to banks, as better economic prospects improved their loan provision levels and earnings profile. The top-two contributors to performance during the past three months included holdings in Toronto-Dominion Bank and Royal Bank of Canada. Toronto-Dominion Bank delivered better-than-expected earnings growth, lower-than-expected credit provisions and a continued improvement in its return on equity (ROE). Royal Bank of Canada also demonstrated improving earnings growth and lower-than-expected credit provisions, generating an ROE above the medium-term target of 17% set at its Investor Day. The largest detractors from the Fund's performance during the quarter came from the underlying fund's exposure to Agnico Eagle Mines and Stantec. Agnico Eagle tracked the performance of gold lower throughout the quarter as worries about higher inflation lifted expectations for interest-rate hikes, which ultimately reduced demand for the precious metal. Stantec underperformed following its earnings release that showed organic growth slowing to below-target levels for the year, exacerbating the market's concerns about the risk of AI-related disruptions on its business.

According to the fund manager for IA Clarington Strategic Income Fund, the underlying fund's current equity positioning favours securities correlated to the economy and focused in sectors such as financials and industrials. As well, the income and defensive positioning is concentrated in utilities sector securities that should benefit from the expansion of the electrical grid, and in consumer-related stocks that have mature and cash-flow-rich business models with less expected volatility. The manager added to the underlying fund's exposure to Canadian banks during the quarter, while further reducing an already-low exposure to positions in the materials and energy sectors.

IA Clarington Global Balanced Plus Portfolio provides diversification by asset class and investment style, with the aim of delivering a smoother return profile through different market environments.

Fund and Benchmark Performance as at June 30, 2026	Q2 2026	1-year	Since inception (Jun. 2024)
IA Clarington Global Balanced Plus Portfolio - Series F	7.3%	14.1%	9.5%
20% FTSE Canada Universe Bond Index, 20% Bloomberg Global Aggregate Bond Index (CAD	7.6%	18.8%	16.4%

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Hedged), 30% S&P/TSX Composite Index, 30% MSCI AC World Index (CAD)[1]			

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Non-traditional fixed income asset classes may carry higher risk, but generally provide higher yield than traditional fixed income asset classes. 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.

For definitions of technical terms in this piece, please visit iaclarington.com/glossary and 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 benchmark is a blend of FTSE Canada Universe Bond Index (20%), Bloomberg Global Aggregate Bond Index (Currency Hedged) (20%), S&P/TSX Composite Index (30%) and MSCI AC World Index (CAD) (30%). 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 consists of a broadly diversified selection of investment-grade Government of Canada, provincial, corporate and municipal bonds issued domestically in Canada. The Bloomberg Global Aggregate Index is a flagship measure of global investment grade debt from twenty-eight local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. There are four regional aggregate benchmarks that largely comprise the Global Aggregate Index: the US Aggregate, the Pan European Aggregate, the Asian-Pacific Aggregate, and the Canadian Aggregate Indices. 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 IA Clarington Global Balanced Plus Portfolio representation of a broad benchmark index while maintaining the liquidity characteristics of narrower indices. The MSCI AC World Index (CAD) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 50 country indexes comprising 23 developed and 24 emerging market country indexes. The Fund's market capitalization, geographic, sector and credit quality 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. 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.

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.

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