IA Clarington Global Balanced Plus Portfolio

Manager commentary – Q3 2025

The end of the period 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 like the European Union, Japan and South Korea 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 as companies rebuilt inventories.

The "One Big Beautiful Bill" (OBBB) was ratified during the summer. Its net effect will be to stimulate the U.S. economy in the short term, partially offsetting the negative effects of tariffs. However, the combined effect of tariff revenues and the OBBB does not materially change the U.S. fiscal trajectory. The U.S. economy continued to grow and consumption rebounded, driven by wealthier households and a positive wealth effect from strong financial market performance. Non-residential investment also remained robust, particularly in artificial intelligence.

Job creation slowed significantly over the summer but remained positive. Layoffs were limited, but hiring was also subdued. This may have been the result of lower immigration.
Inflation accelerated slightly, hovering around 3% year-over-year. Tariffs began to affect consumer prices. In this environment, the Fed lowered its benchmark interest rate by 25 basis points (bps), with further cuts expected by year-end.

After contracting in the second quarter, the Canadian economy showed mediocre growth in the third quarter. While consumer spending remained resilient, exports and investments were down. The labour market also weakened. Headline inflation was slightly below the 2% target, but core inflation stagnated between 2% and 3%. In September, the Bank of Canada cut its benchmark interest rate by 25 bps, to 2.50%.

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

The European economy grew modestly in the third quarter, with inflation being contained 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.

As for equities, the U.S. equity market represented by the S&P 500 Index returned strong results over the six-month period, although the weakening of the U.S. dollar versus the Canadian dollar detracted from returns. The top sectors included information technology, communication services and consumer discretionary. On the international front, the MSCI World Index and MSCI EAFE Index returned 15.6% and 13.2%, respectively (in Canadian-dollar terms, therefore including foreign currency movements). Canadian equities also performed well. The top-performing sectors included materials, information technology and financials. Fixed-income returns were relatively modest.

The FTSE Canada Universe Bond Index returned 0.9% over the same period, as interest rates generally rose during the period. Canadian credits fared better, with a 2.3% progression.

The Fund seeks to provide a combination of income and capital appreciation by investing primarily in equity and fixed-income securities from around the world, either directly or indirectly through investments in other mutual funds. The Fund is composed of four underlying funds: two small positions in IA Clarington Strategic Corporate Bond Fund and IA Clarington Loomis Global Multisector Bond Fund, with the remainder being split equally between 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.

Over the six-month period, while the underlying funds posted positive returns for the period, they underperformed the benchmark.

For IA Clarington Loomis Global Allocation Fund, security selection in the consumer discretionary sector was the largest detractor from performance, although its stock selection in the health care, financials, information technology and industrials sectors also detracted. The underlying fund’s currency allocation, net of hedging, detracted from performance, particularly its allocations to the U.S. dollar, Japanese yen and Brazilian real. The underlying fund’s local market positioning in the euro, Chinese renminbi and Indonesian rupiah pay markets also detracted.

IA Clarington Loomis Global Allocation Fund’s underweight allocations to the energy and consumer staples sectors were the main contributors to performance, and its lack of exposure to the real estate and utilities sectors also contributed. The underlying fund’s exposure to credit-sensitive sectors contributed to performance as credit spreads (the difference in yield between debt instruments with similar terms, but different credit ratings) tightened. The underlying fund's yield curve and duration (interest-rate sensitivity) positioning also contributed.

For IA Clarington Strategic Income Fund's equity component, exposure to the materials sector was the largest detractor from performance. For the fixed-income component, the underlying fund's exposure to government securities was the largest detractor.

For this underlying fund's equity component, exposure to the financials and industrials sectors were the largest contributors to performance. For the fixed-income component, the underlying fund's exposure to consumer cyclical and energy companies were the main contributors.

According to the underlying fund manager for IA Clarington Loomis Global Allocation Fund, the U.S. consumer sector remains healthy, with higher-income consumers—who account for the bulk of spending—continuing to benefit from the wealth effect caused by rising equity prices and increasing home values. Lower-income consumers are under some financial pressure amid weakness in the labour market, but commentary from the largest U.S. financial institutions suggests that credit and debit card spending trends are intact. The underlying fund manager is watching this situation closely, since the current economic expansion and market rally hinges on stable employment and consumer spending. Corporate profits remain robust, and strong earnings could continue. The U.S. market has shown fundamental leadership in terms of profitability, and bottom-up consensus earnings estimates for the emerging markets, Europe and Japan imply strong year-over-year growth for 2026. However, trade conflicts could cause problems, and valuations for corporate credit risk remain high.

Credit spreads are near multi-year tight levels, and U.S. equity price-to-earnings multiples are above their five-year averages. Forward-looking total-return prospects, while positive, are not overwhelmingly so. The underlying fund manager believes that market corrections could provide opportunities provided the fundamental backdrop is not disrupted.

The underlying fund manager remains focused on investing in quality companies with high-quality management and robust balance sheets, as they should be able to generate value over the longer term. According to the underlying fund manager for IA Clarington Strategic Income Fund, moderate economic growth is likely over the coming quarters as the effects of trade tensions and tariffs should be offset by the prospect of further interest-rate reductions.

This underlying fund maintains overweight exposures to defensive businesses with higher yields given their perceived attractive valuations and yields.

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As yields declined, the underlying fund's exposure to government bonds was trimmed to capitalize on the price appreciation. This capital has been redeployed into higher-yielding opportunities with more attractive risk/return profiles given expectations for continued economic growth.

Fund and benchmark performance, as at September 30, 2025	1 year	Since inception (Jun. 2024)
IA Clarington Global Balanced Plus Portfolio - Series A	8.3%	10.4%
20% FTSE Canada Universe Bond Index, 20% Bloomberg Global Aggregate Bond Index (CAD Hedged), 30% S&P/TSX Composite Index, 30% MSCI AC World Index (CAD)[1]	15.3%	17.3%

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, 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

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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