

IA Clarington Global Equity Plus Portfolio

Manager commentary – Q1 2025

The Fund was launched on June 17, 2024. Performance data is not presented for a Fund that has been distributing securities for less than 12 consecutive months.

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. Amid the combination of downside risks to growth and upside risks to inflation, the U.S. Federal Reserve (the Fed) held its target interest rate steady at 4.50%.

In Canada, the economic recovery was going well in late 2024 and early 2025, 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 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.

By design, the Fund has a static target allocation among its underlying funds, which is rebalanced monthly. The Fund seeks to provide long-term capital appreciation by investing primarily in equity securities of companies located throughout the world, either directly or indirectly through investments in other mutual funds

Over the 12-month period, IA Clarington Global Dividend Fund was the top contributor owing to its overweight positions in the financials, utilities and industrials sectors, combined with its underweight positions in the consumer discretionary and information technology sectors. The underlying fund's security selection in the information technology, materials, utilities and communication services sectors also contributed. Individual contributors included CMS Energy Corp., which experienced strong gains

IA Clarington Global Equity Plus Portfolio

owing to favourable regulatory decisions and declining interest rates. Philip Morris International Inc.'s strategic shift towards smoke-free products has been well received by the market.

IA Clarington Loomis Global Equity Opportunities Fund was the largest detractor from relative performance. The underlying fund's exposure to the consumer discretionary sector was the largest detractor from performance, followed by its exposures to the health care, communication services, industrials and information technology sectors. Individual detractors included Airbnb Inc., ASML Holding NV and LVMH Moët Hennessy Louis Vuitton SE.

According to the underlying fund manager of IA Clarington Global Dividend Fund, the 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, like materials and consumer discretionary, are particularly vulnerable. The ISM Manufacturing Index fell to 49 in March, signaling contraction. This decline is likely attributable to decreased factory orders and employment as companies and workers grapple with market uncertainty.

The underlying fund manager of IA Clarington Global Dividend Fund has trimmed some of the underlying fund's information technology sector exposure and invested significant amounts into Europe, with new positions established in Heidelberg Materials AG and Rheinmetall AG owing to European fiscal spending and industrial growth tailwinds. The underlying fund aims to invest in companies that are proven businesses with economic advantages and that aim to provide stability in volatile markets and strong returns over long time horizons.

According to the underlying fund manager of IA Clarington Global Equity Fund, the largest reset in U.S. geopolitical and trade policy in decades has injected uncertainty into risk assets following 15 years of rising global valuations and U.S. market leadership. In the underlying fund manager's opinion, this was a major realignment of the existing world economic order, and aggregate valuations and investor sentiment do not adequately reflect the risks of an increasingly likely U.S. recession. Market sentiment has abruptly pivoted, and the underlying fund manager expects investor behaviour to remain volatile as the market collectively grapples with the shifting dynamic.

IA Clarington Global Equity Fund continues to own a diversified portfolio of high-quality businesses that mostly trade at meaningful discounts to their own historical valuations and the S&P 500 Index. Its holdings remain balanced between recession-resistant businesses in sectors like health care and consumer staples and a collection of inexpensive businesses with above-average return prospects. The underlying fund has little exposure to many of the risks of the expensive U.S. market.

According to the underlying fund manager of IA Clarington Loomis Equity Opportunities Fund, prior to the trade conflict, the global disinflationary trend had been stalling at the margin, with services and

IA Clarington Global Equity Plus Portfolio

shelter inflation remaining elevated. The price of goods may also remain elevated. Early estimates of a 0.25-0.5% bump in U.S. inflation from tariff impacts now seem far too low, but tariff retaliation and changes to the flow of goods muddy the waters for inflation elsewhere.

Further, rising global risks and concerns of weaker global growth has pulled forward the market's expectation for additional interest-rate cuts. This could affect the U.S. dollar's valuation. Currently, the combination of cuts to government departments and "tax hikes" on consumers and businesses through tariffs may not immediately prompt the Fed to cut interest rates sharply, but the shift toward tighter fiscal policy and looser monetary policy is increasingly clear.

As such, the focus of the underlying IA Clarington Loomis Equity Opportunities Fund remains on investing in quality companies that the underlying fund manager believes have high-quality management and robust balance sheets, and should be able to generate value over the longer term. The underlying fund manager is closely monitoring events while anticipating that recent developments will be catalysts for volatility, which can provide the underlying fund with opportunities to build positions in sound companies at more attractive valuations.

The Fund provides exposure to complementary investment styles with the aim of delivering a smoother return profile through different market environments.

For definitions of technical terms in this piece, visit iaclarington.com/glossary and speak with your investment advisor.

The information provided should not be acted upon without obtaining legal, tax, and investment advice from a licensed professional. Statements by the portfolio manager or sub-advisor represent their professional opinion and do not necessarily reflect the views of iA Clarington. Specific securities discussed are for illustrative purposes only and should not be considered a recommendation to buy or sell. Mutual funds may purchase and sell securities at any time and securities held by a fund may increase or decrease in value. Past investment performance may not be repeated. Unless otherwise stated, the source for information provided is the portfolio manager. Statements that pertain to the future represent the portfolio manager's current view regarding future events. Actual future events may differ.

Commissions, trailing commissions, management fees, brokerage fees and expenses all may be associated with mutual fund investments, including investments in exchange-traded series of mutual funds. The information presented herein may not encompass all risks associated with mutual funds. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

IA Clarington Global Equity Plus Portfolio

The iA Clarington Funds are managed by IA Clarington Investments Inc. iA Clarington and the iA Clarington logo, iA Wealth and the iA Wealth logo, and iA Global Asset Management and the iA Global Asset Management logo, are trademarks of Industrial Alliance Insurance and Financial Services Inc. and are used under license. iA Global Asset Management Inc. (iAGAM) is a subsidiary of Industrial Alliance Investment Management Inc. (iAIM).