

IA Clarington Global Equity Plus Portfolio

Manager commentary – Q4 2025

During the fourth quarter, the U.S. Federal Reserve (the Fed) continued its cycle of interest-rate cuts that began at the end of the third quarter, despite a federal government shutdown that paused the publication of economic data for several weeks, making the Fed's job more complex. This government shutdown lasted 43 days, making it the longest in U.S. history. It likely caused an economic slowdown, although the impact should be short lived. The agreement ending the shutdown did not resolve the main sticking point—the end of a subsidy program for medical insurance costs—setting the stage for another confrontation in early 2026.

Although macroeconomic analysis was made more difficult by the lack of data for several weeks, it is clear that the labour market is weakening. The U.S. unemployment rate reached 4.6% in November, as many companies paused their hiring plans. Despite this, layoffs across the economy remain modest, limiting the extent of the damage. Some indicators even show stabilization and a rebound toward the end of the quarter. Beyond the labour market and government shutdown, economic growth remains strong in the U.S., supported by household consumption and investments in artificial intelligence (AI). Inflation is under control but remains above its target, at 2.7% year-over-year in November. Tariffs continue to exert upward pressure on prices, but the risks of an overheating economy are contained for now.

In Canada, the labour market regained strength after a significant weakening during the summer. Even though there is still no trade agreement between Canada and the Trump administration, existing tariffs remain relatively low and the trade relationship has stabilized, allowing business confidence to improve. After a rebound in the third quarter, economic growth is expected to be roughly flat in the fourth quarter, notably owing to population growth being at a standstill. Inflation is stable but near the upper end of the 1–3% range. The Bank of Canada (BoC) ended its easing cycle in October, lowering the policy rate to 2.25%. It is expected to remain on the sidelines for some time.

In Europe, the economy continues its gradual recovery, with industrial production stabilizing, unemployment remaining low, and the services sector expanding. Inflation is stable near 2%, which is keeping the European Central Bank on the sidelines in the medium term.

Major stock indices posted positive performances during the fourth quarter, but returns were lower than in the previous two quarters. The S&P/TSX Composite Index again outperformed its peers with a 5.3% return in the fourth quarter, compared with 2.0% for the S&P 500 Index. Major European markets and emerging markets generated solid returns, outperforming the U.S. market.

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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.

In the fourth quarter of 2025, IA Clarington Global Equity Plus Portfolio Series A outperformed the index, posting a three-month return of 2.1% compared to the benchmark's return of 1.8%.

Within IA Clarington Loomis Global Equity Opportunities Fund, the communication services, industrials and information technology sectors were the largest contributors to relative results, while the financials, materials and consumer discretionary sectors detracted from returns on a relative basis. The largest three contributors to performance were Alphabet Inc., Cummins Inc. and Parker-Hannifin Corp. The largest three detractors from performance were The Home Depot Inc., O'Reilly Automotive Inc. and BlackRock Inc. A new position in Chipotle Mexican Grill Inc., a leading fast-casual restaurant chain known for customizable menu options that emphasize real food without artificial additives, was initiated in the fourth quarter.

The underlying fund manager believes we are entering 2026 with "more of the same" expectations for growth and inflation, while the U.S. dollar seems vulnerable on several fronts. U.S. GDP likely grew about 2.3% in 2025, and we could see a similar growth rate in 2026. AI-driven capital spending and healthy corporate profits are key positives, plus a modest push from tax cuts, which is expected to add stimulus in the spring. Certainly, there are global macroeconomic factors that will continue to shape investor sentiment. As such, the underlying fund manager's focus remains on investing in quality companies that should generate value over the longer term with high-quality management and robust balance sheets. The underlying manager continues to closely monitor global economic developments. In the interim, such developments may continue to be catalysts for volatility and could provide market opportunities to build positions in select companies at potentially more attractive valuation levels.

IA Clarington Global Dividend Fund's performance was driven primarily by strength in semiconductor and large-cap technology holdings. Select holdings in the industrials and materials sectors also contributed meaningfully. These gains were partially offset by weakness in health care and business services, where sentiment shifted on earnings revisions. The underlying fund manager remains disciplined throughout, focusing on businesses with durable competitive advantages and consistent cash generation, rather than reacting to short-term market narratives.

The underlying fund manager continues to emphasize quality businesses with pricing power, recurring revenue streams and conservative balance sheets. The portfolio maintains a bias toward secular growth beneficiaries in technology and automation, while retaining exposure to essential services for stability.

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The underlying fund manager favours companies with demonstrated capital allocation discipline and management teams that prioritize long-term value creation. Position sizing reflects conviction levels, with larger weights in names where the underlying manager sees the most attractive asymmetry. The underlying manager is prepared to act opportunistically should volatility create market dislocations.

During the quarter, the primary tailwinds to performance in IA Clarington QV Global Equity Fund were strong selection effects in the information technology, consumer staples and materials sectors, which were somewhat offset by negative selection effects in the consumer discretionary, financials and health care sectors. Having an overweight sector allocation to health care and underweight allocation to the information technology sector were also notable positive drivers of performance. During the quarter, two new investments were initiated, Old Dominion Freight Lines Inc. (ODFL) and Demant A/S. The underlying fund manager also made meaningful additions to Alimentation Couche-Tard Inc. (ATD), Darden Restaurants Inc., and Hikma Pharmaceuticals PLC, and material trims to Alphabet Inc., Applied Materials Inc., Samsung Electronics Co. and Johnson and Johnson.

The underlying fund manager continues to employ a risk-managed and disciplined approach to stock selection. The portfolio offers differentiated equity exposure, with an emphasis placed on businesses where downside risk is mitigated by undemanding valuations, balance-sheet strength and durable business models. The underlying manager continues to identify both new and incremental opportunities without sacrificing overall portfolio quality. These include resilient franchises with visible earnings growth, as well as select cyclicals trading at discounts that offer favourable risk-reward profiles. In many cases, these companies are out of favour owing to near-term industry headwinds (ODFL, ATD, Ashtead Group PLC) or discrete, identifiable and solvable company-specific issues (Demant, Novo Nordisk AS, Estée Lauder Cos. Inc.). In the underlying manager's view, this disciplined, flexible approach positions the portfolio to outperform despite a broadly constrained market return outlook.

As a globally diversified portfolio, IA Clarington Global Equity Plus Portfolio provides exposure to complementary investment styles, with the aim of delivering a smoother return profile through different market environments.

Fund and benchmark performance, as at December 31, 2025	1-year	Since inception (Jun. 2024)
IA Clarington Global Equity Plus Portfolio - Series A	9.6%	11.0%

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MSCI AC World Index (CAD)¹	16.6%	18.0%
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For definitions of technical terms in this piece, visit iaclarington.com/glossary and 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 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 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. 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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