

IA Clarington Tactical Income Class

Manager commentary – Q3 2024

The Fund invests substantially all of its assets in units of IA Clarington Strategic Income Fund (“the Reference Fund”). Its performance therefore largely reflects the performance of that fund. All reference made to “the Fund” hereinafter reflects a discussion of the portfolio holdings and characteristics of the Reference Fund.

During the six-month period ending September 30, 2024, inflation moderated considerably, while economic growth remained quite resilient. Recent interest-rate cuts by many central banks around the world have lent credence to the view that the most likely economic outcome is a “soft landing.”

High-yield bonds marginally outperformed investment-grade bonds as economic growth and expectations concerning interest-rate cuts supported the outlook for this part of the bond market. Investment-grade bonds also performed well on expectations for lower interest rates and moderating inflation.

Equities trended higher over the period, led by defensive higher-yielding sectors that performed reasonably well as lower yields supported valuations across these sectors.

Within the equity component, the Fund’s exposures to the financials and utilities sectors were the largest contributors to performance during the period. The largest individual security contributor was Royal Bank of Canada, as the company performed well following its successful acquisition and integration of HSBC Bank Canada, and also benefited from the effects of the steepening yield curve (long-term bonds were offering higher yields than short-term bonds).

Within the Fund’s fixed-income component, exposures to the financials and consumer cyclical sectors were the largest contributors to performance. The largest individual security contributor was iShares iBoxx \$ Investment Grade Corporate Bond ETF, as yields declined through most of the period while inflation trended lower, and growing expectations for interest-rate cuts by the U.S. Federal Reserve positively affected investment-grade bonds with higher interest-rate sensitivity.

Within the Fund’s equity component, exposures to the consumer cyclical and materials sectors were the largest detractors from performance during the period. The largest individual detractor was Superior Plus Corp., as unseasonably warm weather negatively affected propane demand and the departure of Certarus Ltd.’s CEO also weighed on the stock.

Within the Fund’s fixed-income component, exposure to the communication services sector was the largest detractor from performance. The largest individual security detractor was Corus Entertainment (5%, 11/05/2028) bonds, as Warner Bros. Discovery decided not to renew its programming and

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trademark agreements with the company, and lower advertising revenue created some financial challenges.

The Fund's exposure to fixed income increased during the period to take advantage of attractive yields. Much of this exposure was shifted away from cash and equivalents, but the Fund's equity exposure also decreased slightly.

New positions in the Fund included CMS Energy Corp., Johnson & Johnson, Doman Building Materials Group Ltd. (7.5%, 17/09/2029) and ATS Automation Tooling Systems Inc. (6.5%, 21/08/2032).

Increased positions included Visa Inc., Canadian Imperial Bank of Commerce, U.S. Treasury bills (4.125%, 15/11/2032) and goeasy Ltd. (7.625%, 01/07/2029).

Decreased positions included Microsoft Corp., JPMorgan Chase & Co., iShares iBoxx High Yield Corporate Bond ETF and Government of Canada (2.5%, 01/12/2032).

Eliminated positions included Norfolk Southern Corp., Republic Services Inc., AtkinsRéalis Group Inc. (3.8%, 19/08/2024) and Russel Metals Inc. (6.0%, 16/03/2026).

The fund manager expects economic growth to slow over the coming quarters but believes that lower interest rates and ample liquidity should support an economic soft landing.

The Fund continues to hold higher-than-benchmark exposures to defensive businesses with higher yields, given their perceived attractive valuation and relative yields available to investors. The Fund's overall bond exposure has been increased to take advantage of attractive yields, while also defensively positioning the portfolio given the risk of slower economic growth.

Fund and Benchmark Performance as at: September 30, 2024	1-year	3-year	5-year	10-year
IA Clarington Tactical Income Class – Series T6	17.0%	3.8%	4.8%	3.5%
40% FTSE Canada Universe Bond Index, 60% S&P/TSX Composite Index	21.1%	5.7%	6.9%	5.9%

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

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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 financial advisor.

The performance data comparison presented is intended to illustrate the historical performance of the IA Clarington Tactical Income Class as compared with historical performance of widely quoted market indices. As this fund invests substantially in its Reference Fund (IA Clarington Strategic Income Fund), the differences discussed are those of the Reference Fund. 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 40% FTSE Canada Universe Bond Index and 60% S&P/TSX Composite Index. 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 is comprised of Canadian investment grade bonds and has significantly different portfolio duration characteristics. 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 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 Fund's fixed income component can invest in both investment grade and high yield bonds while the benchmark has exposure only to investment grade bonds. The Fund may have exposure to equities and bonds domiciled both in Canada and outside of Canada while the benchmark only has exposure to equities and bonds domiciled in Canada. The Fund may have currency risk exposure while the benchmark has none. 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. On December 30, 2014, the portfolio manager, investment objective and strategies of the Fund changed. These changes may have affected the Fund's 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 are historical annual compounded total returns.

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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

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