

IA Clarington Global Multifactor Equity Fund

Manager commentary – Q2 2024

The reacceleration of the global manufacturing cycle continued in the second quarter of 2024, with emerging economies playing a predominant role. Progress in global inflation data has taken a turn for the better in recent months, as illustrated by a surprisingly positive trend in the U.S. despite the still-hot economic backdrop.

Financial markets have witnessed predominantly positive performance, particularly in U.S. large-cap equities, which have led the way. However, it's worth noting that market breadth has displayed signs of deterioration throughout the quarter, and gains have been predominantly fueled by the performance of large technology companies. Market breadth is a set of indicators that analyze the number of stocks advancing relative to those that are declining in a given index or on a stock exchange, such as the New York Stock Exchange.

While the U.S. economy has been a lone bright spot ever since the short-lived technical recession of early 2022, we are seeing more and more countries returning to economic expansion over the last few months. Europe exited its recession in the first quarter of the year, though Germany still seems to be struggling to find momentum towards a sustained recovery.

The Fund continued to deliver positive results in the second quarter of 2024. The Fund strongly outperformed on a relative basis over the quarter, as well as over the first half of the year.

As at June 30, 2024, the Fund's momentum factor once again played a crucial role, contributing approximately 150 basis points to performance. In contrast, the quality factor detracted approximately 50 basis points from our portfolio return, and the value factor remained largely neutral, having little impact on the Fund's overall return.

Regionally, the Fund's EAFE sleeve (Europe, Australasia, and the Far East), provided the most significant contribution to performance during the period. Meanwhile, the U.S. sleeve's contribution was relatively flat, and the Canadian sleeve slightly detracted from performance.

It is important to note that quantitative strategies have recently faced challenges in outperforming the U.S. market. This difficulty has persisted for several months, primarily because the performance of the U.S. market has been dominated by a handful of large-cap stocks. This concentration makes it harder for diversified quantitative models to capture significant gains, as the broader market does not reflect the strong performance of these few dominant stocks.

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Effective June 17, 2024, IA Clarington Global Value Fund was renamed IA Clarington Global Multifactor Equity Fund in order to fully reflect its quantitative strategy.

Fund and benchmark performance, as at June 30, 2024	1-year	3-year	5-year	10-year
IA Clarington Global Multifactor Equity Fund– Series A	24.0%	9.2%	-5.7%	9.1%
MSCI World Index^ (CAD)	24.3%	10.5%	-3.3%	11.9%

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

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The performance data comparison is intended to illustrate the historical performance of the Fund 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 World Index^ (CAD) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. MSCI World Index^ (CAD) consists of 23 developed market country indices. 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 are historical annual compounded total returns.

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