IA Clarington Loomis Global Equity Opportunities Fund

Manager commentary – Q3 2024

Global equities gained ground over the last six-month period, with the MSCI All Country World Index ending up 9.5% in Canadian-dollar terms. Global growth trends were stable, while healthy corporate earnings continued to support investor sentiment. The U.S. economy saw broadening earnings growth beyond large-cap information technology companies. In September, the U.S. Federal Reserve lowered interest rates by 50 basis points. Although this interest-rate cut was expected, equity markets rose following the announcement.

All sectors except energy registered positive results, with the utilities sector gaining over 20% for the period. The real estate, communication services and information technology sectors also outperformed the broader market.

IA Clarington Loomis Global Equity Opportunities Fund Series A returned 6.9% over the same six-month period. The Fund outperformed over a one-year period returning 33.9% compared to the index's return of 31.7%.

The Fund's security selection in the industrials sector was the largest contributor to performance. The Fund's exposures to the financials, health care, consumer staples and energy sectors also contributed. Individual contributors included NVIDIA Corp., S&P Global Inc. and Taiwan Semiconductor Manufacturing Co. Ltd. (TSMC). NVIDIA continued to deliver results that exceeded consensus, with its year-to-date data-centre business revenues up 230%. S&P Global benefited from a strong recovery in bond issuance. Its ratings business grew 33% in the second quarter, providing a meaningful boost to enterprise margins. TSMC has benefited from the adoption of artificial intelligence and graphical processing units, with customers NVIDIA and Advanced Micro Devices Inc. relying on its chips.

Security selection in the consumer discretionary sector was the largest detractor from performance. The Fund's lack of exposure to the utilities sector detracted from performance, as did its positions in the communication services, information technology and materials sectors. Individual detractors included Airbnb Inc., LVMH Moet Hennessy Louis Vuitton SE and ASML Holding NV. Shares of Airbnb declined over concerns about slowing revenue growth, and shares fell in May after the company announced guidance for second-quarter revenue growth below that achieved in recent quarters. Shares of LVMH underperformed on growing market concerns over slowing consumer demand, particularly in China. ASML faced challenges as investors questioned whether the business could meet the upper end of its 2025 sales guidance.

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New positions included CGI Inc., a Quebec-based global information technology service provider offering expertise in consulting, systems integration, application maintenance, and business process outsourcing.

The fund manager increased and decreased positions based on valuation and risk/reward profiles.

Eliminated positions included infrastructure company Vinci SA as the fund manager saw more interesting opportunities elsewhere. Nike Inc. was sold as it seemed unlikely the company would achieve the fund manager's forecast of intrinsic value growth (free cash flow growth).

With inflation essentially under control, central banks have shifted their focus to monitoring labour market health, so the fund manager expects unemployment rates for major economies to hover around current levels. Despite increased unemployment, the U.S. economy is still performing well relative to developed market peers.

In the fund manager's view, the operating environment for corporations should remain positive, with most major economies likely avoiding recession over the next 12 months. However, there could be some volatility along the way. Elections and potential policy reforms will likely remain key considerations for investors. Additionally, investor consensus has shifted to a "soft economic landing," which could leave markets vulnerable to weaker-than-expected economic data.

While markets remained strong, the fund manager believes there could be more upside, provided a recession is avoided. Earnings growth could accelerate in the industrials, health care, materials, consumer staples and energy sectors, while the information technology and communication services sectors should remain firm.

In this still-somewhat uncertain backdrop, the fund manager remains focused on investing in quality companies that should be able to manage the current environment and generate value over the longer term. Periods of volatility can provide opportunities to build positions in quality companies at more attractive valuations.

Fund and benchmark performance, as at September 30, 2024	1 year	3 years	Since inception (Nov. 2019)
IA Clarington Loomis Global Equity Opportunities Fund – Series A	33.9%	8.0%	11.2%
MSCI AC World Index (CAD)[1]	31.7%	10.4%	12.1%

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For definitions of technical terms in this piece, please 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 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 time periods of more than one year are historical annual compounded total returns while returns for time periods of one year or less are cumulative figures and are not annualized.

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.

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