IA Clarington Loomis U.S. All Cap Growth Fund

Manager commentary – Q4 2024

Over the long term, we believe that markets are efficient. Near term, however, we believe innate behavioural biases, such as herding, overconfidence or loss aversion, may influence investment decisions and create asset pricing anomalies. These pricing inefficiencies converge toward intrinsic value over time. Market efficiency is thereby dynamic, existing along a continuum between fully efficient and inefficient pricing. Therefore, we attempt to identify intrinsic value and exploit the long-term differential between this value and the market's current perception. We look to invest in those few high-quality businesses with sustainable competitive advantages and profitable growth when they trade at a significant discount to intrinsic value.

On a U.S.-dollar basis, Tesla Inc., Netflix Inc., Nvidia Corp., Amazon.com Inc., and Alphabet Inc. were the five largest contributors to the Fund's performance during the quarter. Below, we highlight Tesla, Netflix and Nvidia. Regeneron Pharmaceuticals Inc., Novo Nordisk AS, Alnylam Pharmaceuticals Inc., Arm Holdings PLC and Alibaba Group Holding Ltd. were the five smallest contributors to performance. Below, we highlight Regeneron, Novo Nordisk and Alnylam. Stock selection in the consumer discretionary, communication services, industrials, financials, information technology, consumer staples and health care sectors, as well as our allocations to the consumer discretionary, communication services, industrials and consumer staples sectors, contributed to relative performance. Our allocations to the health care, financials and information technology sectors detracted from relative performance.

Founded in 2003, Tesla is a global leader in the design, manufacturing, and sales of high-performance fully electric (battery) vehicles (EVs). We believe Tesla's strong and sustainable competitive advantages include its brand, focus and business model, scale and entrepreneurial culture. With a mission that includes accelerating the world's transition to sustainable energy, no other brand is more-closely associated with EVs, and the company has become the dominant global EV manufacturer with more than 20% global market share. Through its sole focus on EVs, the company has been able to make revolutionary changes in the traditional automotive production and sales model that are untethered from entrenched legacy practices. These include pursuing vertical integration that allows the company to optimize every aspect of the value chain, including raw material sourcing, battery production, vehicle design, software development, vehicle manufacturing and vehicle selling. We believe it could take peers more than a decade to replicate Tesla's collective design leadership, if they are able to do so at all.

Further, we believe Tesla's focus on optimizing all aspects of the automotive value chain has created a structural cost advantage versus peers that could equate to over 15% of the value of each vehicle over our investment horizon. Tesla shares may have responded positively to the U.S. election results in which CEO Elon Musk publicly supported President-elect Trump. The election results, which have no impact on our long-term structural investment thesis for the company, have brought renewed focus on the full-self driving (FSD) and other software opportunities for Tesla. Tesla's monetization of its growing installed base of vehicles through software sales, primarily FSD, has always been a key aspect of our investment thesis. During the quarter, Tesla reported that deliveries rose year-over-year and quarter-over-quarter, reversing a recent trend of declines. Given that affordability in the auto industry is being impacted by multi-decade-high interest rates and lingering materials and logistics cost inflation, we believe Tesla has been prudently managing the business, which included record auto production and deliveries in 2023, as well as the company's Model Y becoming the highest-selling vehicle on a global basis, which has continued year-to-date in 2024. The company was also able to expand its automotive gross margins excluding the benefit of regulatory credits, which were also near an all-time high as other automotive manufacturers continue to fall behind emission targets and need Tesla's credits to reduce the potential for hefty fines. Revenue of US$25.1 billion rose 8% year-over-year. Despite working to lower the price of its vehicles to increase affordability, higher interest rates have impacted the core mass-market customer that Tesla ultimately seeks to win over.

With respect to price reductions, Tesla has a pricing strategy where they price their vehicles to maximize overall profit dollars. Historically, the company has reduced price annually as they leveraged their growing scale to lower the total cost of ownership for potential buyers and drive EV adoption. The company is focused on penetrating mass-market buyers, where pricing sensitivity is a greater factor, and rising rates effectively increased the price of Tesla's cars by 10% over the past two years. The company also reiterated that it would be launching new passenger-driven vehicles and more affordable models starting in the first half of 2025 to further drive adoption of EVs. We estimate Tesla's existing models currently address a potential market of approximately 11 million to 24 million cars sold annually. We believe a lower-priced car could increase the company's addressable market to 50 million units. We believe this is the correct strategy because Tesla's manufacturing factories have high fixed costs which benefit from scale, so increasing EV sales from current levels would improve production utilization and generate higher profit per vehicle. We believe that increased volumes will offset near-term margin pressure over time. Further, unlike other manufacturers, Tesla has the ability to sell software to car owners after the initial sale, providing incentive to grow an installed base that can later be monetized through software sales.

The company is making strong progress on its industry-leading software which benefits from its data leadership in autonomous driving. In the last six months, the company captured more data than in the prior 2.5 years combined, and Tesla is ramping up customer education by demonstrating the technology at every new vehicle pick up, which it will extend to every service appointment as well. The company recognized higher FSD revenue during the period as it also enabled FSD on the Cybertruck and released Actual Smart Summon, a feature designed to enable the driver to move the car to a desired location, to all FSD users. The Cybertruck also posted positive gross margins less than one year after its launch, while competitors such as Rivian Automotive Inc. still generate gross losses. We believe this underscores the company's cost leadership, scale advantages, and the maturity of its manufacturing operations. After declining over the past few quarters owing to lower average selling prices, new factories that are not yet operating at full efficiency, higher raw materials and logistics costs, and strong investments in research and development to support the Cybertruck and its artificial intelligence (AI) robot, Tesla's operating margins rose over 300 basis points during the quarter, to 10.5%. We believe these recent negative impacts are temporary and that over the long term, Tesla can achieve operating margins in the mid-20% range, supported in part by an increasing mix of FSD sales. Despite an automotive industry slowdown, we believe Tesla is a structural share gainer in the overall automotive industry and will continue to gain share and grow faster than the industry as a whole. We believe the secular growth driver for Tesla is increasing penetration of electric vehicles as a share of global automotive sales. Around the world, EVs are expected to account for a low-double-digit percentage of new light vehicle sales in 2024, with penetration rates ranging from high-single digits in North America to low-double digits in Western Europe and almost 30% in China. We believe the pace of EV adoption will accelerate, driven by advances in battery technology that will drive cost parity, lower ongoing cost of ownership for consumers, government incentives, and numerous global initiatives to phase out internal combustion engine sales over the next two decades.

Tesla is the global leader in battery EV sales, with approximately high-teens unit share, around 25% revenue share, and a much higher share of industry profitability. While we expect competition to increase substantially, we believe Tesla's superior brand, focus, technology leadership and strong ongoing consumer demand will enable the company to maintain a leading global market position. As a result of a rapidly expanding global EV market, we expect Tesla's unit sales to grow by approximately 30% on a compounded annual basis, which will translate to automotive revenue growth in excess of 20% as Tesla addresses the lower-priced segment of the market with a more affordable offering. As a function of lower battery cost and greater leverage of fixed manufacturing expenses, we expect Tesla to generate higher automotive gross margins as the company gains scale. We also believe that company will benefit from operating leverage, as well as growth in its higher-margin software business, led by FSD software which we believe can increase from a negligible percentage of profits today to approximately 25% by the end of the forecast period. As a result, we believe the company can expand its operating margins, contributing to operating profits and free cash flow growing faster than revenues over our long-term investment horizon. We believe the assumptions embedded in Tesla's share price underestimate the company's significant long-term growth opportunities and the sustainability of its global market share. We believe the company's shares currently sell at a significant discount to our estimate of intrinsic value, and thereby offer a compelling reward-to-risk opportunity. However, we trimmed our holdings to manage position size during the quarter.

Founded in 1997, Netflix is one of the world's leading internet entertainment platforms and a pioneer of subscription video on demand (SVOD), which it first launched in 2007. Today the company is a global leader with over 280 million paid subscribers who access TV series, movies, mobile games and other entertainment content across a wide variety of genres, languages and devices. The company has subscribers in over 190 countries and generates almost 60% of its revenue from outside of North America. We believe Netflix's strong and sustainable competitive advantages include its focus, scale, brand and a large installed base of clients that are protected by high barriers to entry. As a pioneer in SVOD, Netflix has amassed a subscriber base that we estimate to represent just under 40% of all SVOD subscribers globally and approximately 50% of the industry revenue share. The company's strong brand is reflected in both its premium pricing versus peers and mid-single-digit growth in average revenue per user over the past five years. Over the past decade, Netflix has invested approximately US$110 billion in content and amassed over 14,000 hours of original content, which is estimated to represent just under two times the next-five-largest streaming competitors combined.

Of course, it is not just the quantity, but quality of the content that matters. Netflix has captured the first or second spot in total Emmy Awards during the past six years, which we believe reflects the quality of its content. The ability to create and acquire high-quality content contributes to very high barriers to entry. A portfolio holding since the first quarter of 2022, Netflix reported quarterly financial results that were strong and above consensus expectations for revenue, operating margins and free cash flow. The company also again increased its target for 2024 operating margins by 100 basis points to 27%. Quarterly revenue of US$9.8 billion rose 21% in constant currency, driven by higher-than-expected membership growth and a 5% constant-currency increase in average revenue per membership (ARM). Paid subscribers increased by five million in the quarter, which was higher than consensus expectations for approximately four million additions, and benefited from the rollout of paid sharing, growing membership in its ads plan, expansion of streaming globally and its content offerings. The company believes that paid sharing and its ad-supported pricing plan, which was initially rolled out in 12 markets in November 2022, will further broaden its addressable subscriber base and has contributed to accelerating revenue growth and greater monetization per user.

We believe SVOD will continue to benefit from a secular shift from linear television to streaming entertainment owing to growing global penetration of broadband internet connections, the proliferation of internet-connected devices, and consumers' desire for on-demand personalized entertainment at prices that are generally significantly below paid TV. As a leading provider of SVOD, we believe Netflix will take its share of global consumer entertainment spending from about 3% today to approximately 5% over our long-term investment horizon, contributing to low-double-digit growth in revenue over our long-term investment horizon. We expect substantial recent investments in content will moderate, and believe the company will benefit from higher gross margins as its content library is leveraged over a growing global subscriber base. We recently increased our longer-term operating margins for Netflix, driven by higher scale benefits, and now expect Netflix to generate longer-term operating margins in the mid-30% range, up from approximately 30% previously. As a result, we expect both operating profits and free cash flow will grow faster than revenues, in the mid and high teens, respectively. We believe current market expectations substantially underestimate the strength of Netflix's business model and its ability to generate sustainable growth in free cash flow over our long-term investment horizon. As a result we believe the shares trade at a substantial discount to our estimate of intrinsic value and offer a compelling reward-to-risk opportunity.

Nvidia is the world leader in artificial intelligence computing, which enables computers to mimic human-like intelligence for problem solving and decision-making capabilities. Founded in 1993 to develop faster and more-realistic graphics for PC-based video games, Nvidia created the first graphic processing units (GPUs), which enable computers to produce and utilize highly realistic 3D graphic imagery and models. The parallel processing capability of Nvidia's GPUs can accelerate computing functions by as much as ten times. As a result, Nvidia has extended its visual computing expertise beyond its legacy gaming market into innovative new and larger markets, including data centres, where they are used for machine learning and AI applications, and autonomous vehicles. The parallel processing capability also facilitates pattern recognition and machine learning functions that have enabled Nvidia to be at the forefront of growth in AI applications. As a result, the data centre business, which first surpassed the gaming business to become Nvidia's largest revenue and profit generator in its 2023 fiscal year, grew to represent over 75% of revenue in the company's most recent fiscal year.

We believe the company's strong and sustainable competitive advantages include its intellectual property, brands, and a large and growing ecosystem of developers and applications utilizing GPU technology. A holding since the inception of the Fund in February 2021, Nvidia reported quarterly financial results that were exceptional and reflected the company's dominance in capturing spending on AI computing within data centres. Record data centre revenues of US$30.8 billion rose 112% year-over-year and represented 88% of quarterly revenues. The company dominated data centre spending on AI computing, with quarterly data centre revenue that was approximately quadruple that of competitors Intel and AMD combined. Enterprise and consumer internet companies represented approximately 50% of data centre revenue in the quarter, while hyperscale cloud service providers that are building out their infrastructure of accelerated servers to monetize strong demand for GPUs by companies looking to leverage AI capabilities and drive competitive differentiation represented the balance.

We anticipate there could be a pause following the initial buildout period as hyperscalers digest their substantial new purchases of GPUs, or as they await the full availability of the new Blackwell architecture, which offers a 2.5x performance improvement over the prior Hopper generation, driving lower cost of ownership. However, the companies have already announced increased capital expenditure plans with a greater share going to AI architecture that should continue to benefit Nvidia in its 2025 fiscal year and beyond. We believe Nvidia's decades of focused investment, cumulative know-how and robust software platform and architecture that has attracted millions of developers, help position the company to benefit from several secular long-term growth drivers, including accelerated adoption and continued growth in applications and use cases for artificial intelligence. Over the long term, we believe virtually all servers will be accelerated, primarily using GPU technology, up from a low-double-digit to mid-teens percentage today. Gaming revenues of US$3.3 billion rose 14% year-over-year and represented the sixth consecutive quarter of growth after slowing over the preceding four quarters. We believe prior weakness in gaming reflected global demand for PCs returning to pre-pandemic levels after a period of excess, along with the impact of macroeconomic weakness and COVID-19 restrictions on China's consumer spending. Gaming results benefited from strong uptake of the company's newest 40-series graphics cards, as well as the actions Nvidia previously took to clear existing inventory in its retail channels. We believe the gaming business can sustain secular growth in the mid-to-high teens, driven by both unit sales and pricing increases.

Over our long-term investment horizon, we believe double-digit growth in gaming revenues and faster growth in its data centre markets will enable Nvidia to sustain total annualized revenue growth in excess of 20%. With low capital intensity and high cash flow returns on invested capital, we believe the company can generate faster growth in free cash flow. We believe Nvidia's strong growth prospects are not currently reflected in its share price. As a result, we believe the company's shares are trading at a significant discount to our estimate of intrinsic value, offering a compelling reward-to-risk opportunity.

Regeneron Pharmaceuticals is a fully integrated biopharmaceutical company created with the vision to empower scientists to shape the path of the business by advancing long-term scientific outcomes over short-term results. Regeneron has created enabling technologies, platforms, and methods that materially speed target discovery and development timelines, allowing the company to develop viable candidates for clinical trial faster than competitors. A holding in the Fund since inception, the company reported quarterly financial results that were solid and better than consensus expectations for revenues and earnings per share. However, shares responded negatively to an October court decision that lifted an injunction against Amgen's proposed biosimilar therapy for Elylea, Regeneron's leading therapy for diseases of the back of the eye, as well as slower-than-expected uptake for Eylea HD. We have long expected Eylea to face heightened competition, most immediately from the 2022 approval of Roche's Vabysmo, as well as the eventual introduction of biosimilar competition for 2mg Eylea. However, Eylea's efficacy and greater than 10-year safety profile provides a very strong competitive advantage that would be difficult for competitors to overcome.

Regeneron has responded to the competitive threat with an increased (8mg) dose of Eylea (Eylea HD), which was approved by the Food and Drug Administration (FDA) in 2023. We believe Eylea HD's clinical potential is superior to any existing or clinical therapy, carries the benefit of less-frequent dosing than

2mg Eylea, earlier-generation competitors and all current biosimilars, and benefits from Eylea's 10-year safety history, once again illustrating Regeneron's demonstrated ability to innovate and sustain its market leadership. The company has made good progress in switching patients from the regular dose of Eylea, converting approximately 25% of 2mg Eylea patients to Eylea HD, as well as capturing those that are not well managed on existing alternative therapies, despite competition from Vabysmo. However, management highlighted that 2mg Eylea patients were "stickier than expected," because "physicians and patients love the experience with Eylea." We believe that given the risk of permanent blindness as a complication with other ocular therapies, some physicians are unwilling to switch patients who are already well or reasonably controlled using 2mg Eylea. While this could slow the uptake of Eylea HD relative to initial expectations, this same dynamic will likely provide protection against biosimilar competition from Amgen and others. We believe the Eylea franchise's competitive advantages remain intact. Eylea has established itself as the leading branded therapy in treating a broad and expanding range of diseases of the back of the eye. Its leading efficacy over both the short and long term, as well as its attractive safety and side-effect profile, have made it the market leader and choice of physicians across multiple indications – a position that will be difficult for new competitors to replicate.

Regeneron continues to drive innovation in and derive intrinsic value from not only diseases of the back of the eye, but across a host of oncology, hematology and central nervous system indications. We believe Regeneron is among the highest-quality businesses in health care, with both broad-based established therapies and meaningful pipeline assets that include more than 40 product candidates currently in trials across numerous indications spanning a broad range of auto-immune disorders, oncology targets, and cardiovascular diseases. We believe the share price embeds a lack of appreciation for the company's multiple growth opportunities and the uniqueness of its business model. As a result, we believe the company's shares trade at a significant discount to our estimate of intrinsic value, and represent a compelling reward-to-risk opportunity. We took advantage of near-term price weakness to add to our position during the quarter.

Headquartered in Denmark, Novo Nordisk is a global health care company with more than 100 years of innovation and leadership in diabetes care. Over this time, Novo has amassed unparalleled experience in the biology of diabetes, expertise in protein science, and developed significant competitive advantages as a result. Today, over 90% of Novo's sales are related to diabetes and obesity. Its diabetes products have captured over one-third of the global diabetes market value share, and as the leading innovator and first-mover in using GLP-1s to treat obesity, it captures over 80% value share of the global obesity market. In its rare disease business segment, which represents approximately 10% of annual revenues, Novo Nordisk has leading positions within hemophilia care, growth hormone therapy and hormone replacement therapy. We believe Novo's strong and sustainable advantages include its deep experience in diabetes care and therapeutic proteins, strong infrastructure that took decades to build, efficient manufacturing techniques, robust pipeline, and economies of scale.

A holding in the Fund since inception, shares responded negatively to summary trial results for Cagrisema in obesity. Cagrisema is a combination therapy that pairs Novo's leading GLP-1 therapy (semaglutide) with Cagrilintide, an amylin agonist, and offered the potential for increased weight loss versus semaglutide alone. While the summary results implied efficacy comparable to Tirzepatide, Eli Lily's competing GLP-1 molecule, and better than semaglutide alone, the approximately 22% weight-loss experience was less than the 25% anticipated by management, which would have given Novo the clear lead in next-generation obesity therapies. While disappointing relative to expectations, the therapy represents an advancement over Novo's existing therapy and perpetuates the strong leading duopoly of Novo and Lilly in terms of weight-loss efficacy. We took advantage of near-term price weakness to add to our holdings following announcement of the results. For the quarter, Novo reported fundamentally strong quarterly financial results that were mixed with respect to consensus expectations. Prior to the Cagrisema results, shares of both Novo and competitor Eli Lilly had been under pressure as very robust GLP-1 growth was below lofty market expectations, as well as uncertainty regarding potential changes in U.S. health care regulatory leadership.

We believe the slower-than-expected growth does not reflect any structural changes in the market or level of demand, as demand continues to far outstrip supply. Rather, we believe both companies are managing supply to ensure new patients can maintain uninterrupted treatment as they progress from starter doses to higher doses, and to ensure consistent weekly supply increases to stay off the drug shortage list, benefiting patient continuity as well as defending against pharmacies' legal standing to market compounded versions of the therapies. Thus, while near-term results may be resetting near-term expectations, we believe there will be continued robust and consistent growth over the long term. Regarding regulatory and access uncertainty, while we believe that both leading competitors will employ pricing as a lever for access, in our view the balance between pricing decisions and resulting volume benefit will drive continued growth and drive incremental competitive advantages, allowing the leading GLP-1 therapies continue to further penetrate the market. There is no change to our view of the attractiveness of the market, where Novo remains a clear market share and innovation leader, and the two incumbents maintain an ever-widening manufacturing scale advantage while demand continues to substantially outstrip current supply.

We believe that by optimizing price and volume for access and market penetration, Novo continues to build economic scale advantages, enabling it to remain structurally the world's lowest-cost producer. In addition, as Novo continues to innovate differentiated therapies that provide incremental value over the standard of care/existing generation, these new therapies will continue to command incremental pricing commensurate with the value they add to the health care system, even as undifferentiated therapies see increasing pricing pressure. There is no change to our view that Novo Nordisk remains a high quality business that is positioned to remain an innovator and leader in providing therapies for a broad range of diseases that afflict hundreds of millions of people globally. The GLP-1 class of therapies are a quickly growing class of medications that were first indicated for type-2 diabetes and are being tested in a range of comorbidities, including heart failure, sleep apnea, MASH/NASH (metabolic dysfunction-associated steatohepatitis aka nonalcoholic steatohepatitis) and kidney disease. Wegovy, the brand name for Novo's semaglutide molecule in obesity indications, is the first GLP-1 approved for obesity and is seeing rapid growth as patient demand from the more than 100 million obese patients in the U.S. and over one billion obese people worldwide learn of the substantial weight-loss benefits the treatment can provide.

Ozempic, the brand name for Novo's GLP-1 semaglutide molecule in the type-2 diabetes setting, is the latest-generation non-insulin, once-weekly, anti-diabetic treatment that can postpone the need for insulin for two-to-four years. Novo continues to transition patients to Ozempic from its prior-generation, lower-efficacy and once-daily Victoza, which should further insulate the company from pending biosimilar competition for this earlier class. Diabetes is a global epidemic with an estimated population of 530 million. The market has been growing annually in the low-double digits over the last 10 years, driven by aging of the global population and increasing obesity. We believe Novo's deep experience in diabetes care and leadership in the nascent obesity market, differentiated product suite and leading innovation should enable the company to grow revenues and free cash flow in the low-double digits over our long-term investment horizon. We believe the company's shares are currently selling at a significant discount to our estimate of intrinsic value and offer a compelling reward-to-risk opportunity. We took advantage of near-term price weakness to add to our holdings during the quarter.

Alnylam Pharmaceuticals is a leader in gene therapies based on its pioneering small-interfering RNA (siRNA) approach to disease treatment. Founded in 2002, Alnylam was one of the first companies to develop and commercialize therapies based on RNA interference (RNAi), a breakthrough discovery in understanding how genes are naturally regulated within cells that was recognized with the 2006 Nobel Prize in Medicine. RNAi therapies exploit a naturally occurring biological pathway within cells that regulates the expression of specific genes. In particular, siRNA has proven to be one of the most effective approaches to RNAi therapy, and Alnylam was the first company to successfully commercialize siRNA-based therapies. We believe Alnylam's strong and sustainable competitive advantages include its deep, cumulative and compounding knowledge in the science of RNAi therapeutics, in particular its creation and advancement of unique siRNA-based therapies, and the multiple partnerships it has entered on the basis of its technology, which provide both external funding and established commercialization avenues.

Today, the company's technology is the basis for five approved therapies, more than 10 therapies currently in clinical trials, and a robust pipeline of potential treatments that we expect to enter the clinic in the coming years, with a focus on genetic diseases, cardiometabolic diseases, infectious diseases, and central nervous system and ocular diseases. A holding in the Fund since the second quarter of 2021, Alnylam reported quarterly financial results that reflected continued solid commercial execution and were ahead of consensus expectations for revenues and earnings per share. The share price declined 14% during the quarter, reflecting continued market uncertainty surrounding the upcoming FDA decision on vutrisiran in ATTR-CM, but remain up 23% year-to-date. Our long-term investment thesis for Alnylam is a function of the broad opportunity we see arising from the breadth of clinical programs based on the company's siRNA platform. Alnylam's current lead products are AMVUTTRA and ONPATTRO, both approved in hATTR-PN, which is a small indication that impacts less than 10,000 people in the U.S. The company is seeking approval in wild-type ATTR with cardiomyopathy (ATTR-CM), the same disease but with related cardiac manifestations and a much larger patient population, with potentially over 400,000 addressable patients globally. Vutrisiran, the molecule behind AMVUTTRA, showed robust clinical outcomes in ATTR-CM in phase 3 trials, and is the most significant near-term readout and significant potential near-term growth driver. Based on these robust results, in October, the company filed a U.S. Supplemental New Drug Application using a priority review voucher which the FDA accepted with a target action date of late-March, 2025.

We believe the uniqueness of Alnylam's pioneering scientific expertise and technology is evident from both its existing products, which provide meaningful value to previously underserved patient populations, as well as the numerous partnerships in which world-class global pharmaceutical companies and specialty competitors alike have sought to access its proprietary technology. With its approved therapies and substantial pipeline of significant late-stage clinical programs, we believe the company has now reached the point at which its existing therapies will continue to contribute positively and its subsequent innovations will shift its financial profile from that of an early-stage biotech company to a profitable business with normalized margins that is able to internally fund its ongoing growth needs.

Over our long-term investment horizon, we believe the company can generate substantial revenue growth, while turning profitable and generating substantial cumulative free cash flow. We believe Alnylam's market price continues to reflect a lack of appreciation for the significant value embedded in the platform the company has built and the company's clinical-stage assets – which we believe is unsupported by the company's established track record for producing genetically validated therapeutics. Further, while embedded expectations reflect some success for its currently marketed products, we believe the market remains narrowly focused on the near-term path to approval and timing for vutrisiran in ATTR-CM. We believe Alnylam's platform is validated and improving in efficacy, duration, and breadth of issues addressed, which we believe will serve as the basis for ongoing innovation over our long-term investment horizon and beyond. As a result, we believe the company is selling at a significant discount to our estimate of its intrinsic value and offers a compelling reward-to-risk opportunity.

Our investment process is characterized by bottom-up, fundamental research and a long-term investment time horizon. The nature of the process leads to a lower-turnover portfolio where sector positioning is the result of stock selection. At quarter-end, the Fund held overweight positions in the communication services, consumer discretionary and health care sectors. We held underweight positions in the information technology, financials and industrials sectors, while holding no positions in the materials, energy, real estate or utilities sectors. We remain committed to our long-term investment approach to invest in those few high-quality businesses with sustainable competitive advantages and profitable growth when they trade at a significant discount to intrinsic value. The overall portfolio discount to intrinsic value was approximately 46.4% as at December 31, 2024.

Fund and benchmark performance, as at December 31, 2024	1 year	3 year	Since inception (Feb. 2021)
IA Clarington Loomis U.S. All Cap Growth Fund – Series A	42.9%	14.4%	14.9%
S&P 500 Index (CAD)	36.4%	13.8%	17.7%

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

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 Fund's benchmark is the S&P 500 Index (CAD). The S&P 500 Index (CAD) includes 500 leading companies in leading industries of the U.S. economy and is widely regarded as the best single gauge of the U.S. equities market. 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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