

# IA Clarington Inhance High Growth SRI Portfolio

## Manager commentary – Q4 2024

**IA Clarington Inhance High Growth SRI Portfolio** achieved positive result over the fourth quarter and saw areas of strong absolute performance that were led by the global equity and Canadian equity components. On a relative basis, however, the underlying IA Clarington Inhance SRI Funds trailed their respective benchmarks.

In terms of shareholder engagement in the fourth quarter:

- We filed shareholder proposals with RBC, TD Bank, BMO and CIBC requesting the disclosure of how vertical pay metrics are used in setting executive compensation. This proposal broadens our previous request for the disclosure of the CEO to median pay ratio, to focus on the process rather than specific figures. Following our submission, we have also had initial meetings with RBC, BMO and CIBC to share thoughts. A meeting with TD Bank is scheduled for the next quarter.
- Working with the investor group Investors for Paris Compliance and Green Century Capital Management, we co-filed a proposal with TD Bank calling for an independent review of TD's board governance policies and director selection criteria, specifically with regards to expertise on climate matters.
- We also filed a climate proposal with CIBC asking for disclosure of industry specific client transition plans with procedures to ensure alignment with the CIBC's 2030 interim targets to reduce financed emissions.
- In light of changes to Unilever's plastic strategy, we met with the company this quarter to discuss updates. The company shared with us their progress, explained the challenges they faced that prevented them from achieving their interim targets, and their efforts to resolve these challenges. This engagement is a follow-up from our initial discussion with Unilever on plastics, which was held in the fourth quarter of 2023.
- We had an initial meeting with Dollarama to better understand the wage practices of the company. We encouraged the company to consider being a living wage employer. The company was receptive to doing more research and requested further information to be shared, which we provided.

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- As a part of a World Benchmarking Alliance campaign, we also met with Broadcom along with other investors to learn more about the company’s ethical AI practices. We expect further conversations with Broadcom as the company’s response did not meet expectations.

We continue to remain aware of the ever-changing macroeconomic environment, as interest rates, inflation and other macro data points like housing sales and employment levels remain in focus. We expect investors to stay focused on companies with business models that can withstand the fluid economic environment. Companies with high barriers to entry that provide mission-critical services and/or products should continue to remain in focus for investors in a market where earnings growth is expected to remain muted and consumer spending starts to abate.

As always, we will remain true to our process of investing in ESG-focused companies with sustainable and growing competitive advantages.

Fund and benchmark performance as at December 31, 2024	1 year	Since inception (Jan 2022)
IA Clarington Inhance High Growth SRI Portfolio – Series A	12.7%	4.4%
55% MSCI World Index (CAD) <sup>^</sup> , 25% S&P/TSX Composite Index, 20% FTSE Canada Universe Bond Index	22.2%	9.8%

For definitions of technical terms, visit [iaclarington.com/glossary](http://iaclarington.com/glossary) or speak with your investment advisor.

<sup>^</sup>Source: MSCI. 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 Fund’s strategy is to invest in other investment funds. 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 benchmark is a blend of 20% FTSE Canada Universe Bond Index, 25% S&P/TSX Composite Index and 55% MSCI World 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

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designed to offer the representation of a broad benchmark index while maintaining the liquidity characteristics of narrower indices. The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI World Index consists of 23 developed market country indices. The Fund has exposure to securities of companies which meet the fund manager's socially responsible investment principles, while the holdings in the benchmark may not align with these principles. The Fund's market capitalization, geographic, sector exposure and credit quality 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. 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.

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. 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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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 presented herein may not encompass all risks associated with mutual funds. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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