

IA Clarington Global Dividend Fund

Manager commentary – Q4 2024

Over the period, the performance of major companies continued to vary significantly. While the rally driven by artificial intelligence (AI) supported gains in the information technology, financials and consumer discretionary sectors, regional disparities were evident. Emerging markets and European stocks faced challenges amid an uncertain macroeconomic outlook. Earnings were uneven across the board, but the mega-cap technology stocks delivered strong results. North American equity markets ended the year with balanced optimism. In our view, any negative AI-related news could cause a downturn in the information technology sector given the current valuation environment.

In light of the prevailing market and economic uncertainties, a selective investment approach is essential. We anticipate that security selection will remain critical for achieving returns, particularly within the information technology sector. As some valuations appear stretched, focusing on high-quality companies integral to the AI value chain will be paramount. Additionally, we believe that defensive sectors and software companies will play a crucial role in navigating the upcoming quarter.

IA Clarington Global Dividend Fund generated positive returns owing to strong security selection in the financials, information technology and consumer discretionary sectors. Key contributors to this performance included Apollo Global Management Inc., Visa Inc., Broadcom Inc. and Taiwan Semiconductor Manufacturing Co. Ltd., driven by robust quarterly earnings performance and a positive outlook. However, holdings within the health care sector underperformed, mainly owing to a significant downturn in Elevance Health Inc. There seem to be significant near-term challenges regarding Medicaid (health insurance government program for individuals with lower incomes) that caused a rapid lowering of valuations following the release of earnings. LVMH Moët Hennessy Louis Vuitton SE also faced some challenges during the period, particularly amid growing concerns regarding the Chinese market.

Our Fund is strategically positioned to safeguard capital during periods of short-term volatility while striving to outperform the market over the long term. We are adopting a cautious approach regarding AI, anticipating that opportunities will arise in software once the current AI rally stabilizes. Given the potential for rapid shifts in economic conditions and geopolitical tensions that could trigger inflationary pressures, we believe that maintaining a defensive posture is crucial. Prudent security selection remains vital, and we see attractive risk-reward opportunities in the software and defensive industries on a global scale.

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Fund and benchmark performance as at December 31, 2024	1 year	Since inception (Feb 2023)
IA Clarington Global Dividend Fund – Series A	24.3%	16.6%
MSCI World Index (CAD) ¹	29.4%	22.1%

For definitions of technical terms in this piece, please visit iaclarington.com/glossary and speak with your investment advisor.¹Source: 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 Fund's benchmark, 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. The MSCI World Index 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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