

IA Clarington Loomis International Growth Fund

Manager commentary – Q3 2024

Over the six-month period, the IA Clarington Loomis International Growth Fund's stock selection in the consumer discretionary, information technology, communication services, financials and consumer staples sectors contributed to performance, as did its allocation to the consumer discretionary sector. Individual contributors to performance included Wisetech Global Ltd., MercadoLibre Inc. and Tesla Inc.

The Fund's stock selection in the health care and industrials sectors detracted from performance, as did its allocations to the financials, information technology and health care sectors. Individual detractors from performance included Novo Nordisk AS, Arm Holdings PLC and NXP Semiconductors NV.

The fund manager believes that markets are efficient over the long term, but innate behavioural biases, such as herding, overconfidence or loss aversion, may influence investment decisions in the short term and create asset-pricing anomalies. These pricing inefficiencies converge toward intrinsic value over time (the market price that reflects a company's true worth). Market efficiency is thereby dynamic, existing along a continuum between fully efficient and inefficient pricing. Therefore, the fund manager attempts to identify intrinsic value and exploit the long-term differential between this value and the market's current perception.

The fund manager's 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 in which sector positioning is the result of stock selection. The Fund ended the period with overweight positions in the consumer discretionary, information technology, health care and consumer staples sectors, and underweight positions in the financials and industrials sectors. The Fund had no exposure to stocks in the energy, materials, utilities or real estate sectors. The fund manager remains committed to a long-term investment approach of investing in those few high-quality businesses with sustainable competitive advantages and profitable growth when they trade at a significant discount to their intrinsic value.

Ultimately, the job of the fund manager is to allocate capital to the most compelling reward-to-risk opportunities. Therefore, the more attractive the reward-to-risk opportunity, the larger the Fund's capital allocation and position weight is likely to be. At the end of the period, the Fund held 35 positions, with the top-10 positions representing 55.2% of total assets.

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

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