

# IA Clarington Global Equity Exposure Fund

## Interim Management Report of Fund Performance

September 30, 2024

This interim management report of fund performance contains financial highlights but does not contain either the interim financial report or annual financial statements of the investment fund. You can get a copy of the interim financial report or annual financial statements at your request, and at no cost, by calling 1-800-530-0204, by writing to us at 26 Wellington Street East, Suite 600, Toronto, ON M5E 1S2, or by visiting our website at [www.iaclarington.com](http://www.iaclarington.com) or SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Securityholders may also contact us using one of these methods to request a copy of the investment fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Management Discussion of Fund Performance

The management discussion of fund performance for IA Clarington Global Equity Exposure Fund (the "Fund") represents management's view of the significant factors and developments affecting the Fund's performance and outlook for the 6-month period ended September 30, 2024. IA Clarington Investments Inc. is the manager (the "Manager") of the Fund.

The Fund's Portfolio Manager is iA Global Asset Management Inc. ("iAGAM" or the "Portfolio Manager" or the "fund manager").

The Fund is intended exclusively for other mutual funds and institutional investors.

## Results of Operations

The Fund's Net Assets increased by 11.1% or \$0.1 million during the period, from \$0.9 million on March 31, 2024 to \$1 million on September 30, 2024. This change in Net Assets resulted from an increase of \$0.1 million due to investment operations, including market volatility, income and expense.

The average Net Asset Value of the Fund increased by 12.5% or \$0.1 million in comparison to the prior period, from \$0.8 million to \$0.9 million. Average Net Asset Value influence revenue earned and expenses incurred by the Fund during the period.

The Fund returned 8.7% for the six-month period ending September 30, 2024. The performance of the other series of the Fund is substantially similar, save for differences in fees and expense structure. Refer to the "Past Performance" section for performance information of each series.

The Fund's benchmark, the MSCI World Index<sup>A</sup> (CAD), returned 9.0% for the same six-month period. The Fund's return calculation for all series includes fees and expenses, which are not applicable in generating a return for the benchmark.

During the period, the global economy continued its path toward normalization with notable developments across key regions.

The U.S. economy continued to normalize. The pace of jobs creation has slowed since April, but the participation rate (estimate of an economy's active workforce) has continued to rise, leading to an increase in the unemployment rate. At the end of the third quarter, the U.S. economy was displaying more signs of stability than weakness, especially in terms of consumer spending, which remained robust.

The Canadian economy is in a precarious situation on a per-capita basis, as its weak productivity remains a challenge despite strong population growth. The housing market remains at risk as the Bank of Canada is rushing towards a neutral policy interest rate of approximately 3%, which is expected to be reached by mid-2025.

Globally, disinflation (reduction in the rate of inflation) continued as supply-chain pressures eased and commodity prices stabilized. For instance, the eurozone reported that inflation had dropped to 1.8% in September, and inflation in emerging markets has generally trended downwards. This has opened the door to synchronized interest-rate cuts from global central banks, helping to add liquidity to the global economy.

Europe remains stuck in subdued growth, with Germany showing no real growth since early 2022. Challenges include weak demographics, lack of productivity growth (the growth of output not accounted for by the growth of an input or inputs), the absence of synchronized intra-eurozone fiscal policy (measures a government takes to influence the direction of the economy) and a weak Chinese economy. That said, the recent bottoming of the credit cycle points to an early

sign of changing fortunes. A credit cycle describes the phases of access to credit by borrowers based on economic expansion and contraction.

In China, a balance-sheet recession poses significant challenges. A balance sheet recession is a type of economic recession that occurs when high levels of private sector debt cause individuals or companies to collectively focus on saving by paying down debt rather than spending or investing, causing economic growth to slow or decline. Despite the government's fiscal stimulus (a government action or policy designed to stimulate economic activity) and central banks lowering interest rates with the aim of stimulating economic activity (Loose monetary policy), concerns about high debt levels and a struggling property market have hampered a robust recovery. In such an environment, monetary policy becomes ineffective as demand for loans crumble, while direct cash transfers to households, which was proposed in China in September, become a viable solution.

Regarding fixed income, the FTSE Canada Universe Bond Index returned 5.6% for the period, assisted by interest-rate declines.

Globally, equities delivered favourable results during the period. The S&P/TSX Composite Index, representing the Canadian equity market, returned 10.0%, led by the materials, utilities and real estate sectors. Its U.S. counterpart, the S&P 500 Index, returned 10.2% (in Canadian-dollar terms), led by the utilities, information technology and real estate sectors.

On the global front, the MSCI World Index and MSCI EAFE Index, respectively, returned 9.0% and 6.6% over the last six months (in Canadian-dollar terms, therefore including foreign-currency movements).

The Fund' nearly evenly split exposure to both the S&P 500 Index and the MSCI EAFE Index contributed to its performance. The Fund' leverage strategy, which generally allows the Fund to perform well in rising market environments and vice versa, also contributed to its performance. Leverage is applied when debt is used to purchase investments that are expected to rise in value. The Fund's leverage ratio remained stable during the period, averaging between 120% and 130%. A leverage ratio is a measure of debt level, the higher the ratio, the higher the debt level.

The Fund's risk management techniques intended to protect against falling equity markets detracted from its performance

The Fund's foreign-currency exposures were hedged, which eliminated any currency market impacts on performance. Hedging involves fully or partially negating the impact of exchange rate fluctuations on investment performance.

Leverage occurs when the Fund's notional exposure to underlying assets is greater than the amount invested. Notional exposure equals the total of the aggregate market value of the Fund's short positions (if any) and the aggregate notional value of the Fund's specified derivatives positions excluding any specified derivatives used for hedging purposes. This calculation excludes cash and other net assets of the Fund. In accordance with the investment objective of the Fund, enhanced exposure to equity markets around the world was obtained through the use of derivatives.

During the period ended September 30, 2024, the Fund's leverage position ranged from 207.38% to 331.89% of the Fund's NAV. The main source of leverage for the fund was the use of standardized futures contracts.

## Recent Developments

Economic conditions continue to normalize as higher interest rates have slowed growth and inflation to more appropriate levels.

# IA Clarington Global Equity Exposure Fund

September 30, 2024

Consumers, particularly those in the U.S., remain robust and benefit from a wealth effect that has accumulated in recent years.

Central banks are cutting their policy interest rates now that inflation has been retreating, allowing for a more sustainable growth path in the coming year.

## Related Party Transactions

The Portfolio Manager is affiliated with the Manager as they are both under common control of Industrial Alliance Insurance and Financial Services Inc. ("Industrial Alliance").

The GEEF does not pay the Manager a management fee. Instead, investment management fees are paid by the investor. Because the Target Click Funds are the investors in the GEEF and because IA Clarington Investments Inc. is the manager of the GEEF as well as the Target Click Funds, no management fee is payable by the Target Click Funds.

During the 6-month period ended September 30, 2024, the Fund did not pay brokerage commissions to iA Private Wealth Inc.

In order to avoid duplication of management fees, if a Fund invests directly in a Reference Fund managed by IA Clarington or an affiliate it may purchase Series I Securities (or the equivalent) of the Reference Fund and will not be charged a management fee or a fixed expense charge in respect of those securities. Alternatively, if Series I Securities (or the equivalent) are not purchased in these circumstances, we make sure that there is no duplication of management fees. In addition, if a Fund invests in another mutual fund, it will not pay duplicate sales charges or redemption fees with respect to the purchase or redemption by it of securities in the Reference Fund.

Certain of the Funds have established or may establish standard broker-dealer agreements with iA Private Wealth Inc., a subsidiary of Industrial Alliance and related company. Pursuant to applicable securities legislation, the Funds may rely on the standing instructions from the IRC with respect to one or more of the following transactions:

- (a) trades in securities of iA Financial Corporation Inc.;
- (b) investments in securities of issuers during, or for 60 days after, the period in which a related party dealer acts as an underwriter in the distribution of such securities;
- (c) purchases or sales of securities of an issuer from or to another investment fund managed by IA Clarington.

The applicable standing instructions require that the above activities be conducted in accordance with IA Clarington policy and that IA Clarington advise the IRC of a material breach of any standing instruction. IA Clarington policy requires that an investment decision represents the business judgment of the Portfolio Manager, uninfluenced by considerations other than the best interests of the Funds.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the periods indicated. The information in the following tables is based on prescribed regulations and as a result, is not expected to add down due to the increase (decrease) in net assets from operations being based on average units outstanding during the period and all other numbers being based on actual units outstanding at the relevant point in time. Footnotes for the tables are found at the end of the Financial Highlights section.

The Fund's Net Assets per Unit (\$)¹						
Series	09/30 2024	03/31 2024	03/31 2023	03/31 2022	03/31 2021	03/31 2020
Net Assets, beginning of period	5.14	4.03	4.62	5.89	3.96	5.37
<b>Increase (decrease) from operations:</b>						
Total revenue	0.12	0.21	0.09	-	(0.28)	0.11
Total expenses (excluding distributions)	(0.01)	(0.02)	(0.02)	(0.03)	(0.02)	(0.02)
Realized gains (losses) for the period	0.31	1.18	(0.48)	0.12	3.99	(0.07)
Unrealized gains (losses) for the period	0.02	(0.17)	0.03	0.34	(0.67)	0.14
<b>Total increase (decrease) from operations²</b>	<b>0.44</b>	<b>1.20</b>	<b>(0.38)</b>	<b>0.43</b>	<b>3.02</b>	<b>0.16</b>
<b>Distributions:</b>						
From net investment income (excluding dividends)	-	-	-	(1.67)	(0.94)	(1.21)
From dividends⁴	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total distributions³</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.67)</b>	<b>(0.94)</b>	<b>(1.21)</b>
<b>Net Assets, end of period</b>	<b>5.58</b>	<b>5.14</b>	<b>4.03</b>	<b>4.62</b>	<b>5.89</b>	<b>3.96</b>

1 The per unit data is derived from the Fund's audited annual financial statements for prior periods, and from the interim unaudited semi-annual financial statements for the current period ended September 30, 2024. The Fund's financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). Under IFRS, the Net Assets per unit presented in the financial statements is the same as the Net Asset Value calculated for fund pricing purposes.

2 Net Assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

3 Distributions were paid in cash/reinvested in additional units of the Fund, or both.

4 Dividends qualified for Canadian dividend tax credit, when applicable.

Ratios and Supplemental Data						
Series	09/30 2024	03/31 2024	03/31 2023	03/31 2022	03/31 2021	03/31 2020
Total NAV (\$) (000's)¹	983	904	847	771	1,296	2,394
Number of units outstanding (000's)¹	176	176	210	167	220	605
Management expense ratio (%)²,³	0.47	0.43	0.44	0.40	0.31	0.23
Management expense ratio before waivers or absorptions (%)²,³,⁴	7.19	7.51	8.83	4.93	2.67	0.88
Trading expense ratio (%)⁵	0.02	0.03	-	-	0.07	0.09
Portfolio turnover rate (%)⁶	-	70.61	-	0.11	-	-
NAV per unit (\$)¹	5.58	5.14	4.03	4.62	5.89	3.96

1 This information is provided as at each period shown.

2 Management expense ratios are based on total expenses (excluding distributions, commissions, withholding taxes and other portfolio transaction costs) and a proportion of underlying fund expenses (mutual funds & ETFs), where applicable, of each series for the stated period and are expressed as an annualized percentage of each series' daily average NAV during the period.

3 The annual operating expenses which include but are not limited to custody, audit, legal and security holder fees, excluding HST, for the Fund were 0.35%.

4 At its sole discretion, the Manager may have waived management fees or absorbed expenses of the Fund.

5 The trading expense ratio represents total commissions incurred directly or indirectly by way of an underlying fund, as applicable, and other portfolio transaction costs expressed as an annualized percentage of the Fund's daily average NAV during the period.

6 The Fund's portfolio turnover rate indicates how actively the fund manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship or correlation between a high turnover rate and the performance of a Fund. The value of any trades to realign the Fund's portfolio after a fund merger, if any, is excluded from the portfolio turnover rate.

# IA Clarington Global Equity Exposure Fund

September 30, 2024

## Management Fees

The IA Clarington Global Equity Exposure Fund (GEEF) does not pay the Manager a management fee. Instead, investment management fees are paid by the investor. Because the Target Click Funds are the investors in the GEEF and because IA Clarington Investments Inc. is the manager of the GEEF as well as the Target Click Funds, no management fee is payable by the Target Click Funds.

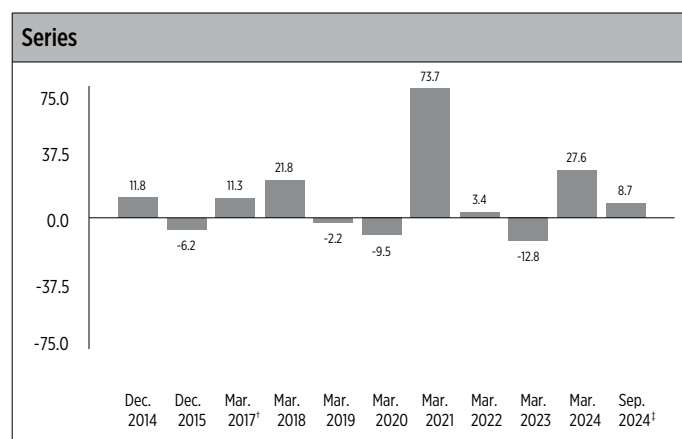
## Past Performance

The performance information shown (based on NAV) assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. The performance information does not take into account sales, redemption, distribution or other optional charges, or income taxes payable by any investor that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

The Fund's portfolio manager changed on December 31, 2015. The Fund's portfolio sub-advisor changed on March 31, 2016. These changes may have affected the Fund's performance.

## Year-by-Year Returns

The bar charts show the Fund's performance for each of the periods indicated. The charts show, in percentage terms, how an investment made on the first day of each period would have increased or decreased by the last day of the period presented.



† Return shown is for the 15-month period ended March 31, 2017.

‡ Return shown is for the 6-month period ended September 30, 2024.

## Summary of Investment Portfolio

As at September 30, 2024

The summary of investment portfolio shown, as a percentage of total NAV, may change due to ongoing portfolio transactions of the Fund and a quarterly update is available on the Manager's website.

Sector Allocation	%
Federal Government Bonds	60.84
Futures	2.65
Options	0.71
Cash and Other Net Assets	35.80
	<b>100.00</b>

The positions held by the Fund by country are allocated as follows:

Country Allocation	%
Canada	60.84
North America - Other	3.36
Cash and Other Net Assets	35.80
	<b>100.00</b>

The top positions held by the Fund (up to 25) as shown as a percentage of the total NAV:

Top Holdings	%
Government of Canada, Treasury Bill, 4.831%, 2024-10-24	60.84
Cash and Other Net Assets	35.80
CME E-Mini S&P 500 Index Futures	1.73
MSCI EAFE Index Futures	0.92
CME E-Mini S&P 500 Index Futures Options, December 2024	0.51
MSCI EAFE Index Options, December 2024	0.20

You can obtain the prospectus and other information on the investment funds in which the Fund invests, if any, at [www.sedarplus.ca](http://www.sedarplus.ca) (for Canadian investment funds) and [www.sec.gov/edgar](http://www.sec.gov/edgar) (for U.S. investment funds).

<sup>^</sup> 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.

# IA Clarington Global Equity Exposure Fund

September 30, 2024

## Forward-Looking Statements

This management report of fund performance may contain forward-looking statements which reflect the current expectations of the Manager (or, where indicated, the Portfolio Manager or Portfolio Sub-Advisor or fund manager) regarding the Fund's future growth, results of operations, performance and business prospects and opportunities. These statements reflect the current beliefs of the person to which the statements are attributed with respect to future events and are based on information currently available to that person. Forward looking statements involve significant risks, uncertainties and assumptions. Many factors could cause the Fund's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors could include, among other things, general economic, political and market factors, including interest and foreign exchange rates, business competition, changes in government regulations or in tax laws. Please refer to the prospectus for a discussion of some specific risks that are associated with mutual funds. Although the forward-looking statements contained in this report are based upon what management currently believes to be reasonable assumptions, the Manager cannot assure current or prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements.

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