Adding Value Through High-Conviction Fixed-Income Investing
with Wellington Square

January 28, 2022

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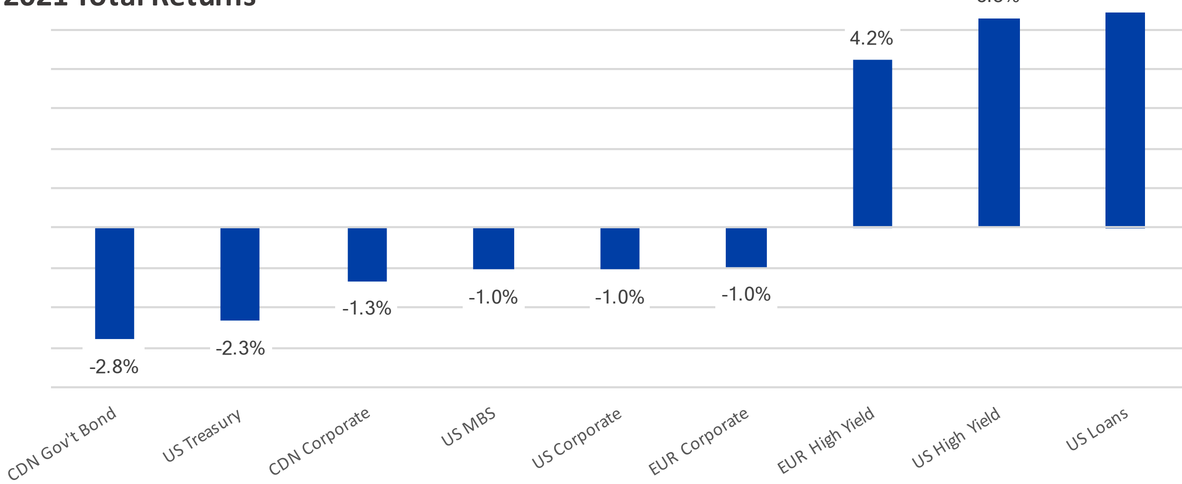
The following is a summary of a webcast held on January 28, 2022.

Market Overview

Jeff Sujitno:

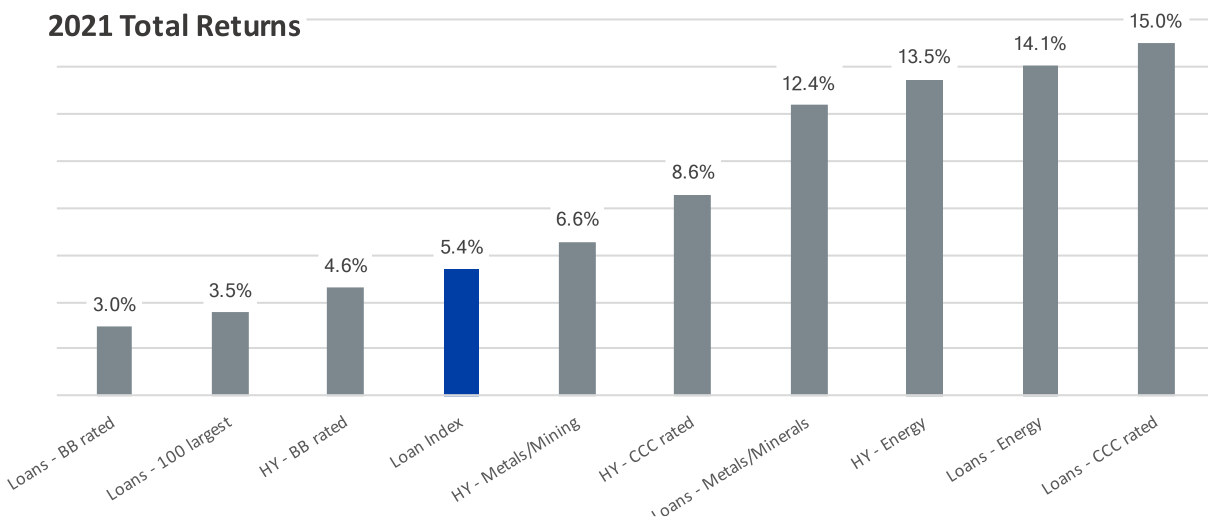
- Bond yields rose last year as the economy continued on its path towards recovery, causing fixed-income prices to decline.
- Many asset classes within fixed income generated negative returns because their yields were insufficient to offset the price decline.
- By contrast, loans outperformed last year, and the reason is simple: they have higher yields and limited interest rate sensitivity (because of their floating coupons).

2021 Total Returns



Source: Bloomberg LP and Credit Suisse, at December 31, 2021. Bloomberg Indices: CAD Gov't Bond = Bloomberg Canada Aggregate Treasury Index, US Treasury = Bloomberg US Treasury Index, CDN corporate= Bloomberg Canada Aggregate Corporate Index, US MBS = Bloomberg US Mortgage Backed Securities Index, US corporate = Bloomberg US Corporate Bond Index, EUR corporate = Bloomberg Euro-Aggregate Corporates Index, EUR High Yield = Bloomberg Pan-European High Yield Index, US High Yield = Bloomberg US Corporate High Yield Bond Index, US Loans = Credit Suisse Leveraged Loan Index.

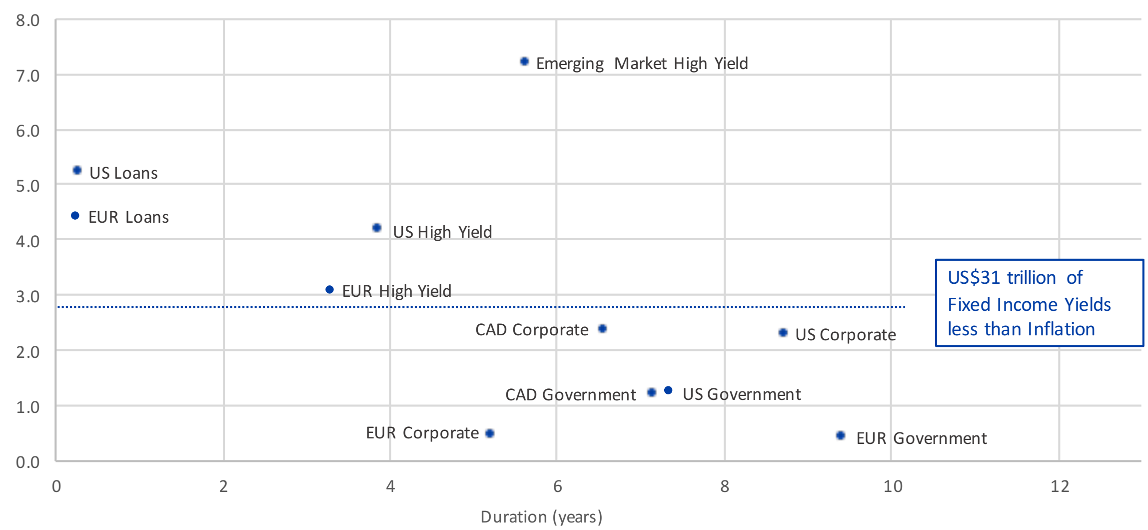
- Our outlook for 2022 is that we'll see a repeat of 2021's relative performance across fixed income.
- Looking beyond broad index-level returns, commodities and the lowest-rated segments of the credit market significantly outperformed, while the higher-rated segments within high yield and loans underperformed. The larger and more liquid segments within high yield and loans also underperformed.
  - o In my 20 years of managing money, I don't think I've ever seen this wide a divergence between market segments.



Source: Bloomberg LP, Credit Suisse and S&P LSTA, at December 31, 2021. Loan Indices = Credit Suisse Leveraged Loan Index and its sub-indices (B, BB, CCC, Energy, Metals/Minerals). Loans – 100 largest = S&P LSTA US Leveraged Loan 100 Index. HY Indices = Bloomberg US High Yield Index and its subindices (B, BB, CCC, Energy, Metals/Mining).

- Looking at yield and duration across the asset class will help frame our return expectations for this year.
  - o A large part of the market is offering yields below the level of inflation, meaning investors in these areas will not earn real returns from yield alone.
  - o In our view, the most attractive areas of the market are those that have yield potential that is sufficient to beat inflation.

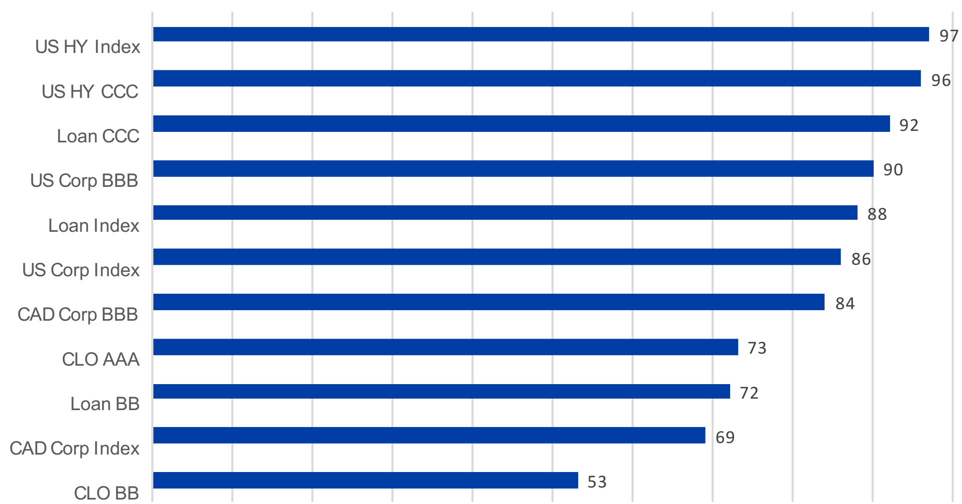
Yield and Duration Across Fixed Income



Source: Bloomberg LP and Credit Suisse, at December 31, 2021. Yield expressed as yield to worst for bonds and 3-year yield for loans. Bloomberg Indices = Bloomberg Pan-European Aggregate Treasury Index, Bloomberg US Treasury Index, Bloomberg Canada Aggregate Treasury Index, Bloomberg Euro-Aggregate Corporates Index, Bloomberg Canada Aggregate Corporate Index, Bloomberg US Corporate Bond Index, Bloomberg US Corporate High Yield Bond Index, Bloomberg Pan-European High Yield Index, Bloomberg Emerging Market USD Aggregate High Yield Index. US Loans = Credit Suisse Leveraged Loan Index. EUR Loans = Credit Suisse Western European Leverage Loan Index. Inflation expectation based on the US 5yr break-even on December 31, 2021.

- The number one challenge for fixed-income investors in 2022 is duration/interest rate sensitivity.
- However, we do believe that a lot of the damage from rising yields has already occurred.
- We think there will be a strong bid for low-duration products in 2022.
- Given this backdrop, we believe senior loans are an excellent option for investors this year.
- The second major challenge for 2022 relates to the violent increase in real yields over the past three weeks, and this impacts all financial assets – not just fixed income.
  - When the central banks embarked on their asset purchasing programs, they did so without regard for the price of those assets. As a result of this 'price agnostic' buying, real yields were artificially low, which drove up the prices of financial assets.
  - The winding down of these asset purchasing programs will have a direct impact on valuations, as the purchasing of Treasuries will now be in the hands of investors, and unlike the central banks, investors care about price.
- To recap, there are two key forces at play for 2022:
  - The first is rising interest rates, which will impact higher-duration asset classes.
  - The second is an expectation for widening credit spreads as valuations come down from near record highs.
  - BB rated collateralized loan obligations (CLOs) are still reasonably valued, and we recognized that value last year, accumulating a ~6% weighting in the IA Clarington Floating Rate Income Fund.

Valuations Across Credit Segments in Percentiles



Percentiles and interpretation

Spread benchmarked to 10yr history and expressed in percentile.

Example: 85th percentile indicates that 85% of the time valuation is lower than the current level.

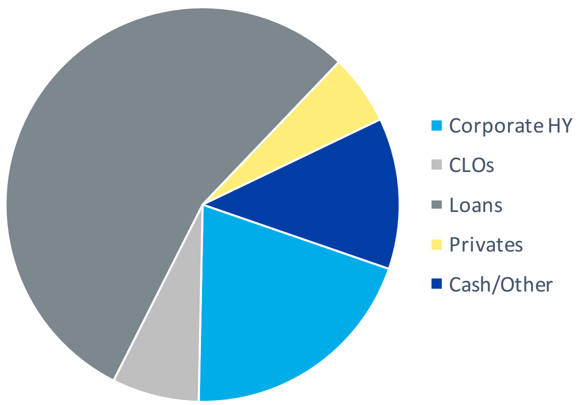
Source: Bloomberg LP, Credit Suisse and Palmer Square, as at January 17, 2022.

- Institutional and retail investors have been pouring money into the loan market since last year, with institutional demand hitting record levels and retail purchases reaching their second-highest level on record.
  - This demand has helped the loan market become one of the best-performing asset classes year-to-date.
- Defaults in the loan space were very low throughout 2021 and ended the year at the fourth-lowest level on record (0.7%).
  - Again for 2022, defaults are not a primary concern in terms of risk factors.
- A low default rate, combined with a strong index-level return, equates to very attractive risk-adjusted returns for investors, in our view.

Portfolio Construction: Floating Rate Mandate

Jeff Sujitno:

- Our cash and cash proxy positions are quite high, but we're actively putting them to work in the new-issue market, guided as always by our highly selective process.
- We ended 2021 with a CLO position of close to 6%, but it's currently closer to 8%.
  - o We like BB rated CLOs because they have a floating coupon, attractive yield potential and, as mentioned, they're trading at more reasonable valuations than other parts of the credit market.
  - o There are some challenges with respect to valuations in the loan market, but we think the pluses outweigh the minuses, so we have a very constructive view of the market overall.



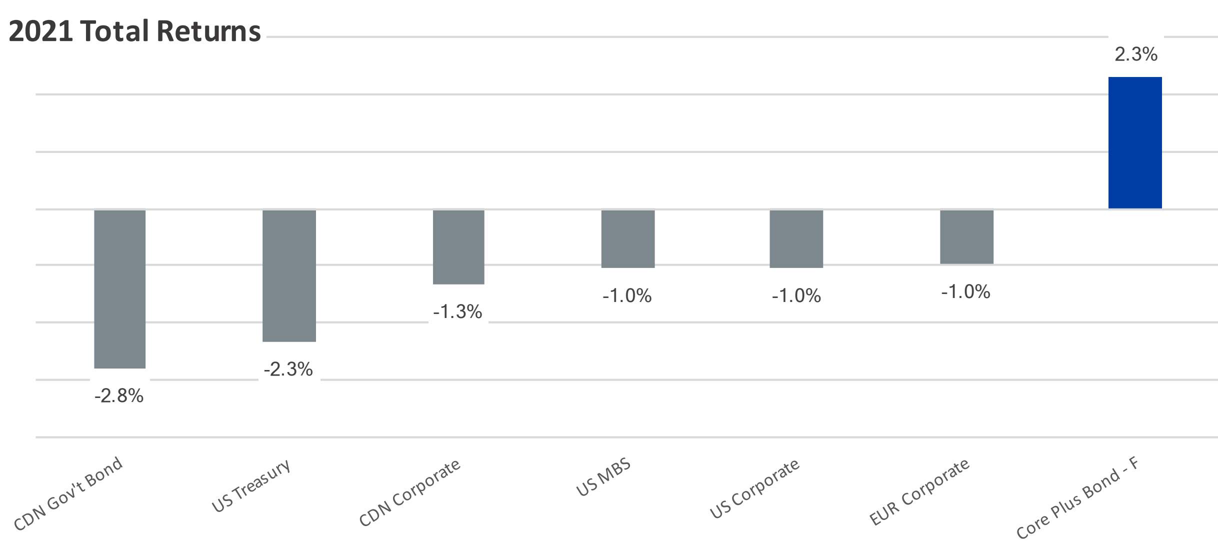
	Yield	Duration	Rating
Loans	5.0%	0.3yrs	B
CLOs	5.7%	0.3yrs	BB-
Corporate HY	4.6%	2.8yrs	B
Private Credit	7.5%	1.4yrs	NR
Portfolio Level	5.0%	0.9yrs	B+

Source: iA Clarington, as at December 31, 2021.

IA Clarington Core Plus Bond Fund

Andrew Khazzam:

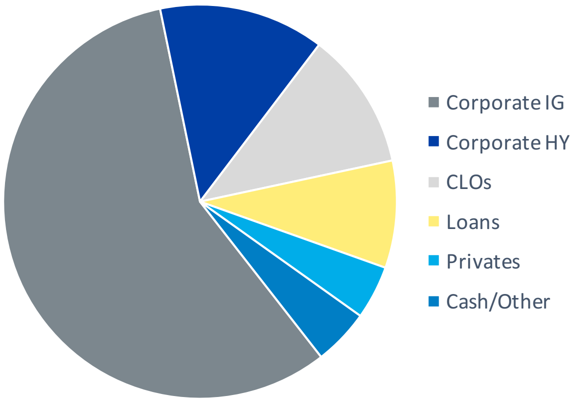
- Last year was challenging for investment grade fixed income; despite this, the fund was able to post a category-leading return of 2.3%.
  - o The fund's performance last year came down to its ability to diversify across a variety of asset classes.



Source: Bloomberg LP and Credit Suisse at December 31, 2021. Bloomberg Indices: CAD Gov't Bond = Bloomberg Canada Aggregate Treasury Index, US Treasury = Bloomberg US Treasury Index, CDN corporate = Bloomberg Canada Aggregate Corporate Index, US MBS =Bloomberg US Mortgage Backed Securities Index, US corporate = Bloomberg US Corporate Bond Index, EUR corporate = Bloomberg Euro-Aggregate Corporates Index. F-series return for IA Clarington Core Plus Bond Fund.

- The "plus" component of the fund helps insulate it from rising rates and enhances its yield potential.
  - This component includes high-yield bonds, high-quality CLOs, loans and private credit.

Portfolio Construction: Core Plus Mandate

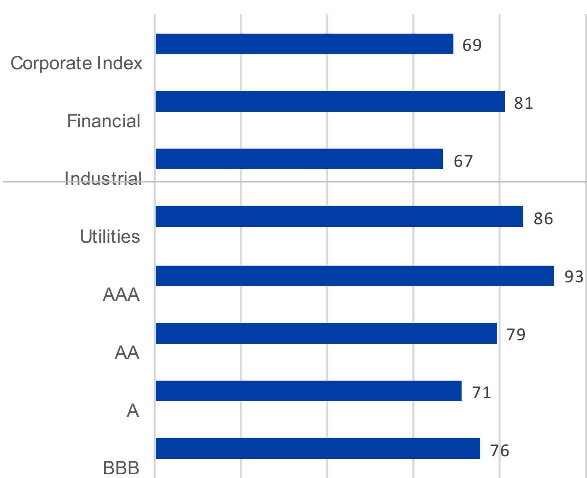


	Yield	Duration	Rating
Corporate IG	2.9%	5.0yrs	BBB
Corporate HY	4.5%	3.1yrs	B
CLOs	1.5%	0.3yrs	AA+
Loans	5.8%	0.3yrs	B+
Private Credit	9.9%	1.8yrs	-
Portfolio Level	3.4%	3.5yrs	BBB

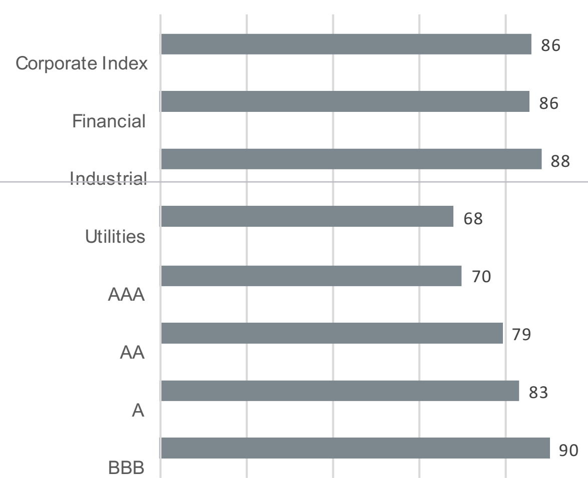
Source: iA Clarington, as at December 31, 2021.

- 22% of the fund is in securities that that have floating coupons (CLOs, loans and a small allocation to preferred shares).
  - When interest rates rise, these holdings stand to benefit because their coupons will rise as well.
- With respect to the investment grade core of the fund, we continue to prefer Canadian to U.S. corporates.
  - U.S. corporate spreads are close to the tightest they've ever been on an historical basis, while Canadian spreads still have room to run.
  - We take it a step further and look for companies that are trading at even wider levels than the index; for the most part, these companies are in sectors geared towards the recovery.
    - As the economy continues to open up, these credits stand to benefit and their spreads will continue to compress over time, helping us offset the move higher in rates.

CAD Corporate Index Percentiles



USD Corporate Index Percentiles



Source: Bloomberg LP, as at January 17, 2022.

Q&A

Are there any signs of concern in the credit markets that you've observed over the last several weeks?

Jeff Sujitno:

- The loan market has been looking very good so far this year, so we're not seeing anything of concern at the moment.

Andrew Khazzam:

- We're starting to see some weakness in other areas, but it's well contained and not especially notable considering the equity drawdown of roughly 10%.

How strong are fund flows into private credit right now?

Jeff Sujitno:

- Currently, the private credit market stands at about $1.2 trillion (U.S. and Canada), compared to $1.3 trillion for loans and $1.6 trillion for high yield.
- The growth in private credit has been quite significant, and is driven predominantly by institutional investors.
  - o Last year institutions pumped about $163 billion into private credit.
  - o CalPERS recently announced a $25 billion allocation to the asset class at the portfolio level.
- The case for private credit is straightforward:
  - o Higher yield potential, driven by an illiquidity premium, a complexity premium and a self-origination premium.
  - o Credit protections are more robust than in the public markets.

Visit iaclarington.com to learn more about the funds managed by Wellington Square.

For definitions of technical terms, visit iaclarington.com/glossary or speak with your financial advisor.

Wellington Square refers to Wellington Square Capital Partners Inc. (sub-advisor) and Wellington Square Advisors Inc. (sub-sub advisor).

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 for time periods of more than one year are historical annual compounded total returns while returns for time periods of one year or less are cumulative figures and are not annualized. Where applicable, compound growth charts are used only to illustrate the effects of a compound growth rate and are not intended to reflect future values or returns of a fund. 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.

Fund and benchmark performance, as at December 31, 2021	1 year	3 year	5 year	Since inception (Nov. 2013)
IA Clarington Floating Rate Income Fund – Series A	2.1%	2.4%	2.0%	2.6%
Credit Suisse Leveraged Loan Index USD	5.4%	5.4%	4.3%	4.2%

Source: iA Clarington.

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 the Credit Suisse Leveraged Loan Index USD which is designed to mirror the investable universe of the U.S. dollar-denominated leveraged loan market. The Fund's geographic, sector and credit quality exposure may differ from that of the benchmark. The Fund can invest in high yield corporate bonds and government bonds, which are not included in the benchmark. The Fund aims to fully hedge the portfolio's foreign currency exposure at all times to remove any currency fluctuation risk. As a result, the U.S. indices referenced within are quoted in their native currencies of U.S. dollars to reflect the performance of the holdings as opposed to currency performance. 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.

Fund and benchmark performance, as at December 31, 2021	1 year	3 year	5 year	Since inception (Jun. 2014)
IA Clarington Core Plus Bond Fund – Series A	1.4%	3.3%	2.5%	2.3%
75% FTSE Canada Short Term Corporate Bond Index, 15% Credit Suisse Leveraged Loan Index USD, 10% ICE BofA U.S. High Yield Constrained TR Hedged CAD Index	0.6%	4.1%	3.1%	3.0%

Source: iA Clarington.

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 FTSE Canada Short Term Corporate Bond Index (75%), Credit Suisse Leveraged Loan Index USD (15%) and the ICE BofA U.S. High Yield Constrained TR Hedged CAD Index (10%). 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 Short Term Corporate Bond Index is comprised of Canadian investment grade corporate bonds and has significantly different portfolio duration characteristics. FTSE Canada Short Term Corporate Bond Index consists of a broadly diversified selection of investment-grade corporate bonds, with maturities between 1 and 5 years, issued domestically in Canada. The Credit Suisse Leveraged Loan Index is designed to mirror the investable universe of the U.S. dollar-denominated leveraged loan market. The ICE BofA U.S. High Yield Constrained Index (CAD Hedged) tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. The Fund's geographic, sector and credit quality exposure may differ from that of the benchmark. The Fund aims to fully hedge the portfolio's foreign currency exposure at all times to remove any currency fluctuation risk. As a result, the U.S. indices referenced within are quoted in their native currencies of U.S. dollars to reflect the performance of the holdings as opposed to currency performance. 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.

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