Global Asset Management

Fixed Income Managed Portfolio

As at June 30, 2026

Quarterly Analysis

KEY TAKEAWAYS

- Active duration management added value as we tactically adjusted interest rate exposure amid bond market volatility.
- We took profits from our Agile Fund position and reallocated proceeds to PIMCO as we continue to deploy capital in a disciplined manner in this shifting market environment.
- Volatility is expected to remain elevated, underscoring the importance of maintaining a nimble duration profile and selective credit exposure.

PORTFOLIO MANAGER

Alexandre Morin CFA

Senior Director, Portfolio Manager, Fixed Income

PERFORMANCE ANALYSIS

Sharp turnaround in performance after a negative first quarter

The risk-on tone in markets was a clear driver of performance during the quarter. The main contributors within our fund allocation were the iA Bond Fund, as the Canadian market outperformed its U.S. counterpart, and the PIMCO Monthly Income Fund, which benefited from supportive risk sentiment. Our positioning in ETFs also added value, notably exposure to the iShares Core U.S. Aggregate Bond ETF and the iShares J.P. Morgan USD Emerging Markets Bond ETF, both of which performed well in a constructive environment. The only notable detractor was our use of U.S. Treasury futures, which weighed on performance as market dynamics moved against our positioning during the period.

TOP CONTRIBUTORS (QTD)

- PIMCO Monthly Income Fund
- IA Bond Fund
- iShares J.P. Morgan USD Emerging Markets Bond ETF (EMB)
- iShares Core U.S. Aggregate Bond ETF (AGG)

TOP DETRACTORS (QTD)

- U.S. interest rate futures

PERCENTILE RANKING (GROSS RETURNS)

Period	Percentile ranking	Nb of funds in category
1 year	26	47
3 years	35	35
5 years	N/A	N/A

Source: Morningstar ratings, Global Fixed Income Funds

3-YEAR RISK-RETURN ANALYSIS

Indicator	Fund	Index*
Beta	1.05	1.00
Volatility	4.69	4.43
Information ratio	1.83	-
Tracking error	0.74	-

*40% FTSE Canada Universe Bond Index 60% Bloomberg Intermediate U.S. Aggregate Bond Index (hedged CAD)

FUND CHARACTERISTICS

Characteristic	Fund
Yield to maturity	2.06%
Average duration	4.85 years
Average credit rating	BBBH
Allocation to HY	19%
Allocation to IG	81%

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PORTFOLIO ACTIVITY

Active duration management and strategic reallocation in a volatile environment

During the quarter, we remained nimble in managing our duration positioning, taking advantage of heightened volatility in bond yields to actively adjust our interest rate exposure. Fluctuations in yields created some tactical opportunities to both add and reduce duration, allowing us to optimize entry and exit points along the curve. In parallel, we reduced our allocation to Agile fund units in favour of PIMCO strategies. As assets under management in the Agile fund increased significantly, we took the opportunity to withdraw a portion of the initial seed investment we made in the fall of 2024. This reallocation reflects prudent profit taking and a disciplined approach to capital deployment in a shifting market environment.

PORTFOLIO POSITIONING

Short duration bias with strong credit exposure

We enter the third quarter with a short-duration stance relative to the benchmark, reflecting our cautious view on interest rate risk in the current environment. This positioning is supported by our expectation that U.S. economic growth will remain resilient, even as inflation continues to run above target and monetary policy remains restrictive. The Federal Reserve's increasingly hawkish tone reinforces the risk of further upward pressure on yields and justifies a defensive, nimble duration profile. At the same time, we maintained a meaningful allocation to corporate credit in investment-grade and high-yield segments alike, as fundamentals remained supportive and carry opportunities continued to be attractive.

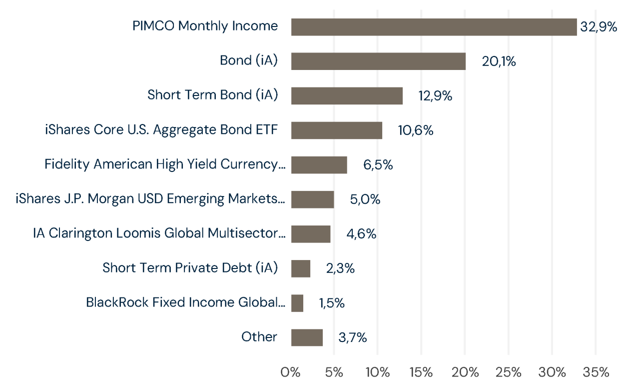
MARKET OUTLOOK

Bond outlook: hawkish Fed, diverging growth, and yield pressures

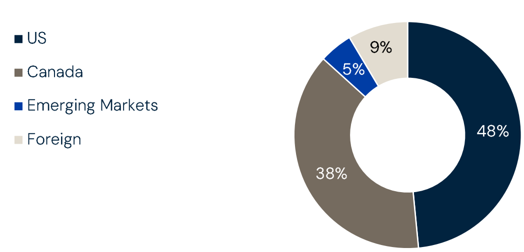
We will maintain a cautious outlook on bond markets, with volatility likely to persist in the near term. The recent signing of a 60-day agreement between the United States and Iran provides a temporary easing of geopolitical tensions, yet uncertainty remains beyond this short window. The U.S. economy continues to show resilience, with inflation still above target, reinforcing a more hawkish stance from the Federal Reserve under its new Chair, Kevin Warsh, whose policy bias and messaging are contributing to upward pressure on yields and a higher terminal-rate narrative. In contrast, the Canadian economy appears more fragile amid uncertainty tied to the renegotiation of CUSMA. Against this backdrop, we see further upward pressure on bond yields, while expecting corporate credit spreads—despite being relatively expensive—to remain broadly stable, supported by solid fundamentals.

SIGNIFICANT TRANSACTIONS (Q2 2026)	
Transaction	Rationale
Nimble duration positioning during the quarter	Bond-yield volatility provided some opportunities to adjust our interest rate risk exposure.
SOLD some Agile fund units in favour of PIMCO	As the fund's AUM increased significantly, we took out some of the seed money we invested in 2024.

FUND ALLOCATION (as at June 30, 2026)



GEOGRAPHIC ALLOCATION (as at June 30, 2026)



Get ahead

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A magnet for top investment talent, iA Global Asset Management is one of Canada's largest asset managers, with over $100 billion under management across institutional and retail mandates. We help investors achieve their long-term wealth creation goals through innovative investment solutions designed for today's complex markets. We are building upon our historic success, supporting the growth of our core strengths, and exploring innovative ways to meet investor needs. We are rooted in history and innovating for the future. Our experienced portfolio managers use a proprietary investment methodology, rooted in iAGAM's unifying commitment to strong risk management, analytical rigor and a disciplined, process-driven approach to asset allocation and security selection.

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