

Fixed Income Managed Portfolio

As at March 31, 2026

Quarterly Analysis

KEY TAKEAWAYS

- The longstanding overweight in credit hurt performance as credit spreads widened. Moreover, Pimco Monthly Income and Agile Total Return Bond weighed on relative results.
- We tactically increased duration as rates moved higher and valuations became more attractive, especially the intermediate part of the U.S. yield curve.
- Volatility is expected to remain elevated, underscoring the importance of staying agile on duration and credit.

PORTFOLIO MANAGER



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Fixed Income

PERFORMANCE ANALYSIS

Geopolitical stress drives modest underperformance

The strategy underperformed its benchmark slightly in the first quarter as widening credit spreads weighed on our overweight exposure to corporate and high-yield bonds. The escalation of the Iran conflict late in the quarter caused risk aversion to spike, pushing investors toward safe-haven assets and driving a broad repricing across global credit markets.

Energy-related volatility, concerns over potential supply disruptions, and heightened geopolitical uncertainty contributed to a widening of credit spreads, to which the portfolio maintained constructive exposure. Despite the headwinds, active duration management and diversified exposures helped cushion volatility, and the portfolio remained well positioned should credit conditions stabilize as geopolitical risks evolve.

TOP CONTRIBUTORS (QTD)

- iShares Core U.S. Aggregate Bond ETF (AGG)
- iA Short-Term Bond

TOP DETRACTORS (QTD)

- PIMCO Monthly Income Fund
- IA Clarington Agile Global Total Return Income Fund

PERCENTILE RANKING (GROSS RETURNS)

| Period | Percentile ranking | Nb of funds in category |
|---------|--------------------|-------------------------|
| 1 year | 17 | 49 |
| 3 years | 25 | 41 |
| 5 years | N/A | N/A |

Source: Morningstar ratings, Global Fixed Income

3-YEAR RISK-RETURN ANALYSIS

| Indicator | Fund | Index* |
|------------------------|------|--------|
| Beta | 1.04 | 1.00 |
| Standard deviation (%) | 4.79 | 4.53 |
| Information ratio | 1.73 | - |
| Tracking error | 0.84 | - |

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

FUND CHARACTERISTICS

| Characteristic | Fund |
|-----------------------|------------|
| Yield to maturity | 2.41% |
| Average duration | 5.52 years |
| Average credit rating | BBBH |
| Allocation to HY | 18% |
| Allocation to IG | 82% |



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PORTFOLIO ACTIVITY

Active duration management amid geopolitical volatility

We adjusted our rate exposure during the quarter to reflect the sharp repricing of government bonds after the Iran conflict escalated. The surge in yields, driven by rising oil prices and renewed inflation concerns, created more attractive entry points across the curve. We added 5-year U.S. Treasury futures to extend duration efficiently and capture improved valuations in the intermediate part of the curve, where sensitivity to policy expectations is higher. At the same time, we covered our 10-year U.S. Treasury futures position, removing residual short exposure at the long end and realigning the portfolio with a shift toward a slightly long-duration stance. These trades enhanced flexibility and positioned the portfolio to benefit, should geopolitical tensions ease or growth momentum soften.

PORTFOLIO POSITIONING

Adjusting duration after the rate selloff

We began the year with a short-duration stance reflecting uncertainty around policy direction and the risk of renewed inflation pressures. However, after the Iran conflict escalated, the sharp selloff in government bonds—driven by rising oil prices and higher inflation expectations—created a more attractive entry point in sovereign markets. As yields moved meaningfully higher, we shifted toward a slightly long-duration position to capture improved valuations and enhance resilience, should geopolitical risks stabilize. This adjustment also balances our constructive view on credit while maintaining flexibility as conditions evolve.

MARKET OUTLOOK

Geopolitical tensions and oil-driven inflation risks

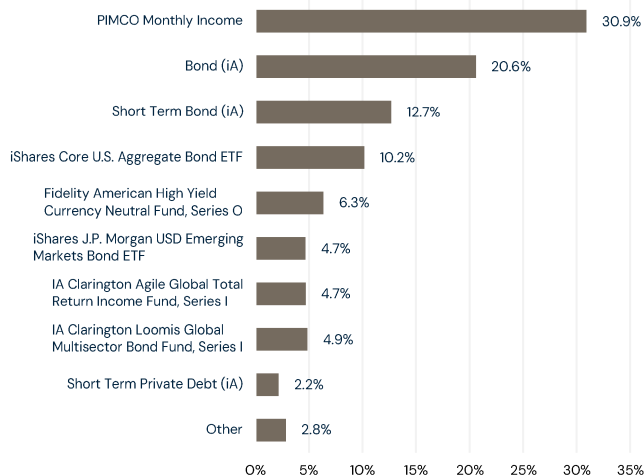
Geopolitical tensions remained the key driver of fixed-income markets, with the Iran conflict adding significant uncertainty. The risk of supply disruptions pushed oil prices higher, raising concerns that inflation expectations could reaccelerate. This dynamic contributed to the recent spike in government yields, as markets reassessed the likelihood and timing of future rate cuts.

At the same time, wider credit spreads reflected increased risk aversion, particularly in sectors sensitive to energy volatility. In North America, central banks remained cautious as they balanced moderating inflation with persistent geopolitical risks. Volatility is likely to stay elevated, reinforcing the need to monitor oil-driven inflation pressures closely and maintain a nimble approach on duration and credit.

SIGNIFICANT TRANSACTIONS (Q1 2026)

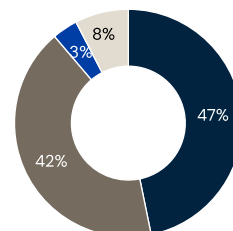
| Transaction | Rationale |
|---------------------------------------|---|
| BOUGHT U.S. 5-year Treasury futures | Extend duration after the Iran-driven yield spike, capturing better valuations while maintaining flexibility. |
| COVERED U.S. 10-year Treasury futures | Neutralize shorts after the yield surge and realign duration with our more constructive outlook. |

FUND ALLOCATION



GEOGRAPHIC ALLOCATION

- US
- Canada
- Emerging Markets
- Foreign



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