Global Asset Management

Bond (iA)

QUARTERLY ANALYSIS

As at June 30, 2025

KEY TAKEAWAYS

- An overweight in spread products and an underweight in federal bonds boosted the fund's performance.
- Active duration and curve positioning added modest but positive relative performance.
- With volatile yields expected in 2025, active management will exploit opportunities in bond markets.

PORTFOLIO MANAGERS

David McCulla CFA
Senior Director, Portfolio Manager, Fixed Income

Alexandre Morin CFA
Senior Director, Portfolio Manager, Fixed Income

PERFORMANCE ANALYSIS

Incremental yield drives the fund's relative performance

The portfolio's overweight in spread products (corporate, provincial, and municipal bonds) contributed positively to performance. An underweight position in federal bonds also added value, as did security selection within municipal and corporate bonds. Security selection in provincial bonds detracted from the quarterly performance, however.

Duration and curve positioning made a modest contribution to relative performance during the quarter.

3-YEAR RISK-RETURN ANALYSIS		
Indicator	Fund	Index*
Beta	1.03	1.00
Standard deviation (%)	6.56	6.35
Information ratio	1.02	-
Tracking error	0.49	-

TOP CONTRIBUTORS (QTD)

- Corporate bonds
- Municipal bonds
- Duration and curve positioning

TOP DETRACTORS (QTD)

- Longer-dated provincial bonds
- Spread widening

PERCENTILE RANKING (GROSS RETURNS)		
Period	Percentile ranking	Nb of funds in category
1 year	66	126
3 years	58	111
5 years	60	95

Source: Morningstar ratings, Canadian Fixed Income

FUND CHARACTERISTICS		
Characteristic	Fund	Index*
Number of holdings	589	1838
Yield to maturity	3.96	3.51
Average duration	7.88	7.14
Average coupon	3.81	3.45
Average credit rating	A	A

* FTSE Canada Universe

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PORTFOLIO ACTIVITY

Overweight position maintained in duration and credits

As yields rose during the quarter, we increased the portfolio's duration relative to its benchmark. We continue to think the proposed tariffs will weigh on global economic growth and ultimately drive yields lower, although not in a linear fashion.

In response to wider credit spreads in the recent risk-off environment, we also increased our exposure to corporate and provincial bonds, taking advantage of more attractive valuations.

We continued to buy 10-year U.S. Treasuries rather than Government of Canada bonds with the same maturity because we judged the latter to be expensive on a relative basis.

PORTFOLIO POSITIONING

Overweight spread products and duration

We ended the quarter with a material overweight-duration stance and an overweight position in credit products of all sorts. We are overweight corporate bonds, with a preference for shorter-term investment-grade credit.

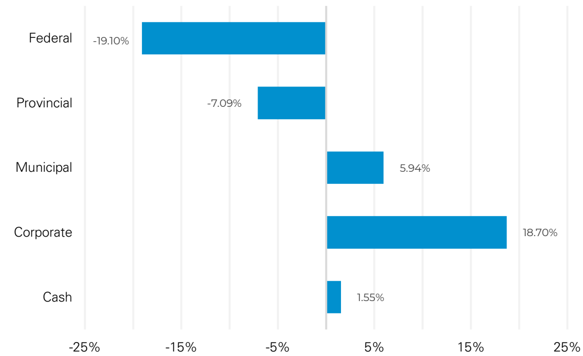
The portfolio has a modest overweight in provincial bonds – with contributions from the higher-yielding provinces and longer-term tenors – as well as non-rated bonds issued by Quebec municipalities, owing to their low-interest rate risk, combined with their higher-yield credit profile.

We think bond yields will be volatile throughout 2025 and will therefore continue to actively manage the portfolio's exposure to interest rate risk.

SIGNIFICANT TRANSACTIONS (Q2 2025)

Transaction	Rationale
BUY corporate bonds	Increased allocation to corporate bonds as spreads widened.
BUY 10-year UST vs 10-year CAN bonds	CAN bonds are expensive on a relative basis.
Increase the portfolio's duration relative to its benchmark	BUY futures on UST and Government of Canada bonds

SECTOR DEVIATIONS



TOP 5 HOLDINGS

Holding	Type of issuer	Weight (%)
iA Canadian Corporate Bond Fund	Fixed income	27.38
Government of Canada, 2.75%, 03-01-2030	Federal government	9.33
Government of Canada, 2.75%, 12-01-2055	Federal government	6.46
Government of Ontario, 3.60%, 06-02-2035	Provincial government	6.30
CAD/USD currency forward, 2025-08-21	FX	5.24

MARKET OUTLOOK

Fixed income has a very attractive risk/reward profile in these uncertain times

Our view of the bond market remains positive for 2025. We expect the combined effects of the U.S. tariff war and government spending cuts to begin weighing on the U.S. economy in the second half of the year. Uncertainty remains elevated, particularly given the U.S. President's unpredictable nature and efforts to expand executive powers.

The Federal Reserve is expected to lower its policy rates by 25 basis points once or twice this year, while the Bank of Canada may also adopt a more accommodative stance. Bond-yield volatility is likely to persist in 2025, creating opportunities to add value with active bond management.

About iA Global Asset Management (iAGAM)

ROOTED IN HISTORY, INNOVATING FOR THE FUTURE.

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.