iA Global Asset Management

Fixed Income Managed Portfolio

QUARTERLY ANALYSIS

As at June 30, 2025

KEY TAKEAWAYS

- U.S. bond exposure and longer duration boosted the portfolio's performance despite rising yields.
- High-yield credit funds outperformed amid improved sentiment from tariff policy changes.
- The portfolio maintained its overweights in U.S. duration and credit, while preserving close-to-flat exposure in Canada.

PORTFOLIO MANAGERS

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PERFORMANCE ANALYSIS

Overweight credit exposure and U.S. rates provide a tailwind

The portfolio's longer duration and exposure to U.S. bonds provided a tailwind for performance. Although bond yields ended the quarter higher, our positioning benefitted from an environment where U.S. bonds outperformed their domestic counterparts.

Holdings in funds with a higher allocation to lower-quality credit – such as PIMCO Monthly Income Fund, Fidelity High Yield, Loomis, and Agile – were key contributors to performance. The postponement or removal of some of the tariffs announced on Liberation Day helped shift market sentiment to a more risk-on tone, benefitting these positions.

The largest detractor from performance in the second quarter was the portfolio's exposure to the ETF tracking the broad U.S. bond index. Futures tied to the long end of the U.S. yield curve and Canadian 10-year rates also weighed on returns. Additionally, Funds with significant exposure to Canadian interest rates – such as iA Bond Fund – detracted from performance during the period.

TOP CONTRIBUTORS

- PIMCO Monthly Income Fund
- Fidelity High Yield
- IA Clarington Agile Global Total Return Income Fund
- IA Clarington Loomis Global Multisector Bond Fund

TOP DETRACTORS

- iShares Core US Aggregate Bond ETF
- Futures on U.S. and Canadian bond markets
- iA Bond Fund

PERCENTILE RANKING (GROSS RETURNS)

Period	Percentile ranking	Nb of funds in category
1 year	18	35
3 years	19	32
5 years	N/A	N/A

Source: Morningstar ratings, Global Fixed Income

3-YEAR RISK-RETURN ANALYSIS

Indicator	Fund	Index*
Beta	0.99	1.00
Standard deviation (%)	5.81	5.80
Information ratio	1.79	-
Tracking error	1.07	-

FUND CHARACTERISTICS (as at May 30, 2025)

Characteristic	Fund
Yield to maturity	4.59%
Average duration	6.11 yrs
Average credit rating	A+
Allocation to HY	11.2%
Allocation to IG	88.8%

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

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QUARTERLY ANALYSIS

As at June 30, 2025

PORTFOLIO ACTIVITY

Increased exposure to the U.S. rates market as well as emerging markets

We began the quarter with no overall duration exposure, maintaining an underweight in Canada and an overweight in the U.S. and other rates markets. As U.S. yields rose after Liberation Day, we added to our interest rate exposure south of the border. To support our futures positioning, we exited our remaining Vanguard Short-Term Corporate Bond position and increased our cash allocation.

Later in the quarter, we initiated a position in the iShares JPMorgan USD Emerging Markets Bond ETF, reflecting our view that the current environment supports emerging markets. This holding also enhanced the portfolio's overall yield to maturity.

SIGNIFICANT TRANSACTIONS (Q2 2025)	
Transaction	Rationale
BUY duration in the U.S. rates market	U.S. rates market became extremely cheap relative to our market
SELL Vanguard Short-Term Corporate Bond	To raise some cash backing our futures positioning in the U.S. rates market
SELL some of our iShares Core US Aggregate Bond ETF exposure and BUY iShares JPMorgan USD Emerging Markets Bond ETF	Emerging markets should benefit from the current environment of weak USD.

PORTFOLIO POSITIONING

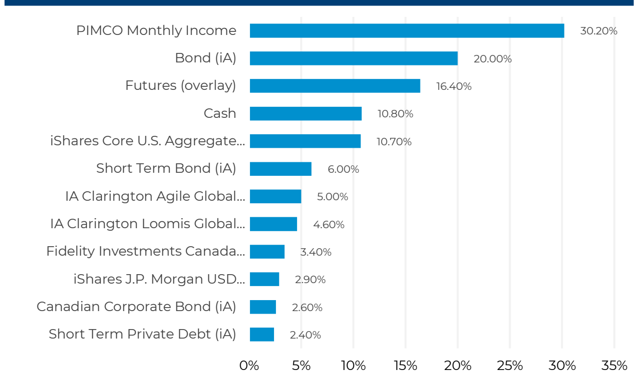
Overweight spread products and duration with a bias for the U.S. rates market

We maintained an underweight exposure to federal government bonds and an overweight position in credit products, investment grade as well as high yield.

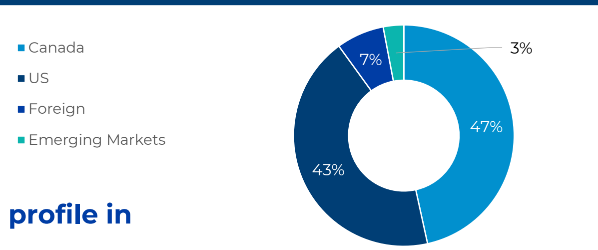
Still expecting tariffs to have a negative impact on the U.S. economy, we maintained an overweight duration bias versus our benchmark, expressed in the U.S. and other countries, while maintaining close-to-flat exposure in Canada.

If the economy suffers in the coming months, the U.S. rates market should outperform the Canadian bond market because the Federal Reserve has a lot more room to cut its overnight rate than the Bank of Canada.

Fund allocation



Geographic Allocation (as at May 30, 2025)



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 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 for active bond management to add value.

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.

General Disclosures