

IA Clarington Monthly Income Balanced Fund

Manager Commentary – Q1 2026

The last 12 months were eventful on the economic and geopolitical fronts. In 2025, global trade tensions led to economic uncertainty across financial markets. As these tensions gradually eased, the first quarter of 2026 was marked by a series of geopolitical events, including the Middle East conflict. The blockade of the Strait of Hormuz led to a substantial reduction in global oil supply, with the price of Brent crude reaching US\$104 per barrel by the end of March, a more than 90% increase since the beginning of 2026. The resulting energy shock contributed to higher inflation expectations globally, as many other commodities were also affected. The magnitude of the inflationary effect will ultimately depend on the duration of the blockade.

The U.S. Federal Reserve (the Fed) held its policy rate unchanged during the first quarter of 2026, balancing above-target inflation against a softening labour market. U.S. growth rebounded strongly in the first quarter of 2026, supported in part by investment spending in artificial intelligence (AI), although the conflict in the Middle East may pose challenges. North American markets are less exposed to goods transiting through the Strait of Hormuz, and the U.S. is a net exporter of oil, suggesting the effect on U.S. growth may be limited.

In Canada, the labour market started 2026 on a weak footing, with job losses erasing gains recorded at the end of 2025. Inflation remained well controlled below 2% as of February 2026, although higher energy prices are expected to create renewed upward pressure. Canada's geographic position and the importance of its energy sector may help limit the negative effects on the domestic economy. The Bank of Canada is expected to remain on hold.

Global economic growth was strong at the start of 2026, particularly in Europe and emerging markets, reflecting the synchronized rate cuts implemented by central banks in recent years. The conflict in the Middle East, however, is expected to alter this outlook, with the effects more severe for net energy importers.

The Canadian bond market, as represented by the FTSE Canada Universe Bond Index, returned 0.8% for the 12-month period ending March 31, 2026, as interest rates generally rose during the period. The U.S. equity market, as represented by the S&P 500 Index, gained 17.8% in U.S.-dollar terms for the 12-month period ending March 31, 2026. Canadian equities, as represented by the S&P/TSX Composite Index, had a strong period with a 34.8% return for the 12-month period ending March 31, 2026. On the global front, the MSCI World Index and MSCI EAFE Index returned 15.2% and 17.6%, respectively, in Canadian-dollar terms for the 12-month period ending on March 31, 2026.

The Fund is primarily invested in equities with a focus on Canada, which contributed to performance for the 12-month period ending March 31, 2026. The Fund is also exposed to sovereign and credit fixed income in Canada and the U.S., which were also slightly positive contributors. There were no significant changes to the asset allocation during the 12-month period ending March 31, 2026.

The Fund's overweight position in equities contributed to performance for the 12-month period ending March 31, 2026. The Fund's overweight exposure to Canadian equities also contributed, as did the Fund's exposure to gold through futures. Within fixed income, the Fund's underweight position contributed to performance. The Fund's exposures to iShares iBoxx \$ High Yield Corporate Bond ETF and IA Clarington Agile Core Plus Bond Fund Series I were also positive contributors, as they outperformed the FTSE Canada Universe Bond Index for the 12-month period ending March 31, 2026.

IA Clarington Monthly Income Balanced Fund

Some underlying equity funds underperformed compared to their respective benchmarks and detracted from the Fund's performance for the 12-month period ending March 31, 2026. The most significant detractors were IA Clarington Dividend Growth Class Series I and IA Clarington Global Dividend Fund Series I. Within fixed income, the Fund's exposure to IA Clarington Global Fixed Income Advantage Fund Series I was a small detractor, as the fund underperformed the FTSE Canada Universe Bond Index for the 12-month period ending March 31, 2026.

The fund manager added a new long position in a commodity basket future to benefit from perceived opportunities in commodity markets such as gold and copper. A position in gold futures was eliminated to take profits from previous gains.

Fund and Benchmark Performance: as at March 31, 2026	1-year	3-year	5-year	Since inception (June 2016)
IA Clarington Monthly Income Balanced Fund – Series F	15.6%	13.5%	9.1%	8.0%
40% FTSE Canada Universe Bond Index, 60% S&P/TSX Composite Index	20.2%	13.9%	9.3%	8.2%

Get ahead

Non-traditional fixed income asset classes may carry higher risk, but generally provide higher yield than traditional fixed income asset classes. 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.

For definitions of technical terms in this piece, please visit iaclarington.com/glossary and speak with your investment advisor.

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 40% FTSE Canada Universe Bond Index and 60% S&P/TSX Composite Index. 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 Universe Bond Index is comprised of Canadian investment grade bonds and has significantly different portfolio duration characteristics. The FTSE Canada Universe Bond Index consists of a broadly diversified selection of investment-grade Government of Canada, provincial, corporate, and municipal bonds issued domestically in Canada. The S&P/TSX Composite Index is the premier indicator of market activity for Canadian equity markets, with 95% coverage of Canadian-based, TSX-listed companies. The index includes common stock and income trust units and is designed to offer the representation of a broad benchmark index while maintaining the liquidity characteristics of narrower indices. The Fund's fixed income component may have different sector exposure, credit quality and interest rate sensitivity than the benchmark. The Fund may have exposure to equities and bonds domiciled both in Canada and outside of Canada while the benchmark only has exposure to equities and bonds domiciled in Canada. The Fund may have currency risk exposure while the benchmark has none. The Fund may hold cash while the benchmark does not. Overall, the Fund's bond and equity exposure can differ, because the Fund does not use a fixed ratio similar to the benchmark. It is not possible to invest directly in market indices. The performance comparison is for illustrative purposes only and does not imply future performance.

IA Clarington Monthly Income Balanced Fund

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 are historical annual compounded total returns.

Series F securities are available only to investors participating in fee based advisory programs through their dealer. No sales charges apply when investing in Series F. iA Clarington does not pay ongoing trailing commissions to dealers for Series F and therefore are not embedded in the Management Expense Ratio (MER). Instead, investors pay an explicit dealer advisor fee for investment advice and related services. Any differences in performance between fund series are primarily due to differences in fees and expenses, as described in the fund's prospectus.

The information provided should not be acted upon without obtaining legal, tax, and investment advice from a licensed professional. Statements by the portfolio manager or sub-advisor represent their professional opinion and do not necessarily reflect the views of iA Clarington. Specific securities discussed are for illustrative purposes only and should not be considered a recommendation to buy or sell. Mutual funds may purchase and sell securities at any time and securities held by a fund may increase or decrease in value. Past investment performance may not be repeated. Unless otherwise stated, the source for information provided is the portfolio manager. Statements that pertain to the future represent the portfolio manager's current view regarding future events. Actual future events may differ. Future-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ. Opinions may change as market conditions or other factors evolve.

Commissions, trailing commissions, management fees, brokerage fees and expenses all may be associated with mutual fund investments, including investments in exchange-traded series of mutual funds. The information presented herein may not encompass all risks associated with mutual funds. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

The iA Clarington Funds are managed by IA Clarington Investments Inc. iA Clarington and the iA Clarington logo, iA Wealth and the iA Wealth logo, and iA Global Asset Management and the iA Global Asset Management logo are trademarks of Industrial Alliance Insurance and Financial Services Inc. and are used under license. iA Global Asset Management Inc. (iAGAM) is a subsidiary of Industrial Alliance Investment Management Inc. (iAIM).