

IA Clarington Agile Core Plus Bond Fund

Manager Commentary – Q1 2026

Trade-policy uncertainty and shifting risk sentiment drove credit spread (the yield difference between two types of fixed-income or credit instrument, typically expressed in percentage points or basis points. A tight spread means the yield difference is small, while a wide spread means the difference is comparatively large) volatility early in the period, as the prospect of widespread tariffs disrupted credit markets and introduced dispersion across fixed-income instruments. The Bank of Canada continued its monetary easing cycle (central bank policy that seeks to stimulate economic growth by reducing interest rates), reducing its policy interest rate from 3.00% in January 2025 to 2.75% by March 2025 and eventually to 2.25% by October 2025, shaping front-end (short maturity) rate expectations and reinvestment decisions. Into early 2026, geopolitical energy disruptions intensified, driving higher oil price volatility and renewed growth and inflation uncertainty, conditions that affected the Fund through their effects on credit spreads, yield curve shape (describes how interest rates differ across short-term and long-term bonds) and sector dispersion.

Asset-allocation flexibility and the use of liquid instruments contributed to the Fund's performance over the period (April 1, 2025 – March 31, 2026), as the fund manager adjusted risk as volatility shifted, rotating between quality and liquidity as conditions warranted. Duration management (the management of fixed income securities to changes in interest rates) through tactical adjustments as rates and the yield curve (graphically illustrates the yields and maturities of bonds of similar credit quality) moved remained a primary contributor to performance during volatile periods. A rotation toward higher-quality investment-grade exposure improved the Fund's resilience into late-period volatility.

Among individual holdings, the Fund's allocation to the IA Clarington Agile Global Total Return Income Fund contributed to performance. A U.S. Treasury position (4.625%, 02/15/2035) also contributed, consistent with the fund manager's broader approach of using duration as a tactical lever during the period.

Legacy private credit and residual positions were a key detractor from the Fund's performance, including valuation events that directly affected reported results. Higher-beta (economically sensitive) credit exposure during risk-off (market conditions in which higher-risk assets tend to perform poorly) episodes, including divergence between exchange-traded fund pricing and underlying cash bond values, also detracted. Currency and hedging (a strategy some portfolio managers use when investing in foreign securities. The goal is to fully or partially negate the impact of exchange rate fluctuations on investment performance) effects drove shorter-horizon dispersion, particularly relative to peers with different hedge postures. Among individual holdings, the State Street SPDR Portfolio High Yield Bond ETF detracted from performance when risk assets (securities or asset classes with higher risk profiles) sold off early in the period. Cannabist Co. Holdings Inc. (9.250%, 31/12/2028), an underperforming residual cannabis-related position with limited liquidity, also detracted from performance. AYR Wellness Inc. (13%, 10/12/2026), a legacy private-credit exposure, detracted as valuation changes affected the Fund's results.

The fund manager added a new position in an investment-grade exchange-traded fund as part of a late-period rotation toward quality and liquidity. Canadian high-yield corporate credit exposure was increased in the first half of the reporting period. Higher-quality investment-grade exposure was added later in the period. Term loans, residual positions from the previous manager, were liquidated during the first half. The fund manager reduced the Fund's exposure to U.S.-dollar high-yield exchange-traded funds in the first half. Euro-denominated high-yield exposure was also reduced later in the period alongside the addition of higher-quality holdings.

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Throughout the period, the fund manager's positioning reflected a base case of elevated policy volatility, shifting fiscal policy (measures a government takes to influence the direction of the economy) dynamics and geopolitical uncertainty, favouring active risk management and the ability to adjust between carry-oriented (higher income) credit exposure and rates-focused quality positioning. With energy disruptions and a repricing of global growth expectations becoming more prominent into early 2026, the fund manager leaned toward maintaining liquidity, improving credit quality (increasing the strength in the financial health of borrowers within our strategy) where needed and using duration tactically rather than committing to a single macroeconomic outlook.

	1-year	3-year	5-year	10-year
IA Clarington Agile Core Plus Bond Fund - Series F	3.4%	4.7%	2.2%	2.7%
50% Bloomberg Global Aggregate Corporate Bond 1-5Y (USD), 50% Bloomberg Global Aggregate Corporate Bond 1-5Y (CAD)	4.6%	6.3%	2.7%	2.7%

Get ahead

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

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.

Agile Investment Management, LLC was appointed sub-advisor to the IA Clarington Agile Core Plus Bond Fund effective September 4, 2024. This Fund changed its name from IA Clarington Core Plus Bond Fund, effective June 16, 2025.

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 50% Bloomberg Global Aggregate Corporate Bond 1-5Y (USD) and 50% Bloomberg Global Aggregate Corporate Bond 1-5Y (CAD). The blended benchmark presented is intended to provide a more realistic representation of the general asset classes in which the Fund invests. The Bloomberg Global Aggregate Corporate 1-5 Year Float adjusted Bond Index is based on the Bloomberg Global Aggregate Corporate Index, and to be eligible for the index, bonds must be issued by a Corporate issuer, and must have between one year and up to five years remaining until maturity. The Bloomberg Global Aggregate Corporate Index is a flagship measure of global investment grade, fixed rate corporate debt. This multi-currency benchmark includes bonds from developed and emerging markets issuers within the industrial, utility and financial sectors. The Fund may hold cash while the benchmark does not. It is not possible to invest directly in market indices. The performance comparison is for illustrative purposes only and does not imply future performance.

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 for more than one year are historical annual compounded total returns while returns for one year or less are cumulative figures and are not annualized.

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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.

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.

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