IA Clarington Agile Core Plus Bond Fund

Manager Commentary – Q2 2026

In the second quarter, global fixed-income markets were shaped by diverging regional dynamics, evolving monetary policy expectations and continued geopolitical uncertainty. Commodity price volatility, particularly in oil, remained an important driver of inflation expectations and broader risk sentiment, with prices rising sharply at times before stabilizing.

The macroeconomic environment remained late-cycle but resilient, with growth holding up in North America even as dispersion increased across regions. Central banks adopted a more data-dependent approach, contributing to variability in interest-rate expectations. In the U.S., shifting monetary policy expectations drove repricing at the front end of the yield curve, while longer-term yields remained more anchored, resulting in a flattening bias. This backdrop reinforced the importance of yield curve positioning and relative value opportunities.

Credit fundamentals (refers to the financial health and debt-repayment ability of an issuer) remained broadly supportive; however, credit spreads across investment-grade and high-yield markets remained relatively tight. This limited broad beta opportunities and increased the importance of selectivity, security-level research and disciplined risk-taking. Currency markets also experienced periods of volatility as changing interest-rate differentials (the percentage gap between the interest rates of two currencies or financial instruments) and capital flows affected the U.S. dollar and several European and Asian currencies.

The Fund delivered a positive absolute return but modestly underperformed its narrow benchmark during the second quarter.

Corporate bonds were the largest contributor to absolute performance, led by U.S.-dollar and Canadian-dollar holdings. Canadian corporate credit gains were broad across financials, real estate, infrastructure, energy and telecommunications, as well as selected higher-yield issuers. U.S.-dollar corporate credit benefited from income, positive local price returns and U.S.-dollar appreciation.

Government-related bonds were another meaningful contributor, led by U.S. Treasuries, Canadian provincial bonds and supranational issuers, while Mexican government debt also added to performance. Listed fixed-income ETF positions and cash provided smaller gains. Currency derivatives were the largest offset, as hedges declined when several foreign currencies appreciated against the Canadian dollar, partly offsetting currency gains embedded in the underlying foreign securities.

Corporate bonds were the largest relative contributor. Although the Fund held less corporate exposure than the predominantly corporate benchmark, favourable security selection across Canadian-dollar and U.S.-dollar corporate credit drove outperformance.

Government bonds also added relative value as they were not meaningfully represented in the benchmark, with U.S. Treasuries, Canadian provincials and supranational holdings leading the contribution. Currency positioning was the largest relative detractor. The Fund was more heavily hedged to the Canadian dollar, thereby participating less in the appreciation of the U.S. dollar, euro and British pound. Exposure to the Australian dollar and Mexican peso provided partial offsets.

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The portfolio maintains a balanced and diversified positioning, designed to generate consistent income while retaining the flexibility to navigate evolving market conditions.

Corporate credit exposure continues to represent the core of the strategy, with diversified allocations across investment-grade and high-yield sectors. Credit risk was modestly reduced in response to tight credit spread levels, while the strategy continued to emphasize portfolio carry (income) and selective sector and security positioning.

Duration remains modestly below peer averages. However, the increase in government bond exposure during the quarter reflects a more positive view on longer-term yields and the role of duration as a source of portfolio diversification. Government bonds also enhance overall liquidity while complementing the Fund's corporate credit exposure. Positioning continues to emphasize yield curve dynamics and relative value opportunities.

The outlook for fixed income remains relatively positive but increasingly dependent on active management. Markets are expected to remain influenced by monetary policy uncertainty, geopolitical developments and commodity price dynamics. With credit spreads relatively tight, the opportunity set is likely to remain selective.

We believe the Fund is well positioned to capture income and relative-value opportunities across credit and government bonds, while maintaining the flexibility to adjust duration and risk exposures as market conditions evolve.

Fund and benchmark performance, as at June 30, 2026	Q2 2026	1-year	3-year	5-year	10-year
IA Clarington Agile Core Plus Bond Fund - Series F	1.3%	3.9%	5.1%	2.1%	2.7%
50% Bloomberg Global Aggregate Corporate Bond 1-5Y (USD), 50% Bloomberg Global Aggregate Corporate Bond 1-5Y (CAD)	1.8%	4.2%	7.2%	3.1%	2.8%

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.

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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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