

IA Wealth Core Bond Pool

Manager Commentary – Q1 2026

The 12-month period ending March 31, 2026, was marked by significant economic and geopolitical developments. Global trade tensions in 2025 created uncertainty, and the first quarter of 2026 brought renewed geopolitical disruption, most notably the military conflict in Iran. The blockade of the Strait of Hormuz by Iranian forces led to a substantial reduction in global oil supply, pushing Brent crude to US\$104 per barrel by the end of March, more than 90% higher than at the start of the year. Higher energy prices raised inflation expectations globally, with the magnitude of the inflationary effect dependent on the duration of the blockade.

The U.S. Federal Reserve held its policy rate steady, balancing above-target inflation against a softening labour market. U.S. growth rebounded in the first quarter, supported by investment spending in artificial intelligence, though the conflict in Iran posed challenges for the outlook.

In Canada, the labour market started the year on a weak footing, with job losses erasing gains recorded at the end of 2025. Inflation remained well controlled below 2% as of February, though higher energy prices are expected to create renewed upward pressure. The Bank of Canada is expected to remain on hold. Global growth was strong at the start of the year, particularly in Europe and emerging markets, though the conflict in Iran is likely to alter this outlook, with net energy importers facing the greatest challenges.

During the 12-month period ending March 31 2026, the fund's overweight allocation to credit, combined with effective security selection, contributed positively to performance as investors continued to favor riskier assets. An underweight exposure to federal bonds contributed to performance. An exchange-traded fund (ETF) tracking the U.S. high-yield bond market also contributed. Short-dated maturities in the telecommunications, energy and financials sectors also contributed to performance.

Yield curve (graphically illustrates the yields and maturities of bonds of similar credit quality) positioning detracted from performance. Security selection in the federal and provincial bond segments also detracted from performance, as did long-dated maturities in the financials sector.

The fund manager purchased higher-yielding sovereign bonds, such as those issued by Mexico, New Zealand and Australia, to increase overall portfolio yield. In a resilient economic environment, the fund manager also increased exposure to higher-coupon, lower-rated corporate bonds to further boost portfolio yield.

The Fund sold 10-year U.S. Treasury Inflation-Protected Securities in October as concerns about central bank independence eased. The fund manager reduced the Fund's interest-rate exposure in the fourth quarter of 2025 as the economy continued to be resilient and yields were relatively low.

Geopolitical tensions remain the key driver of fixed-income markets, with the conflict in Iran adding significant uncertainty. The risk of supply disruptions has pushed oil prices higher, raising concerns that inflation expectations could re-accelerate. This dynamic contributed to the recent sharp rise in government yields, as markets reassessed the likelihood and timing of future interest-rate cuts. At the same time, wider credit spreads (the difference in yield between debt instruments with similar terms but different credit ratings) reflect increased risk aversion, particularly in sectors sensitive to energy volatility. In North America, central banks remain cautious as they balance moderating inflation with persistent geopolitical risks. The fund manager

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believes volatility is likely to stay elevated, reinforcing the need to closely monitor oil-driven inflation pressures and maintain a nimble approach to duration (interest rate sensitivity) and credit.

Fund and benchmark performance as at March 31, 2026	1 year	3 year	5 year	10 year
IA Wealth Core Bond Pool – Series F	0.7%	3.6%	0.7%	1.8%
FTSE Canada Universe Bond Index	0.8%	3.5%	0.7%	1.8%

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Non-traditional fixed income asset classes may carry higher risk, but generally provide higher yield than traditional fixed income asset classes. For definitions of technical terms in this piece, please visit iaclarington.com/glossary and speak with your financial advisor.

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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 Fund's benchmark is the FTSE Canada Universe Bond Index, which 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 Fund's geographic, sector and credit quality exposure may differ from that of the benchmark. 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 are historical annual compounded total returns.

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