

IA Wealth Balanced Portfolio

Manager Commentary – Q1 2026

Global market review

The first quarter of 2026 brought renewed disruption with the most consequential development being the conflict in the Middle East and the resulting blockade of the Strait of Hormuz, which led to a substantial reduction in global oil supply. The price of Brent crude rose to US\$104 per barrel by the end of March, representing more than a 90% increase since the beginning of 2026.

The energy shock drove inflation expectations higher and pushed interest rates up globally. The U.S. Federal Reserve held its policy rate (the interest rate set by a country's central bank) unchanged, as inflation remained above target while the labour market showed signs of softening. In Canada, inflation remained below 2% as of February, though higher energy prices were expected to create upward pressure. The Bank of Canada was expected to remain on hold, with rate increases appearing unlikely in the near term. Given rising inflation expectations, interest rates have increased globally. After falling below 4% in February, 10-year U.S. government bond yields ended the quarter at 4.3%. In Canada, yields rose from 3.1% at their February lows, to 3.4%. Overall, the upward adjustment in interest rates was more pronounced at the short end of the yield curve, resulting in a flattening of the curve. This reflects market expectations that the inflation shock will be largely temporary. Canadian bonds, as represented by the FTSE Canada Universe Bond Index, returned 0.2% over the quarter.

Equity markets were mixed amidst an uncertain geopolitical environment. Canadian equities, as represented by the S&P/TSX Composite Index, rose 3.9% over the period. The U.S. equity market, as represented by the S&P 500 Index, declined 2.6% in Canadian-dollar terms. On the global front, the MSCI World Index declined 1.8% and the MSCI EAFE Index returned 0.6% over the period in Canadian-dollar terms.

Performance

Underlying investment funds that contributed to performance included IA Clarington Global Macro Advantage Fund, IA Clarington QV Canadian Small Cap Fund and iShares Core MSCI Emerging Markets ETF. The position in IA Clarington Loomis International Growth Fund underperformed.

Positioning

The Fund is positioned to be slight overweight in equities, although with a greater degree of caution than earlier this year. Higher valuations and an acceleration in the global economic cycle led us to diversify away from U.S. equities to the benefit of international equities.

Entering the year, the Fund was positioned with a broad overweight in commodities, and reduced that position as prices and volatility surged. The long-term case for this asset class continues to be supported by structural forces.

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Our view on government bonds remains nuanced. Recent market reactions have reminded investors that duration cannot always be counted on as a hedge when inflation pressures remain elevated and geopolitical risks interact with supply constraints.

Fund and benchmark performance, as at March 31, 2026	1-year	3-year	5-year	Since inception (Apr 2016)
IA Wealth Balanced Portfolio – Series F	9.3%	9.2%	5.2%	5.5%
7% S&P 500 Index (CAD), 10% ICE BofA US High Yield Constrained Index (CAD Hedged), 16% S&P/TSX Composite Index, 32% MSCI World Index^ (CAD), 35% FTSE Canada Universe Bond Index	11.8%	12.3%	8.0%	8.3%

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.

^Source: MSCI Inc. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed, or produced by MSCI.

The Fund's strategy is to invest in other investment funds. 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 7% S&P 500 Index (CAD), 10% ICE BofA US High Yield Constrained Index (CAD Hedged), 16% S&P/TSX Composite Index, 32% MSCI World Index^ (CAD) and 35% FTSE Canada Universe Bond Index. The blended benchmark presented is intended to provide a more realistic representation of the general asset classes in which the Fund invests. The MSCI World Index (CAD) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI World Index consists of 23 developed market country indices. 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 S&P 500 Index (CAD) includes 500 leading companies in leading industries of the U.S. economy and is widely regarded as the best single gauge of the U.S. equities market. 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 ICE BofA US High Yield Constrained Index (CAD Hedged) tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. The Fund's geographic, sector and credit quality exposure may differ from that of the benchmark. The Fund's fixed income component can invest in both investment grade and high yield bonds while the benchmark has exposure only to investment grade bonds. The Fund may have different currency risk exposure than the benchmark. The Fund may hold cash

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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.

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

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.

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