IA Wealth Balanced Portfolio

Manager commentary – Q4 2025

Global market review

Interest rates moved slightly up globally while corporate bond spreads remained tight, leading the Bloomberg Global Aggregate Total Return Index (CAD Hedged) to a slightly positive return of 0.3%. The ICE BofA US High Yield Total Return Index (CAD Hedged), representing U.S. high yield bonds, also had positive returns rising 0.9% over the period, outperforming U.S. investment-grade corporate bonds, as measured by the Bloomberg US Corporate Total Return Index (CAD Hedged), which rose 0.4%.

Global equity markets advanced over the period, though at a slower pace than in previous quarters, with the MSCI World Index (C$) rising 1.6%, led by Japanese and Canadian equities. Japan's Nikkei 225 Total Return Index (C$) rose 4.5% while the S&P/TSX Composite Index rose 6.3%. European equities, represented by the MSCI Europe Index (C$), also posted solid gains rising 4.6% over the period, while American equities, represented by the S&P 500 Index (C$) rose 1.1%, lagged. Emerging markets delivered strong returns. Within equities, "value" stocks slightly outperformed "growth" stocks with the MSCI World Value Index (C$) rising 1.8% while the MSCI World Growth Index (C$) rose 1.3%, Gold prices continued their strong rally, while oil prices fell sharply over the period.

Performance

Fund performance was driven by a slight overweight positioning in equities, an overweight international value equity style tilt through its mix of managers and long positions in gold. The Fund's tactical overweight exposure in the Japanese yen vs the U.S. dollar was a detractor.

The Fund's underlying investment funds also outperformed their relevant market indices overall, especially IA Clarington Global Equity Plus Portfolio, IA Clarington Loomis Global Equity Opportunities Fund and IA Clarington Global Multifactor Equity Fund. The position in Manulife Global Equity Class underperformed.

Outlook

The portfolio management team (the "Team") maintains a positive view on equities despite elevated valuations. The macro backdrop remains supportive, with monetary policy broadly easing and earnings growth remaining strong. The Team anticipates a potential broadening of market leadership beyond mega-cap technology, favouring Canada as well as Asian and emerging markets where valuations are compelling and earnings momentum is improving.

The Team's view on government bonds remains nuanced. Higher yields offer improved return potential and good hedging characteristics but the macroeconomic environment — market by stronger growth, fiscal dominance and significant issuance — continues to challenge duration exposure. In Canada, consensus expectations for a possible interest rate hike by the Bank of Canada by late 2026, reinforce the Team's cautious stance.

The Team continues to favour the Canadian dollar over the U.S. dollar. The loonie stands to benefit from Canada's relatively constructive growth outlook and commodity exposure, while the U.S. dollar faces headwinds from the U.S. Federal Reserve easing monetary policy and structural deficits.

The Team holds a constructive view on commodities, particularly base metals, which should benefit from cyclical growth improvement and structural demand drivers tied to electrification, AI infrastructure buildout, and the energy transition. Gold remains strategically attractive as a hedge against inflation and geopolitical uncertainty.

The Fund's main active positions are within currencies and commodities with underweight positions to the U.S. dollar and overweight positions in the Canadian dollar, euro and Japanese yen. The Fund also maintains a slight relative overweight positioning in emerging market equities.

Fund and benchmark performance, as at December 31, 2025	1-year	3-year	5-year	Since inception (Apr. 2016)
IA Wealth Balanced Portfolio – Series B	7.8%	9.1%	4.3%	4.5%
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	12.2%	14.3%	8.3%	8.5%

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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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 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 are historical annual compounded total returns.

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