IA Wealth Managed Portfolios

Manager Commentary – Q2 2026

Global market review

Over the second quarter of 2026, the S&P 500 Index (C$) gained 17.1%, compared to 7.0% for the S&P/TSX Composite Index. European markets also rebounded, with the MSCI Europe Index (C$) rising 12.8%. However, the NASDAQ Composite Index (C$) and the MSCI Emerging Markets Index (C$) led the rally with returns of 23.6% and 26.1%, respectively, driven largely by momentum related to artificial intelligence (AI).

Globally, interest rates moved slightly higher, while corporate bond spreads tightened and remain tight from a historical perspective, leading to a modest positive return of 0.9% for the Bloomberg Global Aggregate Total Return Index (CAD Hedged).

Over the period, the ICE BofA US High Yield Total Return Index (CAD Hedged), representing U.S. high-yield bonds, had a positive return of 2.0%, while U.S. investment-grade corporate bonds, as measured by the Bloomberg US Corporate Total Return Index (CAD Hedged), rose 1.0%.

The U.S. dollar strengthened significantly toward the end of the quarter, reflecting changing expectations for U.S. Federal Reserve policy, with markets now pricing in interest-rate hikes. Overall, the U.S. dollar appreciated by 2.4% against the Canadian dollar, as the interest-rate differential widened. Relative to its U.S. counterpart, the Canadian dollar has fallen to its lowest level since early 2025.

Performance

Fund performance was mostly driven by positive contributions from discretionary tactical trades, along with the presence of our liquid alternative fund, IA Clarington Global Macro Advantage Fund.

Allocation effects were slightly positive, supported by an overweight bias towards equities and underweight exposure to low-volatility and value-equity factor tilts through the Fund's mix of underlying managers. Also, tactical trades within equity and foreign currencies were positive contributors.

Selection effects were a detractor from performance over the quarter, with underlying funds Mackenzie GQE US Small-Mid Cap Equity Fund and IA Clarington Loomis Global Equity Opportunities Fund underperforming their relevant market indices overall.

Outlook

We maintain a positive outlook on equities, although the balance of risks has become more even. The backdrop for equities remains essentially unchanged. The asset class continues to be driven by earnings, and those earnings have surprised persistently to the upside, particularly in the U.S., where profitability has been exceptionally strong and forward expectations continue to be revised higher. AI capital expenditure continues to underpin the asset class and reinforce the positive backdrop. That said, higher expectations are already reflected in prices, and speculative activity has increased at the margin. In that context, the outlook is less about sharp regional divergence and more about a broad, still-positive equity backdrop where upside is likely to be more selective than earlier in the cycle.

For government bonds, yields are more attractive than in prior years, but the broader macroeconomic regime remains challenging. Inflation has proven persistent, while elevated fiscal deficits and rising sovereign issuance continue to put upward pressure on term premia. This limits the scope for a sustained bond rally and reduces the reliability of bonds as a hedge against risk assets in an environment shaped by inflation shocks and geopolitical risk. In currencies, the “sell America” trade that hurt the U.S. dollar in 2025 appears to have paused amid exceptional U.S. corporate earnings performance. Meanwhile, several European currencies are considered less attractive, given lower domestic interest rates and, in the case of the British pound in particular, an interaction between fiscal dynamics and reliance on foreign capital that leaves the currency sensitive to shifts in global interest rates and investor demand for longer-term bonds.

We increased the Fund’s long positions in the Canadian dollar using the euro as a funding currency. We took profits in the technology grade through NASDAQ and emerging market equities. We also added a short position in European equities and implemented other macro views through IA Clarington Global Macro Advantage Fund.

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Fund and benchmark performance, as at June 30, 2026	3-month	1-year	3-year	5-year	10-year
IA Wealth Conservative Portfolio – Series F	4.4%	8.7%	7.9%	3.1%	3.5%
4% S&P 500 Index (CAD), 7% S&P/TSX Composite Index, 14% MSCI World Index^ (CAD), 15% ICE BofA US High Yield Constrained Index (CAD Hedged), 60% FTSE Canada Universe Bond Index	4.8%	9.3%	9.3%	4.6%	5.3%
IA Wealth Moderate Portfolio – Series F	5.4%	10.6%	9.1%	4.0%	4.6%
5% S&P 500 Index (CAD), 12% S&P/TSX Composite Index, 15% ICE BofA US High Yield Constrained Index (CAD Hedged), 18% MSCI World Index^ (CAD), 50% FTSE Canada Universe Bond Index	5.7%	11.9%	11.1%	6.0%	6.5%
IA Wealth Balanced Portfolio – Series F	7.8%	14.7%	11.7%	5.9%	6.2%
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	8.1%	16.7%	14.6%	8.7%	8.8%
IA Wealth Growth Portfolio – Series F	9.3%	17.5%	13.2%	7.1%	7.3%
7% ICE BofA US High Yield Constrained Index (CAD Hedged), 10% S&P 500 Index (CAD), 20% S&P/TSX Composite Index, 28% FTSE Canada Universe Bond Index, 35% MSCI World Index^ (CAD)	9.2%	19.3%	16.4%	10.1%	10.0%
IA Wealth High Growth Portfolio – Series F	10.8%	20.3%	15.0%	8.6%	8.5%
5% ICE BofA US High Yield Constrained Index (CAD Hedged), 15% S&P 500 Index (CAD), 15% FTSE Canada Universe Bond Index, 25% S&P/TSX Composite Index, 40% MSCI World Index^ (CAD)	10.9%	23.2%	19.2%	12.3%	11.9%

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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 strategy of the Portfolios is to invest in other investment funds. The performance data comparison presented is intended to illustrate each of the Portfolio's historical performance as compared with historical performance of widely quoted market indices. There are various important differences that may exist between the Portfolios and the stated indices that may affect the performance of each.

The blended benchmarks presented are intended to provide a more realistic representation of the general asset classes in which each of the Portfolios 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 (CAD) 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.

Each of the Portfolio's geographic, sector and credit quality exposure may differ from that of their respective benchmarks. The Fund may have different currency risk exposure than the benchmark. Each of the Portfolios may hold cash while their respective benchmarks do not. Overall, each Portfolio's bond and equity exposure can differ, because each Portfolio does not use a fixed ratio similar to their respective benchmarks. 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.

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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