

IA Wealth Enhanced Bond Pool

Manager commentary – Q2 2025

Over the period, interest rates were mostly flat, with U.S. 10-year yield increasing by 2 basis points. Corporate bond spreads tightened during the quarter, which led to positive returns for U.S. investment-grade corporate bonds (+1.8%) and U.S. high-yield bonds (+3.5%). The U.S. dollar tumbled again, with the DXY Index down -7.0% and the Canadian dollar appreciating by 5.7% against the greenback.

The Fund outperformed its peer category in the second quarter, with an underweight position in Canadian duration and overweight positions in credit being the main positive contributors to performance. Detractors from the Fund's performance included underlying fund managers that slightly underperformed their representative market indexes overall, in particular PIMCO Monthly Income Fund and IA Clarington Agile Core Plus Bond Fund¹.

Our view on government bonds remains slightly negative. The macroeconomic and policy backdrops continue to exert upward pressure on yields, particularly at the long end of the curve. While sovereign bonds continue to offer diversification benefits and a potential hedge against volatility, we believe the risk-reward profile remains more challenged in the current environment. We have a more negative outlook on the U.S. dollar as we move away from U.S. exceptionalism as a dominant theme.

The Fund is structurally positioned with a lower duration (mainly in Canada), overweight exposure to U.S. fixed income, and overweight exposure to corporate bonds relative to the peer category (a result of product design). However, the Fund's tactical asset allocation slightly reduces the size of these tilts by holding small, long positions in long-term federal bonds in Canada (ZFL ETF), and slightly underweight positions in underlying funds with more credit exposure.

Fund and benchmark performance, as at June 30, 2025	1 year	3 year	Since inception (Jul. 2020)
IA Wealth Enhanced Bond Pool – Series B	5.5%	3.6%	-0.1%
25% Bloomberg U.S. Aggregate Bond Index (CAD Hedged) ² , 75% FTSE Canada Universe Bond Index	5.7%	3.6%	-0.7%

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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¹IA Clarington Agile Core Plus Bond Fund was formerly IA Clarington Core Plus Bond. The name change was effective June 16, 2025.

²Source: Bloomberg L.P.

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 25% Bloomberg U.S. Aggregate Bond Index (CAD Hedged) and 75% 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 Bloomberg U.S. Aggregate Bond Index (CAD Hedged) is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. This includes Treasuries, government-related and corporate securities, mortgage backed securities, asset-backed securities and collateralized mortgage-backed securities. 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 Fund's fixed income holdings may have different sector exposure, credit quality and interest rate sensitivity than the benchmark. The Fund may have currency risk exposure while the benchmark has none. 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 while returns for one year or less are cumulative figures and are not annualized.

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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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