

# IA Wealth Enhanced Bond Pool

## Manager Commentary – Q1 2026

The last 12 months were eventful on the economic and geopolitical fronts. 2025 was marked by global trade tensions that led to broad economic uncertainty. As those tensions gradually eased, the first quarter of 2026 brought renewed geopolitical disruption. The conflict in Middle East and the resulting energy shock had the most significant effect on the economy and financial markets during the period. The blockade of the Strait of Hormuz led to a substantial reduction in global oil supply, pushing crude oil prices sharply higher by the end of March. Rising energy prices contributed to higher inflation expectations and higher interest rates globally. As a result of rising inflation expectations, bond yields (the interest earned on a fixed-income security) moved higher, weighing on fixed-income returns for the period.

The U.S. Federal Reserve held its policy rate steady during the quarter, balancing above-target inflation against signs of weakness in the labour market. U.S. growth rebounded in the first quarter, supported in part by investment spending in artificial intelligence (AI), although the conflict in the Middle East is expected to act as a challenge. North American markets are less exposed to goods transiting through the Strait of Hormuz, and the U.S. is a net exporter of oil, suggesting the effect on U.S. growth may be limited.

In Canada, the labour market started the year on a weak footing, with job losses erasing the gains recorded at the end of 2025. Inflation remained well controlled as of February, although higher energy prices could create renewed upward pressure. Canada's geographic position and the importance of its energy sector may help limit the negative effect on the domestic economy, and the Bank of Canada was expected to hold its policy rate steady. Global growth was strong at the start of the year, particularly in Europe and emerging markets, although the Middle East conflict is likely to alter the outlook, with net energy importers facing more severe effects.

During the 12-month period ending March 31 2026, top contributors to the Fund's performance included the PIMCO Monthly Income Fund and the IA Wealth Core Bond Pool.

Exposure to the BMO Long Federal Bond Index ETF detracted from the Fund's performance amid rising interest rates. The allocation to this longer-duration holding (an investment that is more sensitive to interest rate volatility) weighed on returns as yields rose sharply during the period.

The global economy has shown resilience, though the conflict in Iran has increased uncertainty for both economic and market outlooks. The most significant direct effect is on the price of oil, which could lead to higher inflation and higher interest rates. The Fund remains structurally positioned with a lower duration, an overweight in U.S. fixed-income exposure and an overweight position in corporate bonds versus its peer category. The fund manager's tactical asset-allocation positioning slightly reduces the size of these tilts by holding small positions in long-term federal bonds in Canada and a slightly underweight position in underlying funds with more credit exposure.

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<b>Fund and benchmark performance, as at March 31, 2026</b>	<b>1 year</b>	<b>3 year</b>	<b>5 year</b>	<b>Since inception (Jul. 2020)</b>
IA Wealth Enhanced Bond Pool – Series F	1.8%	3.9%	1.0%	0.8%
25% Bloomberg U.S. Aggregate Bond Index (CAD Hedged) <sup>1</sup> , 75% FTSE Canada Universe Bond Index	1.3%	3.2%	0.4%	-0.4%

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For definitions of technical terms in this piece, please visit [iaclarington.com/glossary](http://iaclarington.com/glossary) and speak with your investment advisor.

Non-traditional fixed income asset classes may carry higher risk, but generally provide higher yield than traditional fixed income asset classes.

<sup>1</sup>Source: Bloomberg L.P.

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.

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.

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