

Fixed Income Managed Portfolio

QUARTERLY ANALYSIS

As at March 31, 2025

KEY TAKEAWAYS

- An overweight in U.S. rates boosted performance amid declining bond yields and U.S. bond outperformance.
- Tactical adjustments involved increasing exposure to U.S. rates and managing duration strategically during interest rate volatility.
- We have a positive 2025 outlook for the bond market, emphasizing active management of interest rate risk and capitalizing on ongoing bond-yield volatility.

PORTFOLIO MANAGERS



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PERFORMANCE ANALYSIS

Overweight exposure to U.S. rates was a tailwind in the first quarter

The portfolio's longer duration and exposure to the U.S. provided a tailwind for performance. Our portfolio benefitted from a market environment where bond yields decreased, and U.S. bonds outperformed the Canadian fixed income market. PIMCO Monthly Income Fund was the main driver of the outperformance in the past three months.

Detractors from the quarterly performance included the fund's exposure to U.S. rate futures as well as funds with high exposure to lower-quality credit, such as iA Clarington Agile Global Total Return Income Fund as well as Loomis Global Multisector Bond Fund. Also, funds with a high exposure to Canadian rates, such as our iA Bond Fund, detracted from the performance.

TOP CONTRIBUTORS

- PIMCO Monthly Income Fund

TOP DETRACTORS

- U.S. rate futures
- iA Clarington Agile Global Total Return Income Fund
- iA Clarington Loomis Global Multisector Bond Fund
- iA Bond Fund

PERCENTILE RANKING (GROSS RETURNS)

Period	Percentile ranking	Nb of funds in category
1 year	35	38
3 years	34	33
5 years	N/A	N/A

Source: Morningstar ratings, Global Fixed Income

3-YEAR RISK-RETURN ANALYSIS

Indicator	Fund	Index*
Beta	1.02	1.00
Standard deviation (%)	6.23	6.16
Information ratio	1.20	-
Tracking error	1.23	-

FUND CHARACTERISTICS (as at February 28, 2025)

Characteristic	Fund
Yield to maturity	4.46%
Average duration	6.03 yrs
Average credit rating	A+
Allocation to HY	9.6%
Allocation to IG	90.2%

* FTSE Canada Universe

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QUARTERLY ANALYSIS

As at March 31, 2025

PORTFOLIO ACTIVITY

We increased our overall exposure to the U.S. rates market

We started the year underweight duration in the U.S. rates market. As this market became extremely cheap relative to the Canadian bond market, we took the opportunity to increase our interest rate risk south of the border. Also, to simplify the fund's management and increase our presence in the U.S. market, we sold our position in the iA Responsible Fossil Fuel Free Bond Fund against AGG to gain exposure to the broad U.S. fixed income index as well as VCSH, which exposes our fund to the IG corporate market with low-interest rate risk, also in the United States.

As has been the case for some time, we tactically managed the portfolio's duration during the quarter, given the significant volatility observed in interest rates.

PORTFOLIO POSITIONING

Overweight spread products and duration

Given the recent uncertainty, we are maintaining our underweight exposure to Government of Canada bonds and an overweight in credit products of all sorts. With the newly imposed tariffs threatening the global economy, we are keeping an overweight duration bias relative to our benchmark, in the U.S. and other countries, while maintaining underweight exposure to Canada. If the economy suffers in the coming months, the U.S. rate market should offer a better performance profile than the Canadian bond market.

We think bond-yield volatility will persist throughout 2025. Consequently, we will continue to actively manage the portfolio's exposure to interest rate risk.

MARKET OUTLOOK

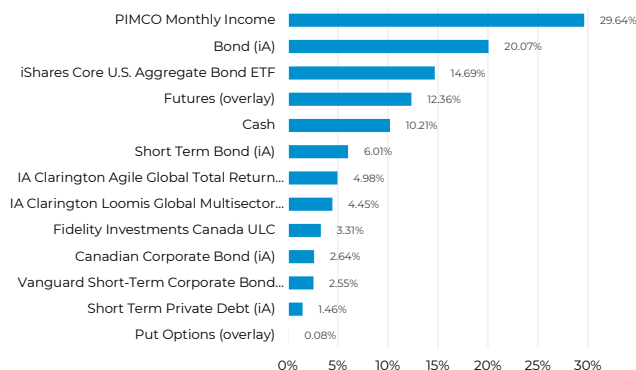
Fixed income has a very attractive risk-reward profile in these uncertain times

Our view of the bond market for 2025 is positive. Even though bond yields are not as high as they were at the beginning of the year, we consider the risk-return profile of this asset class very attractive. Bonds served as a hedge in the recent bout of volatility caused by decisions from the White House. We also expect that global economic growth will continue to slow in the coming quarters, prompting central banks to keep lowering their overnight rates. Finally, bond-yield volatility is expected to continue in 2025, giving an advantage to active management of bond portfolios.

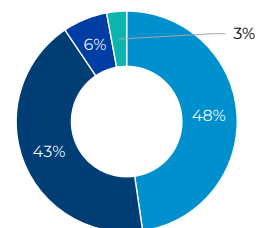
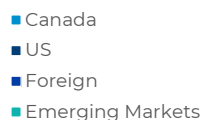
SIGNIFICANT TRANSACTIONS (Q1 2025)

Transaction	Rationale
BUY duration in the U.S. rates market	U.S. rates market became extremely cheap against our market
SELL our exposure in iA Responsible Fossil Fuel Free Bond Fund	Simplify fund management and increase exposure to the U.S. bond market, using the proceeds to purchase AGG ETF and VCSH ETF

Fund allocation



Geographic allocation (as at February 28, 2025)



About iA Global Asset Management (iAGAM)

ROOTED IN HISTORY, INNOVATING FOR THE FUTURE.

A magnet for top investment talent, iA Global Asset Management is one of Canada's largest asset managers, with over \$100 billion under management across institutional and retail mandates. We help investors achieve their long-term wealth creation goals through innovative investment solutions designed for today's complex markets. We are building upon our historic success, supporting the growth of our core strengths, and exploring innovative ways to meet investor needs. We are rooted in history and innovating for the future. Our experienced portfolio managers use a proprietary investment methodology, rooted in iAGAM's unifying commitment to strong risk management, analytical rigor and a disciplined, process-driven approach to asset allocation and security selection.

General Disclosures

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