

Fixed Income Managed Portfolio

QUARTERLY ANALYSIS

As at December 31, 2024

KEY TAKEAWAYS

- Canadian bonds and credit exposure drove a strong performance amid rising bond yields.
- We made an initial investment in IA Clarington Agile Global Total Return Income Fund and managed duration tactically .
- The bond market outlook for 2025 is positive with an attractive risk/reward profile and expected rate cuts.

PORTFOLIO MANAGERS



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PERFORMANCE ANALYSIS

Strong tailwind to performance from Canadian bonds and credit exposure

Our portfolio benefitted from a market environment where bond yields increased, yield curves steepened, Canadian bonds outperformed the global fixed income market and credit spreads continued to tighten. The portfolio's shorter durations and exposure to Canada and to credit provided a strong tailwind for performance. The portfolio's holdings of iAGAM internal fixed income funds, the PIMCO Monthly Income Fund and the iShares Core U.S. Aggregate Bond ETF all affected the performance positively.

The only detractor over the past three months was the fund's exposure to U.S. rates futures.

TOP CONTRIBUTORS

- iShares Core U.S. Aggregate Bond ETF
- iA Bond Fund
- PIMCO Monthly Income Fund
- iA Short Term Bond Fund

TOP DETRACTORS

- U.S. rates futures

PERCENTILE RANKING (GROSS RETURNS)

Period	Percentile ranking	Nb of funds in category
1 year	55	108
3 years	35	82
5 years	N/A	N/A

Source: Morningstar ratings, Global Fixed Income

1-YEAR RISK-RETURN ANALYSIS

Indicator	Fund	Index*
Beta	0.97	1.00
Standard deviation (%)	6.38	6.45
Information ratio	1.31	-
Tracking error	1.41	-

FUND CHARACTERISTICS (as at November 29th, 2024)

Characteristic	Fund
Yield to maturity	4.61%
Average duration	5.87 yrs
Average credit rating	A+
Allocation to HY	8.5%
Allocation to IG	91.5%

* FTSE Canada Universe

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QUARTERLY ANALYSIS

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PORTFOLIO ACTIVITY

Initial investment in the new IA Clarington Agile Global Total Return Income Fund

The fund's main transaction in the fourth quarter was an initial investment in the new IA Clarington Agile Global Total Return Income Fund. We financed this purchase by selling part of our holdings in the Loomis Global Multisector Bond Fund. We also sold our entire position in the TLT exchange-traded fund.

Regarding our interest rate risk, given the significant volatility observed in interest rates, we tactically managed the portfolio's duration during the quarter.

PORTFOLIO POSITIONING

Starting 2025 with a neutral duration but a positive bias on investment-grade credit

With the recent rise in bond yields and the uncertainty created by Donald Trump's re-election, we prefer to start 2025 with a duration equivalent to that of our benchmark index. Volatility in the fixed income market has been a prevailing theme for several years and should continue to dominate in 2025. In this way, we should have various opportunities to adjust the portfolio's interest rate risk exposure. Additionally, we expect the yield curve to continue normalizing as the Bank of Canada and the Federal Reserve proceed with a few more rate cuts.

As for credit exposure, we continue to prioritize quality over yield, given that sub-investment grade corporate spreads remain at historically low levels.

MARKET OUTLOOK

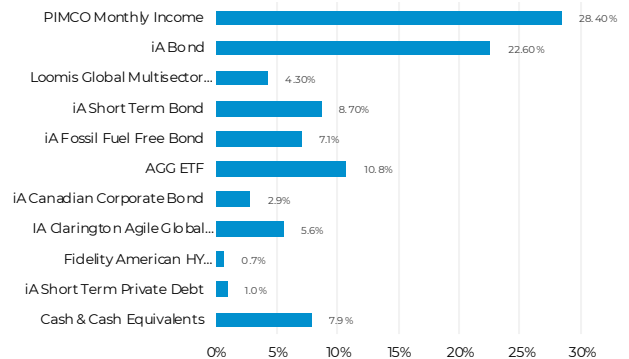
Fixed income still offers a very attractive risk-reward profile

Our view of the bond market remains positive for 2025. With bond yields approaching the highs observed in October 2023, we think the risk/return profile of this asset class is very attractive. Moreover, we expect that Canada's economic growth will continue to slow in the coming quarters and that inflation will decline further, prompting the Bank of Canada to keep lowering the overnight rate. Finally, we expect bond-yield volatility to continue in 2025, providing us with multiple opportunities to position the portfolio advantageously.

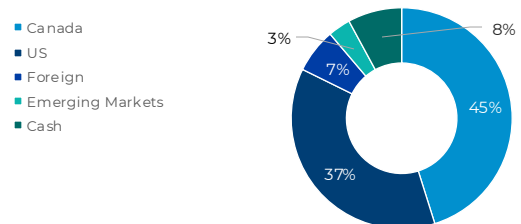
SIGNIFICANT TRANSACTIONS (Q4 2024)

Transaction	Rationale
BUY IA Clarington Agile Global Total Return Income Fund	Seed investors in the newly created fund. The purchase was financed by the sale of some Loomis Global Multisector Bond Fund.
SELL our remaining exposure in the iShares 20+ Year Treasury Bond ETF Class USD INC.	We prefer to reduce our exposure to long-term U.S. rates owing to recurring deficit issues.

Fund Allocation



Geographic Allocation (as at November 29, 2024)



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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