

IA Wealth Balanced Portfolio

Manager commentary – Q2 2024

Interest rates rose slightly during the quarter, with the U.S. 10-year yield increasing by approximately 20 basis points, leading to mostly flat returns for sovereign bond indices. Corporate bond spreads did not move much, staying at multi-year lows. Global equity markets continued to move higher, led by the U.S. market. Globally, the S&P/TSX Composite Index and the MSCI EAFE Index underperformed on a relative basis. Within equities, growth sectors such as information technology outperformed value sectors, such as utilities, on a relative basis. The Canadian dollar depreciated against the U.S. dollar by approximately 1%. On the commodities front, gold prices rose by 4.3% and copper prices by 9.6%, while oil prices declined by 2.0%.

We remain overweight equities relative to cash, but the magnitude of our overweight position has been slightly reduced. Our outlook on corporate earnings remains largely positive. We maintained our long position in Japanese equities, which we continue to believe will benefit from a relatively accommodative monetary policy implemented by the Bank of Japan, as well as from positive earnings from Japanese corporations.

Regarding fixed income, the size of the underweight position has also been reduced in the past month. We hold a relatively “dovish” view on future Bank of Canada interest rate moves, in the context of a slowing economy and a constrained household sector. We remain optimistic on the U.S. economy and continue to believe that the U.S. Federal Reserve will not cut interest rates as much as the market has currently priced into the yield curve.

During the quarter, we maintained our long positions in gold and copper. Gold is benefitting from a potential peak in real interest rates, as well as diversification purchases by central banks. Meanwhile, the copper supply-demand balance remains extremely tight – especially given that the Chinese economy seems to have found a bottom in terms of growth momentum.

The Fund’s slight overweight position in equities and long position in gold contributed to overall performance during the quarter. The Fund’s top contributors to performance included IA Clarington Canadian Small Cap Fund, IA Clarington Canadian Leaders Class and IA Clarington Dividend Growth Class. Top detractors from performance included Manulife Global Equity Class, IA Clarington Global Equity Fund and IA Clarington Strategic Equity Income Fund.

Currently, we slightly favour equities over fixed income. Within equities, we target to be modestly overweight in the U.S. and Japan. We maintain exposure to gold and copper via long futures positions, and are predominantly unhedged on foreign currency exposures.

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Fund and benchmark performance, as at June 30, 2024	1 year	3 year	5 year	Since inception (Apr. 2016)
IA Wealth Balanced Portfolio – Series B	9.7%	0.9%	3.5%	3.6%
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	13.8%	4.8%	7.0%	7.5%

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 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 Fund's strategy is to invest in other investment funds. 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 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) and 35% 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 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 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. The Fund's geographic, sector and credit quality

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exposure may differ from that of the benchmark. The Fund's fixed income component can invest in both investment grade and high yield bonds while the benchmark has exposure only to investment grade bonds. The Fund may have different currency risk exposure than the benchmark. The Fund may hold cash while the benchmark does not. Overall, the Fund's bond and equity exposure can differ, because the Fund does not use a fixed ratio similar to the benchmark. 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.

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