

Active and Strategic Fixed Income – Strategic Long Term

Inception Date
January 1, 2018

Performance Benchmark
FTSE Canada Long Term

Currency
CAD

Strategy Description

With a duration similar to the benchmark, we invest in a strategic allocation focused on the yield curve and sectors. Our objective is to produce a stable added value over rolling four-year periods with an information ratio greater than 0.50. Our decision-making process also incorporates tactical decisions and an optimization of the security selection process in relation to portfolio positioning. The portfolio generates a higher yield to maturity than its benchmark by maintaining an overweight position in provincial, municipal and corporate bonds (less than 10 years), combined with a bullet positioning on the yield curve. These sources of value added are negatively correlated with each other and with the direction of interest rates.

Highlights

Style	Strategic, Core
Process	Fundamental top-down, synthetic and multi-strategy
Turnover	Low
Duration	Benchmark: No deviation
Corporate positioning	Underweight BBB and Long Term
Strategy AUM	\$1,422 Million (As at December 31, 2025)

Investment Decisions

	Long Term Mandates		
	Active	Relative Value	Strategic
Systematic Bias	20%	10%	70%
Portfolio Optimization	10%	10%	20%
Tactical Bias – Short-Term	70%	10%	10%
Tactical Bias – Short-Term (Overlay)	0%	70%	0%
Value Added Objective	0.50%	1.00%	0.25%

Investment Approach Summary

Committees

- > Fixed Income Strategy
- > Portfolio Revision
- > Credit
- > Research

Promotes sound discipline and synthesis

4 Types of Analysis

- > Fundamental
- > Technical
- > Sentiment
- > Seasonality

Rigorous process

4 Sources of Value Added

- > Duration: 0%
- > Curve: 45%
- > Sector Allocation: 45%
- > Security Selection: 10%

Magnitude of the sources of value added varies according to the market environment

Why Invest in this Strategy

- > Consistency and solid performance in different types of market environments
- > Strong risk-adjusted returns as reflected by an excellent Information Ratio
- > Positive carry through long term investment decisions
- > High quality portfolio with conservative approach to corporate bonds selection
- > Continuous and rigorous risk management through disciplined investment process

Performance (%)

As of March 31, 2026

PER PERIOD AND CALENDAR YEAR PERFORMANCE

	Q1 2026	2025	2024	2023	2022	2021	2020	2019	2018
Portfolio	0.00	-0.49	1.86	10.46	-21.73	-3.94	12.40	13.41	0.37
Benchmark	-0.03	-0.75	1.35	9.51	-21.76	-4.52	11.90	12.71	0.31
Added Value	0.03	0.25	0.52	0.94	0.03	0.58	0.49	0.71	0.06

ANNUALIZED PERFORMANCE

	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	SI
Portfolio	-2.20	2.46	2.22	-0.19	-1.24	-0.73	0.01	0.91	0.90
Benchmark	-2.52	2.14	1.69	-0.60	-1.63	-1.40	-0.43	0.50	0.49
Added Value	0.32	0.32	0.53	0.42	0.38	0.66	0.44	0.41	0.42

Past performance is not a guarantee or indicator of future results. Inherent in any investment is the risk of loss.

Composite returns, presented gross of management fees

YTD = Year to Date; SI = Since Inception

This is a marketing communication.

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Risk/Return Analysis (%)

	Portfolio	Benchmark
Annualized return (%)	0.90	0.49
Beta	1.02	1.00
Standard deviation (%)	10.88	10.64
Information ratio	0.72	n/a
Sharpe ratio (2.27% ¹)	-0.13	-0.17

Composite, Since inception

1. Risk-free Rate of return

Portfolio Structure – Duration

	Portfolio	Benchmark	Difference
AVG coupon (%)	3.63	3.83	-0.20
Yield (%)	4.57	4.54	0.03
Adjusted modified duration (Year)	14.18	14.10	0.08
Modified Duration by Sector			
Cash and money market	0.00	0.00	0.00
Canada	2.94	3.54	-0.60
Provincials/Municipals	8.68	8.04	0.64
Corporates	2.55	2.52	0.03
Modified Duration by Term			
< 10 years	0.47	0.04	0.43
10 to 20 years	2.39	3.78	-1.39
20 to 30 years	11.09	8.36	2.73
> 30 years	0.23	1.92	-1.70

Portfolio Positioning (%)²

Sector Allocation

Sector	Portfolio	Benchmark
Cash and money market	0	0
Canada	18	22
Provincials/Municipals	62	57
Corporates	19	21

Curve Positioning

Duration	Portfolio	Benchmark
< 10 years	8	1
10 to 20 years	20	36
20 to 30 years	71	52
> 30 years	1	11

Credit Rating Allocation

Rating	Portfolio	Benchmark
AAA	19	22
AA	56	51
A	17	19
BBB	8	8

2. Totals may not sum to 100% due to money market holdings or non-rated securities.

Portfolio Management Team

Team member	Role	Experience
Charles Lefebvre, CFA, FRM	Lead Portfolio Manager	1994
Luc Bergeron, MSc	Portfolio Manager	1992
Tan Vu Nguyen, CFA	Portfolio Manager	1994
Olivier Audette Génier, MSc, CFA	Portfolio Manager	2013
Guillaume Bellavance, FICA, CFA, CAIA	Assistant Portfolio Manager	2021
Nicolas Vaugeois, MSc, CFA	Portfolio Manager	2012
Alexandre Cousineau, MSc, CFA, CAIA	Portfolio Manager	2013
Albert Wong, BBA, CFA	Assistant Portfolio Manager	2010

They are supported by three analysts. They also draw on the expertise of the entire fixed income team, which boasts two distinct trading desks in Montreal and Toronto. Investment decisions are made by consensus amongst the investment team.

Please refer to the **Important information** section at the end of this document for more information.

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