



The **Annual**²⁰²⁶

Finding Opportunity in Private Markets and Alternatives

An Outlook from AGF Capital Partners

5 Trends That Could Shape Private Markets and Alternatives Investing in 2026



Ash Lawrence
Head of AGF Capital Partners

From the stresses of geopolitical turmoil to rampant enthusiasm over AI, 2025 was an eventful year for private markets. What is in the cards for 2026, and what trends in private assets should investors be following? Head of AGF Capital Partners, Ash Lawrence, highlights five themes that he believes will figure prominently in private markets and alternatives investing in the year ahead.

The Risk and Reward of the Artificial Intelligence Trade

Public equity markets were a marvel to watch in 2025. From April to the end of the year, they climbed almost unabated as investors shrugged off tariff concerns and other geopolitical risks to focus their attention, almost exclusively, on the artificial intelligence (AI) boom that is transforming the global economy. There are two related outcomes to this AI boom that we are watching for 2026.

Firstly, last year has certainly furthered the concentration trend observed in public markets over the last few years. Initially with the “FANG”, then the Magnificent 7 and now with the name brand companies associated with AI. This concentration risk is not only around the specific large cap firms attracting most of the capital, but also an overall thematic risk around AI. The natural antidote to risk is diversification, one of the primary attractive features of private market and alternative strategies.

Secondly, as the surge in AI-related deal activity over the past year shows, this thematic risk spans both public and private markets. That makes diversification a more nuanced exercise. With private funds in infrastructure, private equity and credit increasingly exposed to AI, investors need to ensure they're truly diversified across underlying strategies and not just across asset classes.

As 2026 progresses we expect to see some moderation of the risk-on approach to AI in the markets, and believe that certain alternatives can stand to benefit. Focusing on mid- and lower-mid-market sectors in private markets can help investors sidestep some of the larger, more concentrated AI exposures. At the same time, absolute-return alternative strategies may prove to be beneficiaries of this environment. Their mandate to seek relative value – less tied to market direction and more driven by identifying alpha, managing risk and exploiting mispriced securities – can offer diversification away from broad AI-driven trends.

Downsizing to Find Private Credit Opportunities

Private credit has raised a record amount of money over the past few years, but whether that's positive for investors may depend on where managers seek returns within the asset class going forward. In part, this is because large cap managers account for almost 80% of the capital that has been raised, tilting that segment of the market into a supply-demand imbalance with more capital than opportunities.

This dynamic is partly the result of a slowdown in private equity dealmaking and rising competition from U.S. banks seeking to regain market share after stepping back during the 2024 regional bank

crisis. The outcome has been predictable: tighter spreads and lighter covenants. While understandable, these shifts come with trade-offs - namely, lower yields than investors have grown accustomed to and a heightened risk of default. This is certainly not a new trend, but has been evident over the last 12 months.

So, what's the alternative for 2026? We believe the mid- and lower-mid-market, lending in the \$100-million-and-under range, offer a more compelling opportunity. While there's less capital to deploy at this tier, there are significantly more potential deals since most companies aren't looking to borrow \$500 million or more (a large-cap manager's general sweet spot). We also see an increased interest in non-sponsored lending as a way to expand the possible borrower universe to a whole host of small and medium size companies that aren't tied to a private equity firm or sponsor.

Beyond that, our view is that mid-market managers often benefit from lending at higher spreads with stronger covenants, especially in markets like Canada where competition is limited and many loans are negotiated bilaterally through long-standing relationships.

Clearing the Logjam in Private Equity Deal Activity

It's no secret that private equity and venture capital have both struggled from a lack of deal making over the past few years. Largely, that's a reflection of the swift and significant increase in interest rates that occurred earlier this decade, but also perhaps of expectations that higher interest rates were only a temporary phenomenon, slowing significantly potential mergers & acquisitions (M&A) and initial public offerings (IPOs) activity.

Having invested through a very low interest rate environment since the Global

Financial Crisis – and anticipating that environment to return – many sellers were more than comfortable postponing the sale of companies, especially if those assets were bought at prices that potential buyers were not currently willing to pay. Moreover, just when it seemed like this disconnect was closing and deal flow would start picking up on the promise of a more favourable regulatory regime in Washington, President Donald Trump launched his chaotic tariff policy in the spring. That effectively washed away whatever positive tide was building towards more activity in the first half of 2025.

The question now is whether these obstacles to dealmaking have finally run their course.

For one, we've seen a noticeable uptick in the dollar value of deals, if not the number of deals, in recent months. That suggests there is growing confidence in the macro backdrop, particularly as it relates to U.S. trade policy, which seems much more orderly and less uncertain than it did early on in 2025.

Second, there is a growing realization not only that the ultra-low interest rate environment of the past decade is behind us, but also that rates are unlikely to move dramatically from current levels. Ultimately, it's this relative stability in policy that may entice more deals this year.

With a sizable backlog of private equity owned companies waiting to be monetized, and a very healthy amount of dry powder waiting to be invested, markets can only stay subdued for so long. While only time will tell, of course, we believe there are reasons to be optimistic that 2026 will finally see an end to the "logjam".

Defence, the Other Big Investment Theme

AI may be the dominant investment story right now, but investors shouldn't sleep on

the growing opportunities in defence and security. In our view, the appeal of defence is backed by several catalysts.

First and foremost, there is today's more tense geopolitical climate, which is threatening to undermine years of relative peace. In response, global government spending is reaching record highs, estimated at US\$2.7 trillion in 2024 by the Stockholm International Peace Research Institute, and projected to reach US\$6.6 trillion by 2035 if current trends persist¹.

Equally important to the amount of money being spent is how it's being spent. In the past, governments dealt primarily with large contractors to build traditional "hardware" war apparatus like ships and tanks, but modern warfare is much more sophisticated and increasingly technology-based. That's generally forcing governments to rejig procurement processes to be more efficient in sourcing their needs from smaller, technology firms that specialize in new and emerging technology solutions, which are often backed by venture capital. These types of innovations are becoming necessities in the defence and national security apparatus, including everything from autonomous systems and robotics to cybersecurity to communications and logistics.

While increased spending and shifting procurement models are reason enough for private-market investors to take a fresh look at defence and security, many emerging technologies are "dual-use," meaning their addressable markets extend well beyond the defence sector to have meaningful civilian use cases.

Both geopolitical pressures and rapid technological change are driving long-term, secular growth across the defence and security landscape. We believe these shifts align well with private capital's ability to

fund innovation, positioning the sector for a multi-year expansion.

Liquidity and the Retail Investor

One of the positive trends in private markets over the past 10 years has been retail investors' growing investment in open-ended evergreen funds. These structures are designed to provide more liquidity than traditional closed-end funds, and they can give access to private and alternative assets that would otherwise be available only to institutions and high-net-worth individuals.



We believe the rapid growth of alternative and private market products available to retail investors will also drive a new wave of education in the year ahead.

That's a good thing. But for all the success of evergreen funds to date, they can create challenges when investors don't fully understand how they work or what they're trading off. Greater diversification and access to uncorrelated returns often come with less liquidity than retail investors are accustomed to. And while evergreen funds can offer periodic liquidity, they still need to invest in long-term assets to deliver the outcomes they're designed for, which naturally limits how much liquidity they can provide at any given time.

Over the past couple of years, retail investors have gained a clearer understanding of this reality as various funds across the market have had to limit

redemptions. Innovation will continue to improve liquidity management, but some degree of liquidity mismatch will always be inherent in the structure. While this has been a challenging adjustment, it will pave the way in 2026 for future growth in this channel as investors come to terms that such measures are part of the fabric of private markets and adjust their use accordingly.

We believe the rapid growth of alternative and private market products available to retail investors will also drive a new wave of education in the year ahead. Investors and managers alike will need to deepen their understanding of how various strategies differ in structure, risk and expected outcomes. Private credit and private equity are no longer single categories but broad umbrellas spanning multiple subsectors, specialties and geographies, much like the evolution of public markets.

So while calling 2026 "a year of education" may sound familiar, the depth of that learning – combined with investors' growing experience with alternative products – will lay the groundwork for more durable growth. We believe this reset will help shape more realistic expectations and ultimately better investment outcomes, and in turn, more sustainable expansion of alternatives in the retail channel.

¹ United Nations, Report of the Secretary-General: The Security We Need Rebalancing Military Spending for a Sustainable and Peaceful Future, published 2025.

Picking Our Relative Value Spots



Scott Radke

CEO & Co-CIO, New Holland Capital

Like most other asset classes, absolute return strategies were forced to contend with significant policy risk associated with the U.S. administration in 2025. This was true even for managers like us who take a relative value approach that is not dependent on the direction of financial markets, but on our ability to try and exploit mispriced securities in them. Indeed, the chaotic rollout and fickle execution of President Donald Trump's tariff policy created a level of uncertainty that was difficult to underwrite and led us to avoid certain investments. This included investments in global commodities, that under normal circumstances of heightened volatility may have offered good opportunities for gains. Moreover, it wasn't until later in the year, when policy initiatives emanating from the White House became more narrow and more focused, that we became more comfortable taking selectively more risk.

So, will absolute return strategies face the same degree of policy uncertainty in

2026? Not when it comes to tariffs, perhaps. On that front, it seems the worst may be over, even as ongoing frictions between the U.S. and some of its major trading partners remain a threat. But we do believe politics will still play a large role in financial markets this year, and we are focused on several major political events that could have implications for our multi-strategy portfolios over the next 12 months.

Politics as unusual?

The most immediate of these concerns may be the Trump administration's ongoing public feud with U.S. Federal Reserve ("the Fed") chairman Jerome Powell and some of the central bank's governors, all of which has called into question the Fed's independence and whether monetary policy will become more tied to fiscal policy objectives. The possibility of a new era of political involvement in the Fed could pose longer-term existential threats to the U.S. economy. We continue to monitor our interest rate

exposures at both the individual strategy and overall portfolio levels to identify any unintentional tilts that may arise.



We are focused on several major political events that could have implications for our multi-strategy portfolios over the next 12 months.

Beyond that, we are also mindful of the U.S. midterm elections in November, which could have a significant impact on policy-sensitive industries like renewable energy, healthcare services and defence – particularly if the Democrats win the day and are able to delay some of the Trump administration's initiatives on these fronts. That said, even with the plethora of polling data now at our disposal, predicting election outcomes has proven difficult in recent years, and we are generally shy about making big aggregate bets that are particularly biased towards a certain election result. For example, we think investments related to the potential privatization of Fannie Mae and Freddie Mac (currently government-sponsored housing finance enterprises) are extremely sensitive to the election outcome and carry too much downside risk potential for us to justify right now. That doesn't mean we won't make investments based on polling expectations. In fact, we may seize on opportunities to do so as we move closer to election day, but only if the potential upside relative to downside is very compelling and justifies taking this binary risk.

Clearly, then, politics will play a role in how we manage our multi-strategy portfolios in 2026, yet it's not the only catalyst that could determine how we construct portfolios

going forward or how investors may end up allocating money to absolute return strategies more broadly.

Themes to watch

To that end, the artificial intelligence (AI) investment theme is hard to ignore. After all, AI has dominated headlines and driven such significant appreciation in the share of some companies that investors are now divided on valuations, with many of them pointing to potential overexuberance that could challenge current pricing. From our perspective, we agree that many risky assets, particularly related to AI, are fully priced right now. However, we don't have a strong view on the medium-term trajectory of markets or the global economy, and given our market-neutral multi-strategy approach, we do not need to make such a judgment to generate returns from the investment. Instead, we can actively monitor relative value opportunities that emerge during periods of significant volatility and then manifest, for example, in related securities pricing in different medium-term forecasts.

We also believe that certain industry trends within the absolute return complex could have an equally important role in how we differentiate ourselves in 2026. In particular, the war for hedge fund talent remains intense, and we are starting to see some firms struggle to generate attractive returns amidst rising costs associated with "paying up" for personnel. There was already one major closure in 2025, and we would not be surprised to see other firms shutter or merge with larger competitors over the coming years. Our strategy, however, is to largely sidestep this competition in part by offering a different value proposition to portfolio managers (PMs) than just trying to maximize their near-term compensation.

Most of our new PMs are coming from other multi-strategy firms or proprietary trading firms and have become disillusioned with their culture and rigidity. Our PMs are generally looking to have more autonomy over their strategies and to build equity in a franchise of their own.

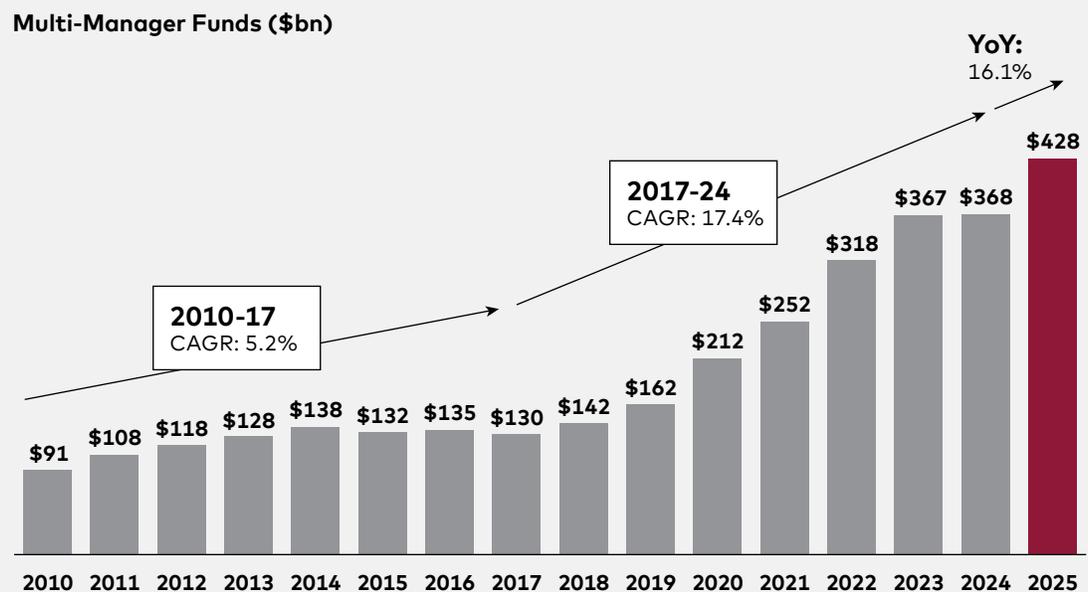
Ultimately, whether it's policy risks courtesy of the U.S. administration, all-encompassing investment themes like AI, or the industry-specific talent war just described, we feel well positioned to capitalize

on opportunities that may arise in 2026 – even if this year proves more difficult for risk assets like stocks. Then again, that's what absolute return strategies like ours are designed to do. By picking our spots and tactically allocating to whatever sub-strategies become attractive over time, we can mitigate the risk of elevated volatility but also potentially profit from it by providing our investors with uncorrelated returns.

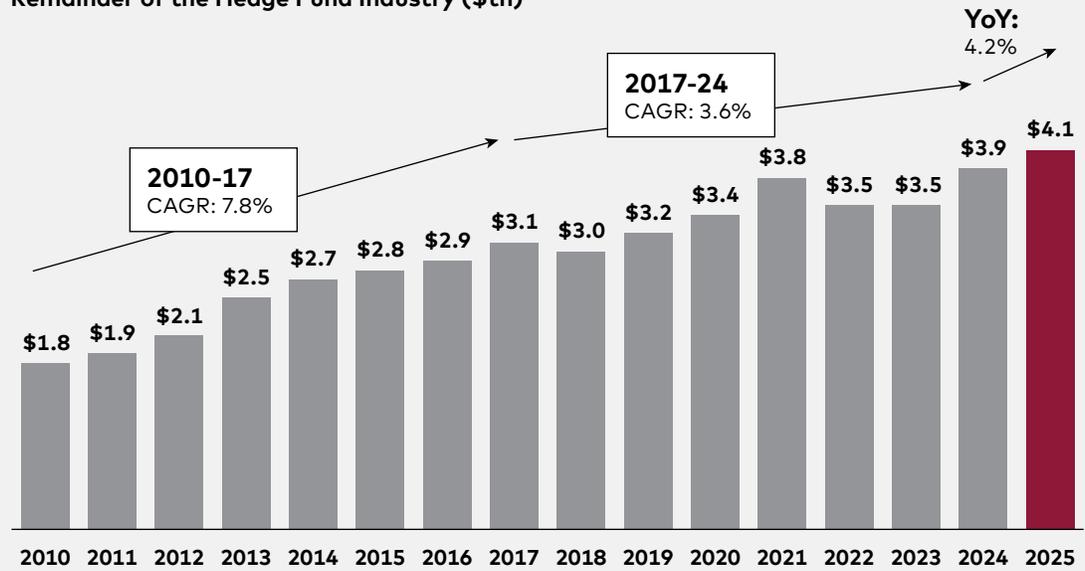
The Growing "Multi" Verse of Absolute Return Strategies

The absolute return industry has been growing assets at a steady clip of 6.45% compounded annually since 2010, but not all strategies are contributing in equal ways. While the proliferation in single-strategy funds and multi-strategy funds ran in relative lockstep during most of the past decade, it's been the latter category that has picked up the pace in more recent years and now boasts a rate of expansion that is almost four times that of the rest of the hedge fund universe. Whether or not that is because of better performance, more fund issuance or both, one thing seems clear: Multi-strategy funds are the vehicle of choice for investors that have a stake in the asset class heading into 2026.

Figure 1: Comparative asset growth in multi-manager funds vs. hedge fund industry, 2010-2025 (as of end June each year)



Remainder of the Hedge Fund Industry (\$tn)



Source: Total AUM for multi-manager firms estimated on a bottoms-up basis by GS Prime Insights & Analytics team based on manager tearsheets/ presentations, GS Marquee Connect data, Withintelligence, and other sources available to the GS Capital Introduction team. Total industry assets are per HFR. Note: ALM analysis also includes several out-of-business multi-manager firms which we believe to have been in-scope for the sample during their lifetimes. Data as of August 2025 except where noted. Past performance is not indicative of future results. This material is for discussion purposes only, and does not purport to contain a comprehensive analysis of the risks/ rewards of any idea or strategy. All references to we/us/our" refer to the views and observations of the desk.

Opportunities Beyond the Hype



Ryan Dunfield
CEO of SAF Group

In the world of Canadian private credit, 2025 was like a year in three acts. In the early months of the year, private lending was very active, driven by optimism about the interest rate environment and an expectation of solid growth related to a new, and perhaps more business-friendly, administration in the U.S. Then, Liberation Day struck on April 2, and uncertainty – over rates, over tariffs, over foreign exchange, over geopolitics – gripped the markets. As the U.S. shocked its trading partners with a new and aggressive tariff regime, mergers and acquisitions (M&A) and new corporate projects – key drivers of private credit – were widely put on hold.

Since then, private credit has been playing catch-up as confidence has slowly returned to the market. Will the momentum continue into 2026? What kind of returns can private credit managers like us expect to provide investors and where might the opportunities arise? Those are complex questions, and to address

them we need to look more closely at a few key factors impacting credit markets, both in Canada and elsewhere.

The 2026 Policy Landscape

One of those key factors is fiscal policy. In the U.S., the Trump administration, through the One Big Beautiful Bill Act, is poised to inject massive stimulus into the economy; in Canada, Prime Minister Mark Carney has announced ambitious plans for infrastructure and other capital-intensive initiatives. While it's unclear whether or how this will impact private credit, we believe that more government spending could stimulate liquidity in the financial markets generally, but perhaps with risks to interest rates and credit availability.

Speaking of rates, monetary policy in 2026 looks pretty benevolent to investors in our view – at least on the surface. Market expectations for U.S. policy rates are that the

Federal Reserve will make several more cuts, while the Bank of Canada seems likely to be done with cutting for now. We have some concerns, however, about the inflationary impact of higher tariffs – or, rather, about the potential that the inflationary impact of tariffs has only been delayed so far. Our impression, based on business surveys and on anecdotal evidence, is that many Canadian and U.S. companies have been absorbing tariff-related costs rather than passing them along to customers, but that practice is probably not viable in the long term¹. Should companies stop eating the tariffs, inflation – and the prospect of rising rates in response – may return.

Finally on policy, we believe that in the U.S., the regulatory landscape is shifting towards facilitating greater retail investor access to alternative assets like private equity and private credit. If that happens, the law of supply and demand dictates that more capital chasing the same opportunities will likely lead to spread compression; that is, the difference between asset returns and the risk-free rate will fall. An influx of retail investment might be good for the brokerage industry, but it will likely also make it more difficult for fund managers to generate alpha, particularly among the largest lenders whose risk/return ratio is more susceptible to market crowding. In fact, while we expect private credit returns to be more muted next year than in 2025, we also believe that mid-market players like us may have an advantage given our ability to find more niche opportunities, while still maintaining strong covenants and greater control over deal structures.

The AI Behemoth

If private credit markets are becoming more like public markets in their “democratization”, they also share something else: enthusiasm

for artificial intelligence (“AI”). In 2025, the total announced capital spend by so-called hyper-scalers on AI, data centres and the electrification capacity those demand exceeded US\$400 billion – roughly equivalent to the GDP of Denmark²; meanwhile, OpenAI has announced plans to spend US\$1.4 trillion over the next few years. Much of this spending is being financed by hyper-scalers through highly complex securitizations, sometimes in the order of tens of billions of dollars. On a smaller scale, loan activity in power generation and power generation equipment is rising dramatically.

Our concern is twofold. First, we wonder to what extent these assets are being priced – and financed – for perfection. For at least some of them (for instance, data centres that have yet to be built and indeed might never be built), the path to success is narrow.

The other part of our concern is about the sheer size and complexity of securitized financings in the AI space. If one of those mega-projects fails or even just hits a speed bump, it could have ripple effects throughout the securitization market.

Areas of Opportunity

Against what might be called “irrational exuberance” over AI financing, we see potential opportunities in more pedestrian areas. Canadian real estate is among them. The sector entered 2025 grappling with several challenges, including rising cap rates and valuation headwinds, and those only worsened after the Liberation Day shock. Meanwhile, consumer bankruptcies have risen to levels not seen since 2010, in the wake of the Great Financial Crisis. Much of that rise has to do with real estate values, which have remained basically flat for several years.

Now, consider that in 2026 about 40% of Canadian mortgages will come to maturity. Canada's macroprudential capital rules for bank mortgages are very strict, which will prove a challenge for those borrowers who do not have a sufficient liquidity cushion to



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secure a traditional bank loan. They will have to turn to the non-bank loan market, which currently charges interest rates that are four or five percentage points above the banks'. Whether the existing non-bank loan market has the capacity to meet the potential demand is an open question. We would not be surprised to see government take action to help consumers, which could create both opportunity and risk mitigation for private lenders who step in to support Canadian homeowners.

Another area we are interested in for 2026 is asset-backed commercial loans. A very clear market gap exists in our view that investors may be able to exploit. Canada has a mature and very healthy market in asset-backed commercial paper (ABCP), which is dominated by the banks. However, for borrowers whose assets are not a fit for the ABCP framework, there are very few (if any) alternatives. We see significant space here for diligent private lenders like us to fill the void and meet the demand for asset-backed financing beyond the ABCP market.

As we look ahead to 2026, we see a private credit landscape that is evolving rapidly. The trend towards democratization of alternative assets and the mega-trend of the AI boom are certainly grabbing the headlines, but they are also momentum plays that might well prove to be double-edged swords for lenders hoping to create alpha. For Canadian investors, there remain other opportunities that adhere to private credit's traditional role of filling gaps in the financing marketplace – opportunities that not only have the potential to generate better return, but can also be found closer to home.

¹The Detroit News, August 2025

²Financial Express, December 2025

Ready for the Rebound in Deal Flow



Tom Kennedy

Senior Managing Director, Kensington Capital Partners

After years of subdued merger and acquisition (M&A) activity and a near-standstill in initial public offerings (IPOs), 2025 economic fundamentals were improving and interest rates were trending down, lowering the cost of capital and raising expectations for a rebound in deal-making and listings. Private equity (PE) investors were optimistic that, finally, the tide had turned.

Today, many of the same reasons for optimism remain in place. So, the question is, will 2026 be another muted year, or will deal flow and IPOs finally rebound and unleash the capital that has been sitting on the sidelines?

Our view is more toward the latter, but last year showed just how quickly things can change.

Coming out of 2024 and into the early months of 2025, there were signs that activity was picking up. The value of private equity M&A deals in Canada during the first quarter of 2025 was nearly US\$20 billion higher than in the previous quarter.¹ But then, in April, it all

turned again. New geopolitical risks and trade policy uncertainty – most notably from the Trump administration’s so-called “Liberation Day” tariffs – cast a pall over business confidence. The nascent recovery stalled.

In the third and fourth quarters of 2025, there were modest upticks in the M&A and IPO markets. In Canada, total investment hit a record, although smaller transactions (<C\$25 million) accounted for the lion’s share of deals. In general, the recovery was fragile, as ongoing tariff risks and geopolitical tensions continued to weigh on sentiment. The bounce was also highly concentrated in specific sectors, especially artificial intelligence (AI) and the oil-and-gas sector. On the plus side, this sectoral focus is consistent with historical patterns, where recoveries in deal activity often begin in a narrow set of industries before broadening out as confidence returns.

Canadian Private Equity Investment Activity	2024 (Full Year)	2025 (YTD Q3)
Total Investment	C\$27.0B	C\$56.5B
Deal Count	669	483

Source: CVCA Q3 2025 Canadian Private Equity Market Overview

Yet there are other reasons for cautious optimism in 2026. PE activity has been muted since a blockbuster 2021, and that four-year period of doldrums is almost without precedent; even after the Great Financial Crisis in 2008, activity rebounded within 18 months and remained strong for several years. The current long fallow period has only built up demand, both from the input side (capital sitting on the sidelines) and on the output side (firms wanting to exit through an M&A or IPO). At some point, we believe something has to give. If the benign interest rate environment continues, and if something approaching stability takes hold on the geopolitical and macroeconomic fronts, then it could happen in 2026.

Another side effect of subdued PE activity has been the rise of continuation vehicles, which enable general partners to extend the holding period of their best assets beyond the typical fund life cycle and provide liquidity to limited partners. The continuation "market" has become more specialized and sophisticated; large pension funds now have dedicated teams to pursue these opportunities, and continuation investments are shifting towards highly curated, sector-specific opportunities.

Meanwhile, the sponsor-backed IPO market looks like it's picking up, and we

anticipate more activity in 2026. There is currently a long list of IPO filings, and many companies are at least in the planning phases of going public. And we note that IPO activity tends to lag a rebound in M&A activity, which has arguably been on a recovery trajectory, by about six months.

Sectoral Realities and Opportunities

Of course, the threat presented by tariffs and geopolitical shifts has not gone away. In the most tariff-sensitive sectors, such as manufacturing and building products, companies are taking steps to mitigate adverse impacts. Some are shifting production to the U.S. to hedge against potential disruption of the U.S.-Mexico-Canada Agreement; others are working to diversify their customer base and increase domestic manufacturing for export. In our view, such reconfigurations of the supply chain may be necessary, but they also invoke new risks given the ever-shifting landscape of global trade policy.

It's worth noting, however, that many sectors are largely insulated from tariffs; investors' focus remains on scalability and capital efficiency rather than trade policy risk. Among these resilient sectors are healthcare and food/consumer packaged goods, which generally offer stable demand

and attractive return potential. Meanwhile, service businesses tend to offer efficient scalability potential while being largely immune from tariffs.

Artificial intelligence (AI) merits special mention. It continues to attract massive capital inflows, and while there will be winners and losers in the AI revolution, the potential is real. It's important to bear in mind that AI is not only a direct investment opportunity, but can also be a catalyst for productivity improvements across portfolios. From the perspective of PE, the sheer scale of capital deployment in the space implies that as winners emerge, underperformers will likely become acquisition targets, fuelling further consolidation and innovation.



Defence, one of the sectors we are watching most closely within the venture capital (VC) space, seems poised to benefit from shifting geopolitical realities.

Defence in Focus

Defence, one of the sectors we are watching most closely within the venture capital (VC) space, seems poised to benefit from shifting geopolitical realities. Rising military spending, especially by NATO countries after years of under-investment and over-reliance on the U.S., should create tailwinds for the defence sector. Defence also has (for lack of a better word) defensive potential against volatility, since governments tend to maintain spending even in uncertain times.

A generation ago, defence investment was the domain of a few large contractors,

with slow-moving procurement cycles and massive, long-term contracts. Today, the landscape is far more dynamic, with smaller, agile firms bringing innovations to market at speed. Rather than focusing on traditional hardware such as ships or tanks, modern defence investment increasingly targets software and automation, especially in areas like unmanned aerial and underwater drones. And firms have adopted the technology sector's bias toward rapid iteration and commercialization. That is reshaping the industry.

In Canada, several companies are developing software for advanced defence systems (for instance, a multinational arctic defence network). Some of these innovations may end up being dual-use technologies – developed for military applications but having utility in consumer contexts. That broadens their total addressable market; heads-up display technology, for instance, originated in fighter jets but is now commonplace in the automotive sector.

There is no doubt that private equity and venture capital investors will face a complex environment in 2026. Geopolitical tensions and trade policy uncertainty may trend towards normalization, but they are highly unlikely to disappear; rapid technological change is creating shifts across business operations and in capital flows, but that brings both benefits and risks. Yet, amid the volatility, there will be pockets of resilience and opportunity. If, as is possible, the long pause in dealmaking activity breaks in 2026, it may unleash a new era of capital flows, and those who have positioned themselves for the next wave of growth should be well rewarded.

¹ The Q1 2025 PE Briefing, Bennett Jones, April 2025.



About AGF Capital Partners

AGF Capital Partners is AGF's multi-boutique alternatives business with diverse capabilities across both private assets and alternative strategies. Clients can benefit from the specialized investment expertise of Affiliate Managers combined with the organizational support and breadth of resources of AGF Management Limited (AGF). With over 18 years average experience, AGF Capital Partners Affiliate Managers' Kensington Capital Partners Limited, New Holland Capital, LLC and AGF SAF Private Credit manage approximately C\$14 billion in alternative AUM and fee-earning assets on behalf of institutional and retail clients. Affiliate Manager AUM may not be consolidated into AGF Management Limited's reported AUM. The term 'Affiliate Manager' refers to any partner regardless of relationship structures or revenue sharing agreements. The form of AGF's structured partnership interests in Affiliate Managers differs from Affiliate Manager to Affiliate Manager. The structure of the relationship with a particular Affiliate Manager, or the revenue that AGF agrees to share in, may change. Affiliate Managers only provide investment advisory services or offer products in the jurisdiction where such firm, individuals and/or product is registered or authorized to provide such services. Products in Canada are distributed through registered dealers on a private placement basis, including by AGF Capital Partners' affiliate, AGF Investments Inc.

KENSINGTON

About Kensington Capital Partners Limited

Founded in 1996, Kensington Capital Partners Limited is a Canadian alternative asset manager with offices in Toronto and Vancouver. Kensington's mission is to back good management teams to build great businesses, and in doing so, create top-performing investment solutions for investors. Kensington has assets under management of \$2.2 billion, managed across several active funds covering venture capital, growth equity and mid-market buyouts. AGF completed a strategic investment to acquire a 51% ownership interest in Kensington in March 2024.



About New Holland Capital, LLC

New Holland Capital, LLC (NHC) is a New-York based multi-strategy investment manager with more than US\$6.7 billion in assets under management and more than 17 years of experience providing institutional investors with absolute return investment strategies across the liquidity spectrum with a focus on multi-strategy hedge funds and private credit. The firm seeks to generate alpha across a wide set of diversifying strategies, with a preference for niche, capacity constrained opportunities. In February 2024, AGF made a strategic investment in the form of a note convertible into an economic interest in NHC. The arrangement also provides AGF with the option to subsequently increase its ownership stake.



About AGF SAF Private Credit Management LP

AGF SAF Private Credit Management LP is a partnership between AGF Management Limited (AGF) and an entity within the SAF Group (collectively, SAF) that manages a limited partnership that invests in private credit products in the Canadian middle market and lower middle market segment. The strategy focuses on direct lending via senior secured, unitranche and subordinated debt investments. AGF has been investing with SAF since 2014, bringing together AGF's experience and resources with SAF's specialized focus in private credit investing.

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RO: 5108466

Publication date: January 12, 2026.



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