AGF American Growth Class

Fund Commentary

Q2 | 2026

Morningstar Category

US Equity

Inception Date

April 18, 1957 (Series MF)
January 14, 2000 (Series F)

Portfolio Managers

AGF Investments Inc.
Auritro Kundu, Portfolio Manager
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Market Overview

The second quarter of 2026 was a powerful risk-on recovery; U.S. equities rallied sharply, with the S&P 500 Index more than reversing the first quarter's decline as leadership swung decisively back to growth and technology. Crude prices were volatile but fell over the quarter: West Texas Intermediate climbed to around US$113 a barrel in early April before sliding to about US$70 by quarter-end — roughly a 31% decline — as the first quarter's Middle East conflict de-escalated and a U.S.–Iran agreement reopened the Strait of Hormuz in mid-June.

Inflation, however, kept climbing on the lagged pass-through of the energy shock: U.S. headline Consumer Price Index ("CPI") inflation rose from about 2.4% year-over-year in February to 4.25% by May, leaving inflation well above its pre-shock level. Longer-term yields stayed elevated, with the U.S. 10-year Treasury yield ending the quarter near 4.5%. The U.S. Federal Reserve ("Fed") held its policy rate at 3.5%–3.75% at both its April and June meetings, but its posture turned more hawkish through the quarter, with a number of officials flagging that rate increases might be needed and markets beginning to price some probability of a hike. The de-escalation of the Middle East conflict caused a sharp retrenchment in crude oil and agricultural commodities.

The defining market feature was the reacceleration of the Artificial Intelligence ("AI") investment cycle. Information Technology led decisively — semiconductors and semiconductor equipment were the standouts — with the build-out extending into advanced memory, power and grid suppliers. Growth outpaced value and large-cap leadership resumed, while Energy, defensive sectors and Materials lagged the broad advance. The equal-weighted index also outperformed its market-cap-weighted counterpart.

Fund Overview | June 30, 2026

Annualized Performance in CAD, Net of Fees	3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	PSD+
AGF American Growth Class - Series MF	30.2%	33.8%	28.5%	17.8%	17.9%	9.8%
AGF American Growth Class - Series F	30.7%	35.7%	30.4%	19.5%	19.6%	7.9%
Benchmark*	17.3%	26.9%	22.9%	16.0%	16.0%	-

Source: AGF Investments. One cannot invest directly in an index. **Past performance is not indicative of future results.** *S&P 500 Net Index. On December 1, 2015, AGF American Growth Class benchmark changed from the S&P 500 Total Return Index to the S&P 500 Net Return Index. The benchmark change was applied from that date forward. Series MF MER: 2.66%, Series F MER: 1.21%, as of March 31, 2026. +Performance Start Date (PSD): June 28, 1957 (Series MF); January 20, 2000 (Series F). The performance start date benchmark return is not available as the Index was created later than the performance start date of the Fund.

For the quarter ended June 30, 2026, AGF American Growth Class (Series MF) outperformed the benchmark, the S&P 500 Net Index.

Sector allocation was a detractor, and security selection was the primary contributor to performance during the period.

From a sector allocation perspective, an underweight to Financials was the biggest contributor to performance, followed by an underweight to Consumer Staples. On the other hand, an overweight to Energy was the largest detractor, followed by an underweight to Information Technology.

Security selection in the Information Technology and Financials sectors were the top contributors to performance, whereas security selection in Materials detracted from performance.

The Fund's cash position, which averaged 2.2% during the quarter, detracted from relative performance.

In terms of individual holdings, the top contributors to performance were Applied Materials Inc., Advanced Micro Devices Inc. and Micron Technology Inc., while the top detractors were L3Harris Technologies Inc., SLB Ltd and Walmart Inc.

Semiconductor and semiconductor-equipment holdings led performance as the Artificial Intelligence ("AI") investment cycle reaccelerated: Applied Materials, Micron Technology, Advanced Micro Devices and Marvell Technology all advanced positively, and Corning contributed on data-centre and optical demand.

Shares of L3Harris Technologies fell as backlog growth and profit-taking weighed on investor sentiment amid a consolidation in defense names. SLB Ltd declined alongside softer oil prices and pressure on near-term energy activity, while Walmart retreated as investors weighed tariff-related cost pressures and pricing concerns despite resilient sales.

Market Outlook

Looking ahead, the portfolio remains anchored in large-capitalization U.S. companies with durable competitive advantages, strong balance sheets and the ability to compound earnings across a range of economic environments. While the AI and semiconductor complex reasserted its leadership despite June's dislocations, the team is increasingly focused on barbelling the strategy, so returns are not overly dependent on a single theme. We continue to hold high-conviction positions in the AI value chain while balancing that exposure with well-managed businesses across other parts of the market—industrials, energy and power-and-grid names, healthcare innovators and select consumer franchises—less correlated with the AI cycle.

While the near-term backdrop has stabilized following the interim US-Iran peace deal and the reopening of the Strait of Hormuz, we are mindful of risks that could reintroduce volatility: a disorderly reckoning with AI valuations that rattled tech stocks in early June, uncertainty around Fed policy as inflation stays above target, the earnings cycle's durability, and geopolitical considerations. Elevated market concentration and correlation across a small group of large technology names reinforces this balanced posture, and we remain disciplined in assessing valuation against long-term fundamentals. We believe bottom-up selection and a long-term horizon offer the best path to attractive risk-adjusted returns.

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