AGF U.S. Small-Mid Cap Fund

Fund Commentary

Q2 | 2026

Morningstar Category	Inception Date	Portfolio Managers
US Small/Mid Cap Equity	June 9, 1993 (Series MF) January 14, 2000 (Series F)	**AGF Investments Inc.** **Auritro Kundu**, Portfolio Manager **Mike Archibald**, Portfolio Manager **Vishal Bané**, Portfolio Manager

Market Overview

U.S. small- and mid-cap equities advanced positively in the second quarter of 2026, and the rally broadened well beyond the largest companies: the S&P MidCap 400 Index (benchmark) returned roughly 14% — after a broadly flat first quarter — while the small-cap Russell 2000 outpaced large-caps, a sign of meaningfully broader market participation. The reacceleration of the Artificial Intelligence ("AI") investment cycle, together with the easing of the first quarter's energy shock, restored risk appetite across the segment.

Crude prices fell over the quarter as the Middle East conflict de-escalated and a U.S.–Iran agreement reopened the Strait of Hormuz in mid-June. Inflation nonetheless kept climbing on the lagged pass-through of the energy shock, with U.S. headline Consumer Price Inflation rising further to its most recent reading, while the U.S. Federal Reserve held its policy rate steady at its April and June meetings and adopted a more hawkish posture.

Within the benchmark, Information Technology led by a wide margin on semiconductor and AI-related strength, followed by Industrials on reindustrialization tailwinds, with Health Care, Financials and Real Estate also among the leaders. Energy was the weakest sector on lower oil prices, and Materials, Utilities, Communication Services and Consumer Staples also lagged. Growth outpaced value, and the breadth of the advance was a defining feature of the quarter.

Fund Overview | June 30, 2026

Annualized Performance in CAD, Net of Fees	3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	PSD+
AGF U.S. Small-Mid Cap Fund - Series MF	25.7%	57.8%	25.6%	10.4%	15.0%	10.8%
AGF U.S. Small-Mid Cap Fund - Series F	25.9%	59.5%	27.1%	11.8%	16.5%	6.2%
Benchmark*	16.7%	31.1%	18.1%	12.0%	12.7%	-

Source: AGF Investments. One cannot invest directly in an index. **Past performance is not indicative of future results.** *S&P MidCap 400 Index. Series MF MER: 2.55%, Series F MER: 1.09%, as of March 31, 2026. +Performance Start Date (PSD): June 16, 1993 (Series MF); April 27, 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, the Fund (Series MF) outperformed the benchmark, the S&P MidCap 400 Index.

Sector allocation and security selection both contributed to performance during the period.

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

Security selection in the Consumer Discretionary and Financials sectors were the top contributors to performance, whereas security selection in the Utilities sector was the top detractor from performance.

The Fund's cash position, which averaged 2.5% during the quarter, detracted modestly from relative performance.

In terms of individual holdings, the top contributors to performance were Rocket Lab Corp., MKS Inc. and Teradyne Inc., while the top detractors were Insmed Inc., Guardant Health Inc. and Halliburton Co.

Performance was led by a broad set of growth-oriented holdings: Rocket Lab advanced on space and defense demand, MKS and Teradyne on accelerating semiconductor and AI data-centre investment, and Flex on Artificial Intelligence ("AI")-related electronics demand.

In terms of detractors, biotechnology holdings Insmed and Guardant Health weighed on performance as investors took profits and reassessed cash-burn concerns, while Halliburton retreated on softer energy activity and Middle East revenue disruptions.

Market Outlook

The Fund invests in small- and mid-capitalization U.S. companies, a segment offering a deeper, less-researched opportunity set than the large-cap market and the potential for above-average growth over time. The Portfolio Manager follows a disciplined, growth-oriented approach, focusing on strong, sustainable earnings momentum and identifying emerging leaders early, with bottom-up selection framed by the U.S. macro, rate and policy backdrop. 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 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.

Series F securities can be purchased under the simplified prospectus only through a registered dealer who has obtained consent of AGF to offer Series F securities.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including 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. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

MER as of March 31, 2026. AGFI may, in its discretion, temporarily waive some or all of the expenses of the Fund, which will result in a reduction in the MER. AGFI may cease to offer any such waiver at any time without notice.

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