AGF European Equity Class

AGF | Investments

Fund Commentary

Q2 | 2026

Morningstar Category	Inception Date	Portfolio Managers
European Equity	April 11, 1994 (Series MF) January 14, 2000 (Series F)	**AGF Investments Inc.** **Stephen Way**, SVP and Head of Global & Emerging Markets Equities

Market Overview

European equities performed well during the quarter, despite monetary policy shifts, energy-driven inflation, and geopolitical developments. After the sell-off seen in March, European equities stabilized during April, and albeit in a volatile nature, rose steadily during May and June to end the quarter near the highs of the year. Whilst the market climbed a wall of worry at the start of the quarter, they realized hopes of an easing of geopolitical risk and lower commodity prices provided justification for the market recovery.

Eurozone growth remained subdued in the second quarter of 2026, while resilient labour markets continued to support economic activity. Business confidence softened as June Purchasing Managers' Index (PMI) readings slipped, signaling a loss of momentum and renewed concerns over the pace of the region's recovery. Inflation fell to 2.8% in June, but rose during the quarter, largely due to energy prices driven by tensions in the Middle East, prompting a 25 basis points rate hike by the European Central Bank (ECB) in June. This hike signified a more cautious tone from the ECB, albeit the indication was that further rate increases would need to be data-driven. Positioning rotated accordingly, as initial defensiveness and reduced cyclicality in April gave way to selective re-risking in May as energy prices eased. June saw a balance between rate-sensitive exposures and structural growth linked to artificial intelligence (AI) capital expenditure (CapEx).

MSCI Europe Index ended the quarter higher, with notable sector divergence. Information Technology contributed the most, benefitting from AI demand, while Financials benefited from higher rates. Industrials also outperformed aided by the lower energy prices. The Energy sector was the biggest underperformer as lower oil prices prompted profit taking from its Q1 gains. Communication Services, which mainly consists of Telecom stocks, also lagged in Q2. Growth outperformed momentum marginally, but dispersion was lower across factors, with Value underperforming. The Euro weakened before stabilizing, adding to return dynamics. Overall, MSCI Europe Index reflected a market shaped by policy tightening, commodity volatility, and selective growth opportunities.

5741352

Fund Overview | June 30, 2026

Annualized Performance in CAD, Net of Fees	3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	PSD+
AGF European Equity Class - Series MF	12.7%	28.9%	21.3%	15.3%	10.0%	4.3%
AGF European Equity Class - Series F	13.0%	30.5%	23.2%	17.2%	11.9%	5.9%
Benchmark*	13.5%	24.3%	19.6%	13.2%	11.6%	7.1%

Source: AGF Investments. One cannot invest directly in an index. **Past performance is not indicative of future results.** *MSCI Europe Index. Series MF MER: 2.28%, Series F MER: 1.00%, as of March 31, 2026. +Performance Start Date (PSD): December 17, 2001 (Series MF); December 17, 2001 (Series F). Benchmark PSD reflects the PSD of Series MF.

For the quarter ended June 30, 2026, the AGF European Equity Class underperformed the European market benchmark, the MSCI Europe Index.

Security selection and an underweight allocation to Information Technology detracted the most from performance. An overweight allocation to Energy also detracted. Security selection in Health Care detracted, which was partially offset by an underweight allocation. On the other hand, security selection in Financials, Industrials and Consumer Discretionary contributed most to overall performance. The underperformance of the Value versus the Growth style, by 6.7%, and versus the market, by 3.2%, was a strong headwind for the Fund and the main detracting factor.

In terms of countries, Germany was the largest contributor to performance, followed by France and Ireland. Netherlands was the largest detractor from performance, followed by Switzerland and United Kingdom.

In terms of individual holdings, the top contributors to performance during the quarter were Infineon Technologies AG, BNP Paribas and ING Group NV, while the top detractors from performance were Shell Plc, ASML Holding NV and TotalEnergies SE.

The overweight position in BNP Paribas contributed positively as the bank delivered record first-quarter earnings, supported by strong revenue growth, improving operating efficiency and robust performances across its retail banking, asset management and insurance businesses. Investors were also encouraged by the group's strong capital position, attractive shareholder distributions and management's reaffirmation of its medium-term profitability targets.

An overweight position in Shell detracted from performance as weaker oil prices and concerns about global economic growth weighed on the energy sector. Investors moderated earnings expectations for oil producers amid a softer commodity-price environment, despite Shell's continued focus on capital discipline, shareholder returns and operational performance.

5741352

Market Outlook

European markets remain attractive relative to the U.S. and global equities offer a clear diversification opportunity given their lower technology weighting. Earnings growth in the region looks set to pick up strongly in 2026 and 2027. Whilst the structural reforms and the promised infrastructure and defense programs are coming through slower than expected, the outlook for the region continues to improve.

Growth remained subdued at the start of the year, and confidence was dented by higher energy prices. However, the sharp fall in the oil price should provide a boost to sentiment. Lower levels of inflation will also lessen the need for further interest rate increases, so monetary policy remains accommodative. Also the headwinds of US trade tariffs and a strong currency that worked against the region over the last 12 months should ease in the second half. Global geopolitical uncertainty will continue to concentrate the need for European policy makers to allocate capital into domestic reshoring, defense platforms, and electrification, all of which boost Europe's growth potential.

The Portfolio Manager remains focused on identifying strong companies, with quality attributes, that trade at a discount to their intrinsic value. The recent volatility is providing potential opportunities, but given the high levels of uncertainty, caution prevails. The Fund is diversified at the stock, sector and country level.

5741352

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.

The commentaries contained herein are provided as a general source of information based on information available as of June 30, 2026. It is not intended to address the needs, circumstances, and objectives of any specific investor. The content of this commentary is not to be used or construed as investment advice, as an offer to buy or sell any securities, and is not intended to suggest taking or refraining from any course of action. Every effort has been made to ensure accuracy in these commentaries at the time of publication, however, accuracy cannot be guaranteed. Market conditions may change and AGF Investments Inc. accepts no responsibility for individual investment decisions arising from the use or reliance on the information contained herein.

This document may contain forward-looking information that reflects our current expectations or forecasts of future events. Forward-looking information is inherently subject to, among other things, risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed herein.

Holdings are subject to change and do not represent all of the securities purchased, sold or recommended for the portfolio. It should not be assumed that investments in the securities identified were or will be profitable and should not be considered an endorsement or recommendation by AGF Investments.

The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)

All World Tax Advantage Group is a mutual fund corporation that currently offers approximately 20 different classes of securities. In addition to fund diversification by investment style, geography and market capitalization, a key benefit of investing in any of the classes within the group is the possibility of sharing incurred expenses (and losses) of the combined structure, potentially offsetting income earnings to minimize chance of a dividend declaration. For a more detailed explanation, please see AGF.com/disclaimers.

AGF Investments is a group of wholly owned subsidiaries of AGF Management Limited, a Canadian reporting issuer. The subsidiaries included in AGF Investments are AGF Investments Inc. (AGFI), AGF Investments LLC (AGFUS) and AGF International Advisors Company Limited (AGFIA). The term AGF Investments may refer to one or more of these subsidiaries or to all of them jointly. This term is used for convenience and does not precisely describe any of the separate companies, each of which manages its own affairs. AGF Investments entities only provide investment advisory services or offers investment funds in the jurisdiction where such firm and/or product is registered or authorized to provide such services. AGF Investments Inc. is a wholly-owned subsidiary of AGF Management Limited and conducts the management and advisory of mutual funds in Canada.

Published: August 13, 2026.

5021195