AGF Enhanced U.S. Equity Income Fund

AGF | Investments

Fund Commentary

Q2 | 2026

Morningstar Category	Inception Date	Portfolio Managers
U.S. Dividend & Income Equity	June 28, 2023 (Series F)	**AGF Investments Inc.** **Jeff Kay**, Portfolio Manager **Stephen Duench**, VP & Portfolio Manager **Dillon Culhane**, Portfolio Manager

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.

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Fund Overview | June 30, 2026

Annualized Performance in CAD, Net of Fees	3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	PSD+
AGF Enhanced U.S. Equity Income Fund - Series F	14.9%	32.7%	-	-	-	21.4%
Benchmark*	17.4%	27.4%	-	-	-	25.2%

Source: AGF Investments. One cannot invest directly in an index. **Past performance is not indicative of future results.** *S&P 500 Index. Series MF MER: 2.15%, Series F MER: 0.93%, as of March 31, 2026. +Performance Start Date (PSD): January 5, 2024.

For the quarter ended June 30, 2026, the AGF Enhanced U.S. Equity Income Fund underperformed the benchmark, the S&P 500 Index.

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

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

Security selection in the Information Technology and Financials sectors were the top contributors to performance, whereas security selection in the Industrials and Consumer Discretionary were the top detractors from performance.

In terms of individual holdings, the top contributors to performance were Applied Materials Inc, Advanced Micro Devices and Cisco Systems Inc, while the top detractors were Verizon Communications Inc, Gilead Sciences Inc and Pfizer Inc.

Shares of Applied Materials gained, supported by record Q2 results, including an 11% revenue growth and record earnings per share (EPS). The management also upgraded its outlook for semiconductor equipment growth, driven by accelerating AI infrastructure and advanced-chip demand. Shares of Advanced Micro Devices also rose after the announcements of an increase in revenue in the first quarter as AI- fueled demand for chips soared. Cisco Systems had a positive quarter as record revenues, growing AI infrastructure orders, and improved full-year guidance helped investor sentiment and stock's performance.

Shares of Verizon Communications fell as competitive pressures from satellite companies led to subscriber-growth concerns. The stock's removal from the Dow Jones Industrial Average and restructuring costs tied to its BT Venture also weighed on sentiment. Our overweight position in Gilead Sciences detracted as a failed trial of its non-small cell lung cancer drug raised concerns about the company's oncology pipeline, prompting a downward revision in earnings forecast. Pfizer shares also fell as investors worried about revenue declines from patent expirations, weakening COVID-product sales, and growth challenges.

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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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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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