AGF | Investments

Fund Commentary

Q2 | 2026

Morningstar Category	Inception Date	Portfolio Managers
US Equity	June 28, 2023 (Series MF) June 28, 2023 (Series F)	**AGF Investments Inc.** **Robert Yan**, 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 U.S. Sector Fund - Series MF	15.5%	22.2%	-	-	-	18.8%
AGF U.S. Sector Fund - Series F	15.8%	23.9%	-	-	-	18.4%
Benchmark*	17.3%	26.9%	-	-	-	26.3%

Source: AGF Investments. One cannot invest directly in an index. **Past performance is not indicative of future results.** *S&P 500 Net Return Index. Series MF MER: 2.40%, Series F MER: 1.05%, as of March 31, 2026. +Performance Start Date (PSD): October 24, 2023 (Series MF); November 23, 2023 (Series F). Benchmark PSD reflects the PSD of Series MF.

AGF U.S. Sector Fund underperformed its benchmark, the S&P 500 Net Return Index, during the three months ended June 30, 2026. The underperformance was mainly due to cash and AGF US Market Neutral Anti-Beta CAD-Hedged ETF allocations.

In the second calendar quarter of 2026, sector positioning remained largely unchanged from the first quarter. The current sector weights are listed below:

Overweight in Communication Services and Energy

Neutral weight in Consumer Staples, Health Care, Information Technology, and Industrials

Underweight in Financials, Consumer Discretionary, Materials, Real Estate, and Utilities

In the second quarter of 2026, sector allocation detracted from performance, primarily driven by the overweight in Energy and Communication Services sectors. However, the underweight positions in Financials and Consumer Discretionary contributed positively to allocation.

In the second quarter of 2026, the Fund reduced its defensive positioning. Equity allocation increased to 88.1%, while cash decreased to 8.8% (including a Treasury-Bill ETF). The AGF Market Neutral Anti-Beta ETF position decreased to 3.1%. This shift reflects modestly improved market outlook, though the portfolio manager continues to maintain some defensive hedging and will monitor risk through the lens of the Market Risk Model.

The Fund had not made changes in its U.S. dollar hedge.

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Market Outlook

Looking ahead, the portfolio remains anchored in large-capitalization U.S. companies with durable competitive advantages, positive 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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