AGF Systematic Global ESG Factors ETF

Fund Commentary

Q2 | 2026

Morningstar Category

Global Equity

Inception Date

February 12, 2018

Portfolio Managers

AGF Investments Inc.
Robert Yan, VP & Portfolio Manager

Market Overview

Global equities posted gains in the second quarter, primarily driven by earnings-related momentum from artificial intelligence (AI)-related companies, and geopolitical stabilization throughout most of the quarter.

The U.S. economy continued to exhibit relative resilience, supported by steady consumer spending and ongoing expansion in the services sector. The Purchasing Managers' Indices remained modestly above neutral. However, inflation appeared more persistent than previously expected, reflecting higher commodity prices and supply disruptions, which kept the U.S. Federal Reserve firmly data-dependent and cautious. Labour markets stayed stable, supporting consumption without reigniting strong price pressures.

In Europe, growth remained constrained by weak industrial output and cautious corporate investment, while the European Central Bank raised interest rates to contain inflation pressures linked to higher energy prices. Japan remained relatively resilient, supported by domestic demand and corporate reform momentum, although the Bank of Japan's rate increase underscored a continued shift away from ultra-accommodative policy as currency pressures persisted. Across Asia Pacific, China's outlook improved modestly, helped by targeted policy support and stronger export momentum, but domestic demand remained uneven. Toward the end of the quarter, the de-escalation of Middle East tensions contributed to a sharp pullback in crude oil and commodity prices, easing pressure on major importers such as Europe, Japan and India.

There was growing tension between accelerating energy demand and long-term decarbonization goals during the quarter. Climate and sustainability regulation, particularly in Europe, shifted toward simplification and reduced compliance burdens, while renewable energy and battery storage continued to expand due to improving economics and energy-security needs. At the same time, rapid AI data center growth emerged as a major sustainability challenge, increasing pressure on electricity grids and creating risks of higher fossil-fuel use, energy costs, and emissions unless matched by significant investment in clean power, storage, and grid infrastructure. Coincidentally adaptation is becoming more urgent and expensive, as severe heat, water stress and wildfire risk are already disrupting infrastructure, housing, agriculture, livestock and public services, forcing cities, utilities and financial institutions to treat physical climate risk as a near-term capital allocation issue rather than a long-term sustainability theme.

The MSCI World Sustainable Development Index rose during the quarter, but underperformed MSCI All Country World Index.

Fund Overview | June 30, 2026

Annualized Performance in CAD, Net of Fees	3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	PSD+
AGF Systematic Global ESG Factors ETF^	16.4%	26.5%	20.6%	12.5%	-	12.3%
Benchmark*	17.2%	28.8%	22.5%	14.0%	-	13.4%

Source: AGF Investments. One cannot invest directly in an index. **Past performance is not indicative of future results.** ^Effective January 27, 2023, AGF Investments LLC is a subadvisor to AGF Systematic Global ESG Factors ETF. *MSCI All Country World Net Index. MER: 0.45%, as of March 31, 2026. +Performance Start Date (PSD): February 12, 2018.

The MSCI All Country World Net Index, the benchmark, was positive through the second quarter of 2026. AGF Systematic Global ESG Factors ETF (QEF) generated positive returns but underperformed its benchmark.

From a factor/style perspective, being underweight in Beta and overweight in Profit added the most value to the Fund. Being overweight in Residual Volatility and Liquidity detracted value from the Fund.

From a country perspective, being underweight in South Korea and overweight in Spain added the most value to the Fund. Being underweight in the Netherlands and the United States detracted the most value from the Fund.

From a sector perspective, being overweight in Financials and lack of exposure to Energy added the most value to the Fund. Being underweight to Information Technology and Health Care detracted the most value from the Fund.

Being overweight in SK Hynix Inc. added value to the Fund. Headquartered in Icheon, South Korea, California SK Hynix is a global leader in High Bandwidth Memory chips and is a key partner to Nvidia. The company's stock rose sharply over the quarter, culminating in the company crossing a historic $1 trillion market valuation. The rise in stock price was propelled by strong first quarter financial results and rising demand for AI hardware.

Being underweight in Samsung Electronics Co. Ltd. detracted value from the Fund as the company stock price rose over the quarter. Headquartered in South Korea, the multinational company is a global leader in manufacturing consumer electronics and semiconductors. The surge in Samsung's stock price was driven by a global memory chip supercycle which led to a increase in demand for AI hardware and drove the company's valuation above the $1 trillion mark.

Throughout the quarter, QEF increased exposure to Information Technology, while decreasing exposure to Communication Services.

Throughout the quarter, QEF increased exposure to Samsung Electronics Co. Ltd, while decreasing exposure to Meta.

5767984

Market Outlook

The investment team takes a rigorous, disciplined thematic approach, directing capital toward companies whose products and services contribute to positive, measurable outcomes for society and the environment while never losing sight of long-term financial performance. The conviction that capital can play a constructive role in addressing the world's most pressing sustainability challenges guides the Fund's positioning across four key pillars - and currently is most heavily weighted toward the energy transition.

We believe that explosive growth in AI data centers, electric vehicle adoption, greater climate-control needs, and the return of heavy manufacturing are the new drivers of long-term electricity demand, storage and grid modernization, while redefining power-system economics. Sustainability opportunities are likely to be in electrification, grid resilience, and climate-resilient infrastructure.

As climate risks and energy costs intensify, investment in sustainability could increasingly be viewed as essential rather than discretionary. Despite near-term setbacks, the secular growth trajectory for the energy transition remains in place, offering compelling opportunities for investors.

Commissions, management fees and expenses all may be associated with ETF 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. ETFs are not guaranteed, their values change frequently and past performance may not be repeated.

AGF ETFs are ETFs offered by AGF Investments Inc. ETFs are listed and traded on organized Canadian exchanges and may only be bought and sold through licensed dealers.

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 redisseminated 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)

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