AGF US Market Neutral Anti-Beta CAD-Hedged ETF (QBTL)

AGF | Investments

Fund Commentary

Q2 | 2026

Morningstar Category

Alternative Market Neutral

Inception Date

October 7, 2019

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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 US Market Neutral Anti-Beta CAD-Hedged ETF*	-20.6%	-36.9%	-13.3%	-6.4%	-	-9.4%
Dow Jones U.S. Thematic Market Neutral Low Beta Net Total Return Index [CAD-Hedged]	-21.0%	-38.5%	-15.8%	-8.1%	-	-10.4%
S&P 500 CAD Net Total Return Index	17.4%	27.4%	23.4%	16.5%	-	17.8%

Source: AGF Investments. One cannot invest directly in an index. **Past performance is not indicative of future results.** MER: 0.55%, as of September 30, 2025. +Performance Start Date (PSD): October 7, 2019. Benchmark PSD reflects the PSD of the ETF. *On January 28, 2022, the ETF's investment objectives changed from a passive index-tracking strategy to an active, rules-based approach that seeks to provide a consistent negative beta exposure to the U.S. equity market. Performance prior to this date would have been different had the current investment objectives been in effect.

AGF US Market Neutral Anti-Beta CAD-Hedged ETF seeks to provide a consistent negative beta exposure to the U.S. equity market by investing primarily in long positions in low beta U.S. equities and short positions in high beta U.S. equities on a dollar neutral basis, within sectors.

The ETF is designed to be used as a strategic or tactical equity hedge that aims to lower portfolio volatility and reduce the impact of drawdowns. The returns of the ETF are the returns to a cash portfolio plus the spread between the long low beta portfolio minus the short high beta portfolio. The ETF has the potential to generate positive returns regardless of the direction of the general market, so long as the spread between the long low beta holdings and the short high beta holdings plus cash is greater than zero.

Against a positive S&P 500 CAD Net Total Return Index (S&P 500), the ETF was significantly lower in the second quarter of 2026. Low beta stocks were up 0.7% in the quarter, while high beta stocks were up 23.4% in USD terms. Low beta stocks underperformed both the high beta stocks and the S&P 500 during the quarter, while high beta stocks outperformed the S&P 500 in USD terms. The ETF experienced a positive return from cash but negative contributions from the spread of low beta versus high beta. The negative contributions from the spread resulted in a negative performance for the overall ETF for the second quarter of 2026.

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Market Outlook

Subjective forecasts of market outlook do not have a role in the ETF's investment methodology. The ETF invests primarily in the constituent securities of the Dow Jones U.S. Thematic Market Neutral Low Beta Index (the Index) in approximately the same weight as they appear in the Index, subject to certain rules-based adjustments.

Currently, underlying fundamentals suggest economic growth is improving into the second half of the year. Industrial manufacturing has rebounded, infrastructure spending remains supportive, and data centre investment continues to drive economic activity. In the U.S., the labour market may be softening, but it is not failing and consumer spending remains supported by the wealth effect and resilient higher-income households.

Although equity markets benefited from strong earnings, particularly in technology, AI investment and companies with durable growth drivers, volatility will likely remain elevated. Looking ahead inflation pressure on lower-income consumers, rising global deficits, geopolitical uncertainty and ongoing supply-chain risks will likely persist. Opportunities for growth are supported by AI related infrastructure demand.

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Published: July 31, 2026