

Fiera Apex Small Cap Growth Strategy



As of June 30, 2026

Market Environment¹

The second quarter marked a dramatic reversal from the risk-off environment that defined the start of the year. Investor sentiment improved as economic growth remained resilient, corporate earnings exceeded expectations, and enthusiasm surrounding artificial intelligence reaccelerated. At the same time, investors shrugged off perceived headwinds such as geopolitical risks, oil volatility, and the hawkish shift from the Federal Reserve. As a result, U.S. equities delivered one of the strongest quarters since the post-pandemic recovery in 2020. The S&P 500 advanced 15.20%, the Nasdaq Composite gained 21.60%, and the Russell 2000 rose approximately 21.49% during the quarter.

Style leadership shifted during the quarter as growth stocks rebounded following two consecutive quarters of value outperformance. In the large cap space, the Russell 1000 Growth Index gained 16.74%, outpacing the 13.87% return from the Russell 1000 Value Index. Performance was even stronger further down the market-cap spectrum, with the Russell 2500 Growth and Russell 2000 Growth indices advancing 24.02% and 25.71%, respectively.

Information Technology (IT) has remained the headline sector for the year, with semiconductor stocks among the strongest performers as investors continue to focus on the buildout and benefits of AI. However, performance within IT has narrowed as investors weigh the long-term opportunity against the near-term cost of elevated capital spending. This trend triggered a powerful momentum rally, where investors pivoted away from mega-cap technology giants and rewarded companies providing the infrastructure essential for the next phase of the AI buildout.

Performance¹

Against this backdrop, the Fiera Apex Small Cap Growth Strategy underperformed its benchmark returning 17.44% (net of fees), the Russell 2000 Growth Index which returned 25.71%. Overall, stock selection drove the negative impact during the quarter, while sector allocation provided a small positive offset. April and May proved particularly challenging, as the Russell 2000 Growth Index gained 21.4%, with nearly 75% of that return driven by Information Technology and Industrials companies, many of which benefited from momentum tied to AI and space-related themes. Momentum began to moderate in June as questions around capital spending resurfaced. The strategy navigated this environment relatively well, outperforming the benchmark during the month.

For the quarter, strong stock selection in materials could not offset negative selection stemming predominantly from information technology (IT), consumer discretionary, industrials, and health care. Weakness from stock selection was partly offset by a positive allocation impact including an underweight to the energy sector and an overweight to the surging IT sector.

At the individual stock level, positions in JFrog and Materion were the two largest positive drivers this quarter. Shares of JFrog, the software supply chain management platform provider, advanced following strong financial results and continued customer adoption of its end-to-end platform. Results were driven by accelerating cloud revenue growth, increased demand for software security solutions, and growing adoption of AI-powered development tools. Materion, a producer of advanced engineered materials serving the semiconductor, aerospace, and defense industries, also delivered strong positive performance. Shares advanced following better-than-expected earnings results, record

1. Source: FactSet, as of June 30, 2026. Please refer to Index Definitions at the end of this document.
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backlog levels, and an improved full-year outlook. Investors were encouraged by robust demand across key end markets, particularly semiconductor applications tied to AI infrastructure, as well as continued margin expansion and confidence in the company's long-term growth opportunities.

In contrast, the largest individual detractors were our position in Insmmed and lack of exposure to Credo Technology Group. Insmmed, the biopharmaceutical company focused on rare diseases, underperformed during the quarter as investors weighed near-term commercialization and execution risks related to its growth pipeline. Despite the stock's weakness, we remain constructive on the company's long-term prospects given the significant market opportunity across its portfolio. Shares of Credo Technology, the provider of high-speed connectivity solutions used in cloud computing and artificial intelligence infrastructure, moved higher during the quarter and thus detracted from relative returns. Strong demand for AI-related networking and connectivity products continued to support investor enthusiasm as the company benefited from ongoing investment in data centers and next-generation AI infrastructure.

	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)
Small Cap Growth (Net)	27.94	10.94	4.25	11.32
Russell 2000 Growth Index	38.74	18.44	5.57	11.97

All figures are expressed in US dollars. Past performance is not indicative of future results. Inherent in any investment is the potential for loss. Net performance is shown after the deduction of expenses and management fees. Actual investment advisory fees incurred by clients may vary. Performance results include the reinvestment of dividends and interest. Dividends received from ADRs are included net of foreign withholding taxes. **Return may increase or decrease as a result of currency fluctuations.**

Outlook¹

Current earnings expectations remain elevated. And consensus forecasts call for strong earnings momentum with analysts' bottom-up numbers going up in Q2. The beneficiaries from AI spending have produced almost 85% of the market's return this year. Almost half of S&P 500's earnings growth is from the beneficiary cohort and just four stocks – NVDA, Micron, Broadcom and SanDisk- will account for slightly more than two thirds of that growth. It is apparent that there is a crowding of AI beneficiaries and any change in trajectory growth prospects will have an outsized effect on the market.

Over the past several years, equity performance has been dominated by momentum stocks, particularly companies tied to artificial intelligence and the buildout of AI infrastructure. Investor conviction in AI's transformative potential, frequently compared to the advent of the Internet, remains strong. Any change in the spending intentions of the 5 hyperscalers will be a big driver of sentiment and shifts in sector level returns for the market. As capital expenditures accelerate, the resulting erosion in free cash flow margins among hyperscalers has begun to weigh on their equity prices. However, the market is optimistic about the expected boost to profitability (increased margins!) due to AI. This is certainly not a slam-dunk. While possible, there is not much room for error. Historically, a surge in capital spending in any one sector has not ended well. The outcomes are not clear, not apparent until the party is over. The dominance of retail and high frequency trading volume suggests exuberance (maybe irrational!).

By anchoring portfolio construction around durable, hard-to-disrupt, secular growth themes and companies that possess Quality and Growth attributes, we believe we are well positioned to navigate changing market conditions. We are maintaining a diverse stance in our portfolio from a security, industry and sector standpoint.

1. Source: FactSet, as of June 30, 2026. Forecasts and estimates are aspirational, forward-looking and do not represent actual performance. There is no guarantee that such performance will be achieved, and actual results may vary substantially. Past performance is not indicative of future results. Inherent in any investment is the potential for loss. Please see Important Disclosures and Index Definitions on the last page.

This document is a marketing communication.

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Composite Description: The Small Cap Growth composite was created on January 1, 2009 and includes all portfolios invested in U.S. equities (including ADRs) with strong earnings and growth characteristics and small capitalizations

Index Definitions: Please note that it is not possible to invest directly in an index.

The **S&P 500** is a stock market index made up of approximately 500 US large cap stocks. It is often used as a common benchmark for US stock funds. The index comprises a collection of stocks of 500 leading companies and captures 80% coverage of available market capitalization. Index results assume the re-investment of all dividends and capital gains. The **Russell 1000 Growth Index** is constructed to provide a comprehensive and unbiased barometer of the large-cap growth market. Based on ongoing empirical research of investment manager behavior, the methodology used to determine growth probability approximates the aggregate large-cap growth manager's opportunity set. The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the US equity universe. It is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics. The **Russell 2000 Growth Index** is constructed to provide a comprehensive and unbiased barometer of the small -cap growth market. Based on ongoing empirical research of investment manager behavior, the methodology used to determine growth probability approximates the aggregate small-cap growth manager's opportunity set. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect growth characteristics. The **Russell 2500 Growth Index** offers investors access to the small to mid-cap growth segment of the U.S. equity universe. The Russell 2500 Growth Index is constructed to provide a comprehensive and unbiased barometer of the small to mid-cap growth market. Based on ongoing empirical research of investment manager behavior, the methodology used to determine growth probability approximates the aggregate small to mid-cap growth manager's opportunity set. The Russell 2500 Growth Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect growth characteristics. The **Nasdaq Composite Index** is a market capitalization-weighted index of more than 2,500 stocks listed on the Nasdaq stock exchange. It is a broad index that is heavily weighted toward the important technology sector.