

As of March 31, 2026

Market Environment¹

The first quarter was marked by a rapidly shifting equity landscape. Investor sentiment weakened amid uncertainty around Federal Reserve policy, growing scrutiny of AI related capital spending, and escalating conflict in the Middle East. As a result, equity returns were generally negative. For the quarter, the S&P 500 declined 4.3%, the Nasdaq Composite fell 7.1%, while small caps proved more resilient, with the Russell 2000 posting a modest +0.9% return. Style performance diverged sharply. Large cap value outperformed growth for a second consecutive quarter, with the Russell 1000 Value gaining 2.1%, while the Russell 1000 Growth declined 9.8%. Smaller cap growth indices were less pressured but still finished the quarter in negative territory, with the Russell 2500 Growth down 3.5% and the Russell 2000 Growth lower by 2.8%.

The “Magnificent Seven”² also struggled, with the Bloomberg Magnificent 7 Index falling 12.1%, as investors questioned whether elevated capital spending plans could pressure future profitability. At the sector level, Energy, Materials, and Utilities were the strongest performers, while Financials, Consumer Discretionary, and Technology were among the weakest.

The broad optimism entering 2026 gave way to a more cautious, selective market environment, with contrarian positioning and stability rewarded. Notably, in a counterintuitive outcome, high quality stocks underperformed lower quality stocks during the downturn. This quarter ranks as the fourth worst relative performance for “quality versus junk” in weak equity markets over the past three decades—surpassed only by Q4 2000, Q1 2001, and Q1 2022.

Performance¹

Against this backdrop, the Fiera Apex SMID Growth Strategy returned -6.33% (net of fees), underperforming its benchmark, the Russell 2500 Growth Index, which returned -3.52%. Overall, stock selection was the predominant driver of underperformance though sector allocation also had a modest negative impact.

From a sector standpoint, strong stock selection in the industrials sector was unable to offset weakness in the information technology (IT) and consumer discretionary sectors. Overweights to both information technology and consumer discretionary further weighed on comparative returns while an underweight to the health care sector provided some offset. Looking at positioning in the IT sector, performance has been particularly tied to investor sentiment in the software industry, where the portfolio has maintained an overweight. A clear example of sentiment driven divergence is the contrast between software and semiconductors. Semiconductors have benefited enormously from the AI hardware build out and are experiencing a strong cyclical upswing. Software, by contrast, has lagged amid concerns about AI disruption, which has intensified recently. Historically, however, software businesses have delivered better economic durability with higher margins, stronger ROIC, more consistent free cash flow, and lower earnings volatility. We believe this divergence reflects sentiment rather than a permanent impairment to software fundamentals. Nevertheless, this dynamic has dampened relative performance in the short-term.

At the individual stock level, positions in Entegris and Curtiss-Wright were the two largest positive drivers this quarter. Entegris supplies critical materials and components used in semiconductor manufacturing, and its shares rose sharply as investors responded to strong demand tied to ongoing chip investment. The company benefited from both

1. Source: FactSet, as of March 31, 2026. Please refer to Index Definitions at the end of this document. 2. The “Magnificent-7” (Mag 7) refers to seven dominant U.S. technology companies—Alphabet (Google), Amazon, Apple, Meta (Facebook), Microsoft, Nvidia, and Tesla—known for their significant influence, innovation, and substantial market capitalization, heavily impacting the S&P 500. Past performance is not indicative of future results. Inherent in any investment is the potential for loss.

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improving pricing and confidence that chipmakers will continue spending to support advanced manufacturing. Curtiss-Wright makes engineered products for defense, aerospace, and industrial customers, and its stock also delivered solid gains during the period. Investors favored the company's steady cash generation and exposure to long cycle defense programs.

Conversely, positions in leading database company MongoDB and DevOps and software supply chain management company JFrog Ltd detracted from performance. MongoDB provides a database platform used by developers to build and run applications, but its stock fell sharply as investors reacted to slower growth expectations, lack of near-term AI-driven revenue and some leadership changes. JFrog, which helps software teams manage and deliver code updates, also declined as sentiment toward software weakened, despite the company maintaining a profile that should benefit from AI tailwinds over time. In both cases, group sentiment seemed to outweigh individual business fundamentals as investors were not particularly discriminant about what they were selling in the space.

	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)
SMID Cap Growth (Net)	10.97	7.62	2.29	10.74
Russell 2500 Growth Index	19.31	10.61	1.75	10.46

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. Consensus forecasts call for approximately 17% earnings per share (EPS) growth for the S&P 500 in 2026, with earnings expected to increase across all 11 GICS sectors. Technology is projected to deliver the strongest growth, accounting for roughly two thirds of total S&P 500 earnings growth, underscoring the market's continued reliance on the sector.

While economic activity in Q1 2026 was broadly stable, the impact of geopolitical shocks, most notably the Iran conflict, had not yet impacted the data. Financial conditions tightened over the quarter as Treasury yields moved higher and expectations diminished for dovish Federal Reserve actions. At the same time, rising energy prices drove a resurgence in commodity inflation. Brent crude rose sharply from approximately \$60 to \$118 per barrel, contributing to a 23% gain in the Bloomberg Commodity Index in Q1, after a 4.8% increase in Q4. These rising input costs are likely to pressure corporate margins and become more visible in Q2 earnings results and guidance.

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. However, the current environment has shifted focus toward Federal Reserve policy, corporate credit conditions, and the pace of AI related spending by hyperscalers as the primary drivers of equity returns over the next year.

1. Source: FactSet, as of March 31, 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.

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As capital expenditures accelerate, the resulting erosion in free cash flow margins among hyperscalers has begun to weigh on their equity prices. At the same time, emerging stress in parts of the private credit market could signal a less favorable environment for corporate debt. If inflation remains elevated due to sustained commodity pressures, the Federal Reserve may remain on the sidelines with the potential to affect equity returns, earnings, and valuations until these pressures subside.

Q1 performance suggests the market is undergoing a shift. Value stocks have outperformed for two consecutive quarters, marking a notable departure from the narrow leadership of the “Magnificent Seven” that dominated much of last year. More broadly, the macro narrative is evolving. Oil prices are elevated, the labor market appears stable to softening, and monetary policy remains restrictive. Persistent inflation concerns (even amid slowing economic momentum) are likely to keep the Fed cautious, as its traditional transmission mechanism is muted by the low rates locked in by homeowners and corporates during the pandemic lows.

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.

At the close of the first quarter, the strategy remained exposed to 8 of the 11 economic sectors and held its largest overweights to consumer discretionary and financials and its largest underweights to communication services and real estate.

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Composite Description: The Small/Mid Cap Growth composite was created on April 1, 2000 and includes all portfolios invested in U.S. equities (including ADRs) with strong earnings and growth characteristics and mid to 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. The **Bloomberg Magnificent 7 Index** is an equal-dollar weighted equity benchmark that tracks a fixed basket of seven dominant U.S. tech-related companies: Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla. It aims to measure the performance of these high-growth, widely traded firms representing the communication services, consumer discretionary, and technology sectors. The **Bloomberg Commodity Index** is made up of 24 exchange-traded futures on physical commodities, representing 22 commodities which are weighted to account for economic significance and market liquidity.