Fiera Apex US Equity Core Strategy

As of September 30, 2026

Market Environment[1]

The third quarter saw a notable shift in U.S. equity markets as the strong rally from the first half of the year gave way to a much narrower market environment. This shift was reflected in quarterly returns, with the S&P 500 and Nasdaq Composite gaining 2.3% and 2.6%, respectively, while the Russell 2000 and S&P 500 Equal Weight Index declined 7.2% and 1.9%. By quarter-end, only approximately 25% of S&P 500 constituents remained above their 50-day moving averages, compared with roughly 64% at the end of Q2.

Style leadership shifted during the quarter as value stocks rebounded following a strong quarter of growth outperformance. In the large cap space, the Russell 1000 Value Index gained 2.61%, outpacing the 0.92% return from the Russell 1000 Growth Index. Notable in the leadership change was the performance of software vs semiconductors, during the quarter software returned +17.46% (IGV) vs the negative return of semiconductors -11.26% (SOXX). This is a significant change as going into the quarter semiconductors stocks were outperforming software stocks by more than 100% on a year-to-date basis.

Macro developments remained an important driver of market performance. Persistent inflationary pressures, treasury buybacks, and the Federal Reserve's decision to raise interest rates for the first time since 2023 contributed to a rise in Treasury yields. At the September meeting, Chair Warsh increased the federal funds rate by 25 basis points, and markets are pricing in an additional hike before year-end. Meanwhile, elevated investment-grade corporate issuance, including borrowing from hyperscalers to fund AI infrastructure investments, added to the supply backdrop in fixed income markets and contributed to higher yields across the curve.

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Performance[1]

Against this backdrop, the Fiera Apex US Equity Core strategy returning 1.00% (net of fees), underperformed the S&P 500, which returned 2.30% during the quarter. Overall, stock selection was the predominant driver of underperformance though sector allocation provided a modest offset.

From a sector perspective, positive stock selection in the financials and communication services sectors were unable to offset weakness predominantly stemming from the health care, information technology (IT), consumer discretionary, and energy sectors. An underweight position in IT further weighed on comparative returns while an underweight to utilities provided some offset. While market breadth had improved coming into the third quarter, it reversed course and was particularly poor when all was said and done – the equal-weighted S&P 500 trailed the capitalization weighted index over 400 bps. The S&P 500 Quality Index also trailed the traditional benchmark by 880 bps during the quarter. That backdrop further served as headwind to the strategy's quality and quality growth orientation.

At the stock level, lack of exposure to the electric vehicle and robot company Tesla and our position in the cloud networking equipment company Arista Networks were among the top contributors to relative returns during the quarter. Shares of Tesla declined during the quarter primarily driven by underwhelming earnings. While revenue exceeded consensus, earnings per share fell well below estimates as operating margins significantly compressed. This margin erosion was largely due to a surge in operating expenses and R&D related to AI and robotics projects.

1. Source: FactSet, as of September 30, 2026. Please refer to Index Definitions at the end of this document.

Past performance is not indicative of future results. Inherent in any investment is the potential for loss. *IGV- The iShares Expanded Tech-Software Sector ETF seeks to track an index of North American companies in the software industry, along with select interactive media and services firms. The fund offers a way to seek growth through focused exposure to software, cloud, and digital media companies. *SOXX- The iShares Semiconductor ETF seeks to track an U.S. equity index of companies in the semiconductor sector. The fund offers a way to invest in companies across the semiconductor value chain, including those driving innovation in AI and benefiting from capital investments in digital infrastructure.

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Simultaneously, the company's free cash flow swung negative as capital expenditures surged to fund long-term autonomy infrastructure. Shares of Arista Networks advanced during the quarter following better-than-expected earnings and raised guidance. Results were driven by continued demand for high-speed networking equipment supporting AI data center deployments, while the company's expanding portfolio of AI fabrics and cloud networking solutions positioned it to benefit from sustained infrastructure investment.

In contrast, our position in Applied Materials and lack of exposure to Nvidia were the largest relative detractors during the quarter. Shares of Applied Materials, the semiconductor equipment company, declined during the quarter despite reporting record revenue and earnings, as investors weighed elevated expectations following the stock's strong year-to-date performance. While demand remained robust for AI-related semiconductor equipment, concerns regarding the pace of future growth, pressure from a declining China revenue mix, and near-term margin outlook led to profit-taking during the quarter. Shares of Nvidia advanced during the quarter due to strong earnings and increased guidance. Earnings were driven by strength in data center revenue, growing demand for AI accelerators from hyperscalers, and supply chain improvements.

	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)
US Equity Core (Net)	3.73	15.63	9.87	13.39
S&P 500	15.74	22.89	13.79	15.33

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.**

Outlook[1]

The two most significant market debates today center on interest rates and the trajectory of AI-related capital spending.

In fixed income markets, credit spreads have begun to widen, particularly within lower-quality segments of the market. CCC-rated credit spreads have widened to nearly 1,000 basis points over Treasuries, while higher-quality BB-rated credit spreads remain closer to 300 basis points, despite some recent widening. The resulting 700 basis point spread between CCC and BB credits is the widest since the 2020 pandemic, raising concerns that stress in lower-quality credit could eventually spread more broadly across the market.

At the same time, the AI infrastructure buildout continues to drive significant issuance in the corporate debt market. Any signs of slowing AI-related investment could weigh on the technology sector, particularly businesses with high operating leverage, such as semiconductor and data storage companies. This environment has fueled a momentum-driven market in which strong top line growth has been rewarded, often at the expense of companies generating substantial cash flow today. As interest rates have risen, risks have increased as valuation support, particularly in the form of free cash flow yields, has weakened.

1. Source: FactSet, as of September 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 on the last page.

Looking ahead, markets are always eager to identify turning points; however, it is rare for the bell to ring, indicating a regime shift. In today's environment, where AI-driven earnings growth has dominated investor attention, accurately assessing whether AI capital spending is accelerating, peaking, or slowing could have meaningful implications for portfolio construction. Technology sector valuations are elevated but are being overshadowed by the strength of current earnings growth.

Meanwhile, strong oil prices, persistent inflationary pressures, and evolving fiscal policies have contributed to shifts in Federal Reserve expectations. While robust earnings growth has largely overshadowed these macroeconomic developments, they remain important considerations for investors. In such an environment, we see diversification as an asset.

By anchoring portfolio construction around durable, difficult-to-disrupt secular growth opportunities and companies that possess both Quality and Growth attributes, we believe the portfolio is well positioned to navigate changing market conditions. We continue to maintain a diversified posture across individual securities, industries, and sectors.

1. Source: FactSet, as of September 30, 2026.

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Composite Description: The US Equity Core Composite was created on January 1, 2016, and includes all portfolios invested in U.S. equities (including ADR's) with strong dividend growth characteristics, with minimum market capitalization of $1 Billion.

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.