GQG Partners U.S. Quality Equity Fund

Quarterly Commentary

During the quarter, the GQG Partners U.S. Quality Equity Fund (Series F) returned -3.96%, while its benchmark, the S&P 500 Index, returned 17.02%, all in CAD.

From a sector perspective, during the period the Fund was helped on a relative basis by stock selection in Consumer Staples along with underweights to Consumer Discretionary and Materials. Relative performance was negatively impacted by an overweight to Energy, an underweight to Information Technology and stock selection in Communication Services.

Market Review

During the second quarter (2Q26) period, the S&P 500 index increased 15.20% with nine of the 11 sectors exhibiting a positive return. The largest drivers of the benchmark's increase were Information Technology (+31.79%, contributing 1,022 basis points (bps) to the performance of the S&P 500 Index), Industrials (+14.84%, 130 bps) and Financials (+8.91%, 113 bps).

Stylistically, the S&P 500 Growth Index (+21.89%) easily outperformed the S&P 500 Value Index (+8.00%) during the period.

A ceasefire between the U.S. and Iran, as well as strong earnings reports for the first quarter (1Q26) period, appeared to be the catalysts for a rally in global equity markets in 2Q26. The Iran conflict continues to unfold at an uneven, unpredictable pace with negotiations continuing over control of the Strait of Hormuz, Iran's supply of enriched uranium, a lifting of monetary sanctions and Israel's presence in Lebanon. However, the potential for a de-escalation that would allow shipping through the Persian Gulf to resume in full, with visibility on normalized energy commodity prices, was welcomed by investors in oil and gas importing countries including South Korea and Taiwan.

In the U.S., there was a stellar 1Q26 earnings season. According to FactSet, companies in the S&P 500 generated earnings growth of almost 29% versus the prior year, well-ahead of the 12% earnings per share (EPS) growth for 1Q26 that was expected entering 2Q26. The labour market was resilient with an increase in May non-farm payrolls easily exceeding expectations while the unemployment rate remained at 4.3%. However, rising inflation is a concern as price gains in the broader economy continue to trend well above the U.S Federal Reserve's (Fed) 2% target. The Consumer Price Index (CPI) for May, reported in June, increased 4.2% due to higher energy costs, with core CPI advancing 2.9% from the prior year. While the Fed left the overnight policy rate unchanged during its June Federal Open Market Committee (FOMC) meeting, the new Fed chairman signaled that the central bank's next move might be to raise interest rates as he emphasized the Fed's focus on delivering price stability.

The U.S. 10-year Treasury yield entered the 2Q26 period at 4.32%, peaked in mid-May at 4.67% when a summit between the leaders of the U.S. and China ended with little progress toward a negotiated settlement with Iran, and ended the quarter at 4.47%.

Investment grade credit spreads in the U.S. narrowed 14 bps to 76 bps while high yield spreads tightened by 53 bps to 275 bps. The Bloomberg US Aggregate Bond Index (largely U.S. Treasuries, investment grade corporates and agency mortgage-backed securities) demonstrated a modest decline of 0.3% during 2Q26 as the rise in longer-term interest rates was partially offset by the tighter credit spreads. The U.S. Dollar Index (DXY) strengthened 1.2% in the period, reflecting the potential for an increase in interest rates by the Fed in the second half of the year.

The Bloomberg Commodity Index fell 8.9% in 2Q26 due to losses in crude oil (Brent -29.8%) and gold (-14.1%). Oil declined after a ceasefire between the U.S. and Iran was extended for another 60 days and shipping traffic through the Strait of Hormuz increased. Gold appeared to lose its luster as the likelihood of rate hikes from the central bank increased in the wake of the hawkish comments from the new Fed chairman.

GQG Partners U.S. Quality Equity Fund

Sources: Bloomberg, CME Group, Federal Reserve Bank of St. Louis, S&P Global and WSJ.com

All Benchmark figures are in USD, unless stated otherwise.

Key Contributors

Philip Morris International Inc. (PM) - Philip Morris International manufactures cigarettes, smoke-free products, associated electronic devices and other nicotine-containing products primarily in markets outside the United States. The company is based in New York. During the quarter, the U.S. Food and Drug Administration (FDA) issued guidance on enforcement priorities for new nicotine pouch and e-vapour products that was received favourably by investors. PM may be able to accelerate the launch of new Zyn nicotine pouches with various levels of nicotine and in different flavours as the guidance from regulators continues to evolve.

The Allstate Corporation - The Allstate Corporation is an insurance company based in Illinois. For the month of May, policy growth for homeowners and for autos was higher than the consensus forecasts. In addition, pre-tax losses for catastrophes continue to trend lower relative to the prior year. As a result, a sell-side analyst increased their 2Q26 EPS estimate by almost 20%.

Altria Group, Inc. - Altria makes tobacco products. We (GQG Partners) believe its Marlboro brand is iconic in the industry. The company is based in Virginia. For the 1Q26 period, revenue and EPS exceeded the consensus forecasts by 3% and 6%, respectively. Altria reported a volume decline that was less than expected as the company broadened out its lower price offerings and exhibited momentum in its nicotine pouch products. Also, during 2Q26, the FDA issued guidance on enforcement priorities for new nicotine pouch and e-vapour products that was received favourably by investors as Altria may be able to relaunch NJOY ACE, its pod-based vaping system.

Snowflake Inc. - Snowflake Inc. provides cloud-based data warehouses and applications to help companies consolidate and analyze their information. The company is based in Montana. The stock rose in the quarter after the company announced it beat revenue and earnings consensus expectations for the quarter ended April 2026 by 6% and 23%, respectively. Management also highlighted significant acceleration in its AI products usage amongst clients and raised revenue growth guidance for the remainder of the fiscal year.

Cincinnati Financial Corporation (CINF) - Cincinnati Financial Corporation's primary business is property casualty insurance marketed through independent agencies around the country. The company offers coverage for standard commercial lines, personal lines and global specialty lines as well as reinsurance and life insurance. The company is based in Ohio. Early in the 2Q26 period, CINF reported 1Q26 results with EPS ahead of the consensus forecast by 8% due to a decline in catastrophe losses. During the last month of 2Q26, U.S. insurance stocks, including CINF, rallied as investors appeared to rotate from the tech and communication services sectors.

Key Detractors

AT&T Inc. - AT&T is a telecommunications company based in Texas. We believe the shares fell for two reasons. First, management set expectations for higher capital expeditures (cap ex) and debt to integrate the recent EchoStar spectrum acquisition. Second, investors appeared concerned that more competition for broadband service via satellite may be on the horizon from Amazon and from SpaceX's Starlink business, with the latter potentially partnering with Charter Communications.

Exxon Mobil Corporation - Exxon Mobil is a Texas based oil and natural gas producer. It also markets petroleum, petrochemical and other specialty products. The front month futures price for Brent crude oil fell 30% in 2Q26 after a ceasefire between the U.S. and Iran was negotiated and extended. As a result, tanker traffic through the Strait of Hormuz increased, easing concerns about a lack of oil supply.

Verizon Communications Inc. (VZ) - Verizon is a telecommunication services business offering wireless and broadband connections. The company is based in New York. We believe the stock was weak for two reasons. First, investors appeared concerned that more competition for broadband service via satellite may be on the horizon from Amazon and from SpaceX's Starlink business, with the latter

GQG Partners U.S. Quality Equity Fund

potentially partnering with Charter Communications. Second, VZ announced its intention to create a joint venture for its non-U.S. operations with BT Group, which includes a payment of more than $600 million to BT.

Occidental Petroleum Corporation - Occidental Petroleum is an oil and gas producer and pipeline operator. The company is based in Texas. The front month futures price for Brent crude oil fell 30% in 2Q26 after a ceasefire between the U.S. and Iran was negotiated and extended. As a result, tanker traffic through the Strait of Hormuz increased, easing concerns about a lack of oil supply.

Chevron Corporation - Chevron is an oil and natural gas company with exploration, production, pipeline, refining and chemicals businesses. The firm is based in California. The front month futures price for Brent crude oil fell 30% in 2Q26 after a ceasefire between the U.S. and Iran was negotiated and extended. As a result, tanker traffic through the Strait of Hormuz increased, easing concerns about a lack of oil supply.

Select Buy & Sell Activity

Johnson & Johnson (Sell – Exit) - Johnson & Johnson was sold given our view of better risk-adjusted opportunities elsewhere across the portfolio.

Occidental Petroleum Corporation (Sell – Exit) - Occidental Petroleum was sold given our view of better risk-adjusted opportunities elsewhere across the portfolio.

Exxon Mobil Corporation (Buy – Addition) - Exxon Mobil is a Texas based oil and natural gas producer. It also markets petroleum, petrochemical and other specialty products. We believe Exxon has been a world-class operator for more than one hundred years. We are optimistic that the company can continue to develop and apply technology to improve the productivity and efficiency of its wells, particularly in the onshore Permian Basin where they have what we understand to be the largest contiguous acreage position relative to peers. Offshore, Exxon continues to expand its footprint in waters off the coast of Guyana, where large oil reserves were discovered in 2015. The company can deliver high-single digit annualized EPS growth, in our opinion, while returning capital to shareholders in the form of buybacks and dividends. The stock has a current dividend yield of 2.9%.

Kroger Co. (Sell – Exit) - Kroger was sold given our view of better risk-adjusted opportunities elsewhere across the portfolio.

CVS Health Corp (Buy – New) - CVS Health Corporation provides pharmacy benefits management and health insurance while also operating a retail pharmacy business. The company is headquartered in Rhode Island. The pharmacy benefit manager (PBM) segment represents 40% of revenue while the Aetna insurance and CVS retail operations each generate 30% of total sales. We believe CVS has a solid collection of hard-to-replicate assets that benefit from network effects, scale and regulatory barriers. The PBM business is transitioning to a fee-based model, which we believe improves the durability of its earnings power. Increases in medical costs have been a headwind for profitability in the health insurance business in recent years but appear to be flattening out while the pricing for certain insurance plans is firming, in our opinion. In the retail pharmacy segment, we think operating margins may improve in the wake of the closure of underperforming locations and the full transition to a cost-plus reimbursement model for prescriptions in 2026. The company can deliver low teens annualized EPS growth during the next three years, in our opinion, while the stock has a 2.6% dividend yield.

Positioning & Outlook

The Utilities sector is the largest overweight in the portfolio with Information Technology the largest underweight. Headwinds include the potential unavailability of material and labour due to evolving trade and immigration policies from President Trump's administration as the utility companies seek to add power generation, transmission and distribution capacity. In addition, the sector faces regulatory risks including rate determinations and approvals of cap ex plans. Another potential headwind is a continued increase in AI-related spending that could drive positive EPS revisions in the tech sector, which would likely impact our relative performance. We expect to monitor the relevant data closely and adapt to the changing environment.

GQG Partners U.S. Quality Equity Fund

While the near-term supply of power in the U.S. is expected to be static, we believe there are three catalysts driving an increase in electricity demand. First, the increasing use of generative AI applications is likely to require meaningful levels of computing power from data centres currently in operation, as well as those planned to open during the next several years. These data centres are expected to require additional power supplies. Second, certain areas of the country are benefiting from a migration in population. Third, we expect an increase in the onshoring of manufacturing plants in response to new trade policies in the U.S. As a result, we believe there is good visibility on annualized earnings growth for select utility names during the next five years.

We are also overweight on opportunities in the Consumer Staples sector. We have identified select companies that we believe can leverage strong brands, pricing power and global distribution networks to demonstrate solid earnings growth. The fundamentals for certain tobacco businesses remain intact, in our opinion, with growth driven by next-generation products. These tobacco stocks also have what we consider to be attractive dividend yields.

We are constructive on opportunities in Energy as well. We believe certain exploration and development companies will consistently return capital to shareholders in the form of dividends and stock buybacks.

We are underweight the Information Technology sector. We are concerned that an increase in the use of third-party AI agents may negatively impact the earnings power of certain software companies while memory chip businesses may be overearning, in our opinion, with a risk of negative EPS revisions on the horizon as industry capacity is added and prices normalize from the current elevated levels.

Headwinds include the potential unavailability of material and labour due to evolving trade and immigration policies from the Trump administration as the utility companies seek to add power generation, transmission and distribution capacity. In addition, the sector faces regulatory risks including rate determinations and approvals of cap ex plans. Another potential headwind is a continued increase in AI-related spending that could drive positive EPS revisions in the tech sector, which would likely impact our relative performance.

While we are not economists, we do monitor macro data as part of our risk framework. We underwrite the existing, and potential, companies in our portfolios focusing on the visibility of their future free cash flows. Ignoring the macro conditions in which these companies operate would impact the accuracy of any investor's earnings outlook, in our opinion. However, adapting our portfolios to reflect new information is a hallmark of our process and we will continue to go where the data leads us.

About GQG Partners

Co-founded in 2016 by Chairman and Chief Investment Officer Rajiv Jain, GQG Partners is an independent boutique equities manager focused on global and emerging markets strategies. Protecting and compounding capital while aligning with clients is paramount to GQG Partners. Rajiv and his team seek quality companies at reasonable prices to build portfolios that are able to navigate and adapt to changing market conditions.

The GQG Partners investment philosophy focuses on four concepts:

- Earnings drive stock prices
- The market is disproportionally focused on the short term
- Quality should be the defining characteristic of the portfolio
- Risk management should be the first consideration when investing

Headquartered in Florida, GQG Partners strives for excellence at all levels of the organization through a commitment to independent thinking, continual growth, cultural integrity and a deep knowledge of the markets.

GQG Partners U.S. Quality Equity Fund

Published July 24, 2026

GQG PARTNERS

on the BRIDGEHOUSE INDEPENDENT PLATFORM