

# MFG Core Infrastructure Fund

Institutional Class (FMGIX), Service Class (FCIVX)

Sub-advised by Magellan Investment Partners— Sydney, AU

## Quarterly Commentary, March 31st, 2026

### Market Performance

Global share prices, as measured by the MSCI World Index, declined by 3.6% in USD in the March quarter of 2026. Gains in January gave way to a significant market drawdown in March. In January, markets were shaped by renewed geopolitical and trade tensions between the US and the EU following President Trump's comments on his intent to acquire Greenland. A broader message from the World Economic Forum in Davos was that the world was moving away from a US-led order. In February, investor attention shifted to rapid AI disruption after Anthropic's new Claude tools triggered fears over the earnings durability of software and related services. Although the broader index was little changed, this masked significant sectoral rotation. In late February, military offensives launched by the US and Israel against Iran became the dominant driver of global markets. Stronger-than-expected Iranian resistance, repeated attacks on energy infrastructure and disruption to shipping through the Strait of Hormuz drove a sharp rise in oil and gas prices and raised concerns about prolonged inflation and energy shortage globally. The key implication for markets over the quarter was a swing from a modest growth backdrop and manageable inflation post-US tariffs towards a more stagflationary environment. Unsurprisingly, the Energy sector (+37.7%) outperformed significantly during the March quarter while inflation-protected real asset exposure in Utilities (+9.6%) was generally favored. In contrast, the Discretionary sector (-10.4%) underperformed the most on concerns of inflation/consumer weakness, followed by Tech (-8.9%) and Communication Services (-6.7%) sectors on fears of AI threats to software.

Across regional equity markets, quarterly performance ultimately reflected differing exposure to the two dominant shocks of the quarter: first, the AI-driven reassessment of software and technology valuations, and second, the late-quarter energy shock. Markets that had benefited earlier in the quarter from domestic reflation or policy support, such as Japan and Europe, gave back performance as the conflict escalated. Despite Japan's exposure to imported energy, the Nikkei 225 Index outperformed over the March quarter, rising by 2.0% while Europe's STOXX 600 Index declined 1.0%. Owing to relatively tech-heavy exposure, the S&P 500 declined by 4.4% over the quarter, as highlighted by the Nasdaq's -7.0% quarterly move. Australia's S&P/ASX 200 Accumulation Index (-1.6%) and China's CSI 300 Index (-3.7%) were middle of the pack.

Economic data throughout the March quarter suggested that global activity was generally resilient at the start of the year, but that by quarter end the outlook had become more vulnerable to an energy-led inflation shock. In the US, January and February data pointed to solid activity, with stronger retail sales, improved manufacturing ISM readings and moderating inflation, giving the Fed some room to support growth. By February, payrolls had softened and other labor market indicators suggested a low-hiring, low-firing environment. The Fed's communication by late March indicated a holding bias so long as longer-term inflation expectations remained anchored. In Europe, January data supported a trend-growth narrative, while February still pointed to sub-par but resilient conditions. By March, however, inflation readings in parts of the continent had surprised on the upside, confidence had weakened and ECB forecasts shifted towards slower growth and higher inflation as energy costs fed through, prompting governments to begin rolling out support measures for households. In China, the quarter was characterized by more modest growth but continued policy support, with February and March seeing firmer activity data and an accommodative stance reinforced by fiscal measures and strategic priorities around household stimulus and key technologies.

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#### Fund Performance

The Fund recorded positive performance in the March quarter of 2026. Surging demand for real assets was supportive early in the quarter, buoyed by market concerns on the implications of the AI thematic for the durability of many business models. The major geopolitical shock to markets from late February, with the onset of conflict in the Middle East, drove a subsequent sell-off in equities, including listed infrastructure.

The top contributors for the quarter were TC Energy, Enbridge and Snam. Canadian energy infrastructure company TC Energy gained, bolstered by the release of robust FY2025 and December quarter 2025 results. In its FY25 results, the company also reinforced its strong five-year capex plan, with firm data center demand a key driver. Rotation into real assets in the first half of the quarter also boosted the stock price. Enbridge, another Canadian energy infrastructure company, rose in the quarter as it reported firm FY2025 results and affirmed its 2026 guidance and large capex pipeline. Dislocations in global oil and gas markets through March were also supportive. Italian gas utility Snam increased, with the rotation into high-quality regulated infrastructure names supportive in January-February. The company reported strong FY2025 earnings and a EUR 14 billion investment plan for 2026-2030 in early March, which sustained earlier gains though the Middle East conflict was an overhang for sentiment.

The top detractors for the quarter were Crown Castle, SBA Communications and ADP. US telecommunications infrastructure companies Crown Castle and SBA Communications continued to be affected by the DISH wireless default on tower rental payments. In the December quarter 2025, DISH Wireless claimed it was “excused” from its tower rental contracts after its parent company EchoStar announced deals to sell its spectrum licenses and decommission DISH’s own 5G network. Both companies are progressing legal challenges with DISH and believe the leases should be honored through to the end of the contracts. Rising US bond yields in March, with the Middle East conflict raising market concerns on inflation, also dragged on the stocks. French airport operator ADP fell as the breakout in conflict in the Middle East drove a sharp selloff in the stock. ADP has direct exposure to the region, with some assets in the Middle East as well as around 5.4% of traffic at its French airports from the region.. While the company communicated that it expects a measured impact on its traffic volumes, the market reaction to the risks was nonetheless sharp.

*Index movements and stock contributors/detractors are based in local currency terms unless stated otherwise.*

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#### Outlook and Strategy

Notwithstanding our expectations for greater volatility in the short to medium term driven by rapidly shifting policy from the US administration and geopolitics with implications for economic growth, interest rates and inflation, we are confident that the underlying businesses we have included in our defined universe and in our investment strategy will prove resilient over the longer term. We regard the businesses we invest in to be of high quality and, while short-term movements in share prices reflect issues of the day, we believe that share prices in the longer term may reflect the underlying cash flows, potentially leading to investment returns consistent with our expectations.

The strategy seeks to provide investors with attractive risk-adjusted returns from infrastructure securities. It does this by investing in a portfolio of listed infrastructure companies that meet our strict definition of infrastructure. We believe that infrastructure assets, with requisite earnings reliability and a linkage of earnings to inflation, offer attractive, long-term investment propositions. Furthermore, we believe the resilient nature of earnings and the structural linkage of those earnings to inflation means that investment returns typically generated by infrastructure stocks are different from standard asset classes and offer investors diversification when included in an investment portfolio. In our opinion the current uncertain economic and investment climate, the historically reliable financial performance of infrastructure investments makes them attractive, and an investment in listed infrastructure has the potential to reward patient investors with a long-term timeframe.

Index movements and stock contributors/detractors are based in local currency terms unless stated otherwise. U.S. GDP statistics come from the U.S. Department of Commerce, while U.S. employment and inflation statistics are published by the U.S. Department of Labor. EU economic statistics come from Eurostat. UK statistics are released by the Office for National Statistics.

**Mutual fund investing involves risk; principal loss is possible. The Fund's investment objectives, risks, charges, and expenses must be considered carefully before investing. The prospectus contains this and other important information about the MFG Funds, and it may be obtained by calling 888-825-2100 and/or at [www.mfg-funds.com](http://www.mfg-funds.com). Read the prospectus carefully before investing.**

The information provided herein represents the opinion of the Fund manager and is not intended to be a forecast of future events or a guarantee of future results. Further, there is no assurance that certain securities will remain in or out of the Fund's portfolio. The Fund's top ten holdings as of the most recent quarter-end may be obtained at [www.mfg-funds.com](http://www.mfg-funds.com).