Mawer Global Equity Fund, Series F

Q2 2026 | Performance Commentary

Market Overview

Equities had a remarkable quarter, with the MSCI ACWI Index advancing an astounding +16.8%. Market leadership has been extraordinarily narrow, concentrated in the machinery of artificial intelligence: semiconductors, the hardware around them, and the equipment that makes them. Regional leadership (think: South Korea, Taiwan) closely followed this trend as global demand for memory and advanced logic has flowed through to behemoths such as Samsung, SK Hynix, TSMC, and, beneath, many parts of their respective supply chains. Similarly in the U.S. it was companies such as Micron, AMD, and Intel leading the way.

To be fair, this momentum hasn't been unmoored from fundamentals; corporate earnings have been robust with net margins near record levels. The capital spending is real, with hyperscalers committing to ever higher levels of investment, and many of the profit inflections are substantial: look no further than memory companies where bottlenecks in supply have radically reshaped the nature of pricing and contracts with their customers. On the other hand, energy completed a round trip: the surge on the Iran shock unwound almost entirely in Q2 as Brent fell back toward the low-$70s.

Performance Summary

A year ago, we made a portfolio manager change to our global equity strategy. We were disappointed with its behaviour in 2024 and the first half of 2025, given a portfolio that had become too defensive, narrow, and missing exposure to key areas of the market. For clients, this was most obvious in the results, with a collapse in the portfolio's upside participation.

A year later, despite the portfolio modestly lagging its benchmark in Q2 given our diversified investment approach and the exuberant nature of the environment, we were much more pleased with the portfolio's degree of upside participation. And in further evidence that our efforts to get back to the "middle of the net" were worthwhile, many of the strongest contributors to the portfolio's returns were positions that we introduced or meaningfully increased since the change in personnel.

The largest contributors were, almost without exception, companies tied to the building of artificial intelligence. All three of our memory related holdings more-than-doubled in the quarter: **SK Hynix**, **Kioxia**, and **Samsung**. Much of our discounted cash flow work in recent weeks has focused on the supply and demand bottlenecks at the heart of this theme: how durable they are, what incremental capex and capacity look like, and what it means for pricing, cash flows, and wealth creation. The honest answer is that the range of plausible outcomes is exceptionally wide. We have trimmed each of these holdings into their strength as we weigh the probabilities alongside their aggregate weight, but the portfolio has certainly benefited from our decisions to introduce many of them over the past year.

Other standouts included advanced foundry **TSMC,** data centre equipment supplier **Amphenol**, hyperscaler **Alphabet**, and chip designer **MediaTek**.

Offsetting these positives, our underweight in the information technology (IT) sector accounted for about half of the portfolio's relative underperformance. We have significant exposure to IT as highlighted in the preceding paragraphs, but our diversification-focused approach to portfolio construction means we don't have the same concentrated positioning as the index. This can be a source of underperformance in this type of market environment, but a tradeoff we're comfortable making to protect and grow client capital over the long run.

Most of the rest of the drags on performance came from three areas that lagged the broader market: energy, materials, and defense. Our oil and gas holding **Shell**, gave back ground as energy prices fell from their Middle East conflict-driven spike, while mining related stocks **Agnico-Eagle** and **Franco-Nevada** traded lower in concert with lower gold prices. Our defense businesses **Northrop Grumman**, **Leonardo**, and **BAE** all retreated.

Finally, financial exchange and data providers **CME Group** and **Intercontinental Exchange** detracted as well: the former on the news of an unexpected executive departure, the latter for its mortgage software business which is being perceived as an AI loser.

We've used the recent price weakness in many of the stocks noted above to scale our positions.

Looking Ahead

With the World Cup capturing the world's attention, a soccer analogy feels timely. A winning team does not field eleven of the same position. Each player has a job, and how they work together matters as much as any individual's brilliance. A team built to win over a full season needs players for every role and every condition: goal scorers undoubtedly, but also midfielders who control the run of play and defenders who keep the ball out of the net when the opposition presses.

Since the release of ChatGPT in November 2022, the strikers have been running up the score. Artificial intelligence has become the single force pulling the market along, and in many cases making portfolios that aren't fielding an overabundance of strikers look silly by comparison. The result is a market and a global economy where growth has been concentrated more than at almost any point in living memory. Profit inflections are lighting up the highlight reel as opposed to profit stability.

Markets have always produced a small number of giants, with the distribution of corporate success lopsided by nature: finance professor Hendrik Bessembinder's fascinating research covering a century of stock price returns demonstrates that there is a profound skewness in individual stock returns, with a relatively small proportion of companies driving the lion's share of the overall market's wealth-creation over the long term.

The lesson we draw from this is not that one should chase whatever is winning. Our portfolios certainly do field strikers; memory being the clearest example over the past year. We've been selective and disciplined: identifying terrific, wealth-creating companies when the odds were in our favour and carefully managing position sizes thereafter. TSMC, our largest holding, is the first name on the team sheet—a business whose dominance of advanced chip manufacturing, in our assessment, is still available at a discount to what it is intrinsically worth.

But this brings us back to the rest of the team. The businesses that have appeared dull of late (think: distributors that quietly pass rising costs through, exchanges and payments companies that benefit from strong network effects, the insurance brokers and credit card providers that simply keep compounding) are not players we have forgotten to substitute. They are on the pitch by design. Their ballast carries a cost in a market currently shaped by a few extraordinary winners, but we regard it as a price worth paying.

In investing, matches aren't won by the side that attacks most furiously for only twenty minutes, nor by the one so afraid of conceding that it never ventures forward. Both are required.

Performance Summary[1] (%)

As of June 30, 2026

	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Since Inception[2]
FUND	**13.8**	**9.0**	**13.4**	**8.1**	**6.7**	9.7	**11.0**
BENCHMARK	16.8	15.1	28.6	22.5	14.1	13.7	12.7

Calendar Year, as of December 31:

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
FUND	**-0.4**	**17.5**	**4.3**	**20.7**	**9.8**	**21.3**	**-11.2**	**17.1**	**10.7**	**-1.1**
BENCHMARK	3.1	15.8	-1.3	20.2	14.2	17.5	-12.4	18.9	28.1	16.6

[1]Performance figures are net of management fees and operating expenses. Periods greater than one year are annualized. Performance figures are in Canadian dollar terms.
[2]Mawer Global Equity Fund Series F Inception: October 22, 2009

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Benchmarks:

FUND	BENCHMARK
Mawer Global Equity Fund	Oct: 2009: MSCI World (net) Oct 2016: MSCI ACWI (net)

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