Mawer Global Small Cap Fund, Series F

Q2 2026 | Performance Commentary

Market Overview

Equities had a remarkable quarter, with the MSCI ACWI Small Cap 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: Taiwan) closely followed this trend as global demand for memory and advanced logic has flowed through to behemoths such as TSMC, as well as, further down the chain, many smaller-cap suppliers across its supply chain. Similarly in the U.S. it was companies such as Sandisk leading the way. The Information Technology sector was the only sector outperforming the index this quarter.

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

The portfolio fell shy of its benchmark this quarter in an exuberant market led by AI-related companies.

A number of the portfolio's standouts were companies tied to the building of artificial intelligence including **King Slide**, which makes the rail kits that hold servers in their racks; **Acter Group**, an engineering firm specializing in clean room design; and **Hammond Power Solutions**, a provider of electrical transformers serving data centers. These holdings delivered returns in excess of +90%, offering diversified exposure to relatively supply-constrained parts of the AI ecosystem.

Elsewhere in the AI complex, **Bravida**, an electrical and HVAC company, delivered strong results and was awarded data center installation contracts in the Nordics, an emerging end market that could become a meaningful secular tailwind for the company. **Softcat**, a value-added reseller of IT products, saw robust demand from its customers to further invest across their IT infrastructure stack.

Yet, despite a stellar performance from our holdings in the information technology sector—delivering a +30% return—it was not enough to keep pace with their benchmark peers, and this was the largest headwind to relative performance during the quarter.

After the geopolitical conflict in the Middle East shook markets in Q1, the news of a peace framework that emerged towards the end of Q2 helped moderate spiking commodity prices and as such, valuations of oil and gas producers **Parex Resources** and **Prio** gave back ground.

Elsewhere, growth decelerated at both **GPS**, a Brazilian facilities management company, and **Synsam**, an eyewear retailer. GPS's catering business margins were pressured by food input inflation, while Synsam faced a slowdown in same-store sales. **Stella-Jones**, a manufacturer of treated wood products, faced headwinds as utility pole pricing began to normalize, while its rail ties business was pressured by a softer capex outlook from railway customers. Finally, shares of nursing facility operator **The Ensign Group** were pressured by a short-seller report that weighed on near-term market sentiment.

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.

But this brings us back to the rest of the team. The businesses that have appeared dull of late 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	**12.7**	**6.7**	**8.8**	**6.8**	**1.1**	**7.1**	**9.7**
BENCHMARK	16.8	20.2	33.9	20.2	10.4	11.8	8.8

Calendar Year, as of December 31:

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
FUND	**-0.7**	**20.8**	**-2.6**	**24.4**	**14.8**	**4.8**	**-17.7**	**13.9**	**-3.7**	**10.2**
BENCHMARK	8.3	15.7	-6.7	18.4	14.3	15.1	-12.8	13.7	17.4	14.1

[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 Small Cap Fund Series F Inception: October 2, 2007

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Benchmarks:

FUND	BENCHMARK
Mawer Global Small Cap Fund	Oct 2007: Russell Global Small Cap Oct 2016: MSCI ACWI Small Cap (net)

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