# Mawer New Canada Fund, Series F

## Q2 2026 | Performance Commentary

### Market Overview

The S&P/TSX Small Cap Index continued to advance during the second quarter, despite a pause in several of the themes that had recently propelled the index higher. Gold prices retreated from their highs following a period of rapid appreciation, and oil prices moderated amid hopes for a resolution to the conflict in the Middle East. During the quarter, the index was supported by strong performance in the industrials sector, driven by expectations of increased demand stemming from nation-building initiatives in Canada and potential data centre development. Evidence of this demand emerged as Meta announced a $13 billion investment to develop a data centre in Alberta.

The Bank of Canada held its overnight rate at 2.25% at both its April and June meetings as it weighed firmer headline inflation against continued softness in economic activity. Canada's economy contracted for a second consecutive quarter, meeting the technical definition of a recession.

### Performance Summary

The portfolio underperformed its benchmark during the quarter. One of the largest detractors from relative performance was the portfolio's information technology holdings, which lagged their benchmark peers. **BlackBerry** was a significant contributor to benchmark returns, with its share price increasing by nearly 300% during the quarter as investors reassessed the potential role of its software in artificial intelligence powered robotics. Although we initiated a position in the company in mid-May and participated in a portion of its strong performance, our underweight position compared to the benchmark created a headwind for relative returns. Our holding in **Kraken Robotics,** a provider of sonar and batteries for autonomous underwater vehicles, also declined during the quarter following a remarkable run; nevertheless, the stock remains up more than 100% over the past 12 months.

During 2025 and early 2026, we built positions in several securities that we believed would benefit from rising gold prices. In March 2026, the S&P/TSX Small Cap Index was rebalanced resulting in a lower weighting for the metals and mining industry, which declined from 41% at the end of February 2026 to 26% as of the end of March 2026. Although we continue to remain underweight the broader metals and mining industry relative to the benchmark, this change has increased our relative exposure. More specifically looking across our holdings, we estimate that the portfolio's overall exposure to gold is approximately in line with the benchmark. Following a remarkable rally, gold prices pulled back during the quarter, which weighed on several of our positions, including **Sprott**, **Skeena Resources**, and **McEwen**.

Despite ongoing uncertainty surrounding the conflict in the Middle East, oil prices moderated during the quarter as it appeared that the worst-case scenario for exports through the Strait of Hormuz had been avoided. This led to a stock price decline for several of our energy holding including **International Petroleum Corporation**, **Headwater Exploration**, and **Parex Resources**. Another energy sector holding, **TerraVest Industries**, saw its share price decline after its Executive Chairman was accused of insider tipping. We viewed the market's reaction as excessive and took the opportunity to add to our position, as neither the company's underlying business nor its senior management team was implicated in the allegations. Elsewhere, **Stella-Jones** experienced a challenging quarter as utility pole pricing appears to have peaked following a period of substantial increases. In addition, its main competitor has been aggressively lowering prices to gain market share in both utility poles and railway ties. This ultimately led us to trim our position during the quarter.

The market continued to favour companies positioned to benefit from the buildout of AI infrastructure. **Hammond Power Solutions** has benefited from increased demand for their transformers as a result of ongoing data centre construction, which has also led to growth in the company's backlog. **Enerflex** has similarly benefited, as expectations for rising natural gas power demand driven by AI-related infrastructure investments have improved the outlook for the company.

Elsewhere, **Calian Group** continued to perform well on increased defense related demand. **MDA Space**, a satellite company, had a strong quarter as the market rewarded the company's sustained growth and margin resilience, with the company beating all expectations on their latest financial results. MDA has quickly grown from a sub-scale satellite parts provider to a global leader in all things space. **Bird Construction's** stock also had a strong quarter given increased demand from Build Canada initiatives and a more favourable infrastructure spending environment.

## Looking Ahead

With the World Cup upon us, 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. No sensible manager fields eleven strikers. 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 but 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 (companies that quietly pass rising costs through or benefit from strong network effects) 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 | **2.9** | **5.0** | **8.0** | **12.3** | **4.8** | **8.5** | **12.7** |
| BENCHMARK | 5.9 | 18.0 | 57.2 | 30.3 | 15.0 | 11.3 | 8.8 |

### Calendar Year, as of December 31:

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| FUND | **19.3** | **3.9** | **-10.2** | **28.8** | **19.3** | **18.1** | **-18.7** | **12.4** | **12.5** | **11.2** |
| BENCHMARK | 35.5 | 2.8 | -18.2 | 15.8 | 12.9 | 20.3 | -9.3 | 4.8 | 18.8 | 50.2 |

[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 New Canada Fund Series F Inception: January 8, 1988

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**Opinions and Forecasts:**

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**Benchmarks:**

| FUND | BENCHMARK |
| --- | --- |
| Mawer New Canada Fund | Jan 1988: BMO Weighted Small Cap (Blended)<br>Oct 2016: S&P/TSX Small Cap |

**Performance Disclosure and Requirements:**

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the fund facts and the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Mawer Funds are managed by Mawer Investment Management Ltd.

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