Mawer Emerging Markets Equity Fund, Series F

Q3 2026 | Performance Commentary

Market Overview

After a torrid spring, equity markets delivered more muted returns in the third quarter. Corporate earnings, and especially those tied to the AI buildout, remain historically strong. Energy stocks thrived on higher commodity prices, related closely to the ongoing conflict in the Middle East. But these were offset by a pullback in sentiment for some of the year's highest-flyers (think: memory chip companies) while consumer-oriented parts of the market weakened in the face of rising costs. Emerging markets equities were laggards, globally, given the sizable exposure to semiconductors.

Bond investors suffered losses in the third quarter as long-term bond yields rose sharply: the yield on 10-year U.S. Treasuries, for example, increased 0.9% in the quarter alone to reach levels not seen in over two decades. Higher yields are being driven by a combination of the Iran War stoking pressure on energy costs and inflation, fiscal spending concerns, a wave of expected corporate borrowing to fund the AI capex boom, influential central banks that have begun to raise rates, and a global economy that continues to soldier ahead.

Performance Summary

The portfolio's return lagged that of its benchmark as some of the year's standout performers pulled back in Q3. Our aggregate position in **SK Hynix** and **SK Square** (whose intrinsic value is closely tied to SK Hynix) was hurt by the pullback in memory stock prices. Related holdings such as clean room engineering firm **Acter Group** followed suit. Chinese battery manufacturer **CATL** declined on worries that its customers may begin to diversify their suppliers; though as CATL is the technological leader in the market, its growth remains substantial. And Eastern European industrial real estate company **CTP** decreased as rising bond yields put pressure on property valuations and its leverage profile.

Partially offsetting these negatives, Taiwan-based precision rail-kit manufacturer **King Slide**, whose earnings surged on growth tied to the AI server buildout, bucked the broader AI trend with superb returns. Other AI-related holdings with excellent earnings that were well rewarded included **ASPEED**, **MediaTek**, and **Jentech Precision**. Meanwhile, Brazil's **Prio**, Malaysia's **Hibiscus Petroleum**, and India's **Aegis Logistics**—all well-managed energy companies—have been beneficiaries of higher energy prices; they have collectively played their role from a portfolio construction perspective while their geographic breadth provides diversification in a world of supply shocks and potentially more energy insecurity.

Looking Ahead

As we've written about in our past few quarterly letters, in addition to well-publicized headline challenges (inflation, war, upcoming elections), the investment landscape is shifting rapidly: the recent sharp rise in bond yields is just another question in a world already in the midst of a changing technological and geopolitical regime. On the one hand, discount rates are the foundation for valuing all cash-producing assets, and equities certainly have duration (think: 2022). On the other hand, multiple compression and earnings growth have been working in opposite directions, producing a slow grind rather than an abrupt drop. The question now is whether that adjustment is complete.

This environment presents genuine opportunities and real challenges; portfolio turnover that has been higher than historical norms is a natural outcome, especially given outsized stock price movements. While higher rates have provided opportunities for attractive entry points for many steady compounders, the pace of technological change and capital redeployment is accelerating and genuine wealth-creators solving novel problems still deserve meaningful exposure. The discipline lies in careful position sizing and, at a portfolio level, how much we commit to each.

That balance and humility—preparation without overconfidence, conviction without rigidity—is both our sword and our shield.

Performance Summary[1] (%)

As of September 30, 2026

	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Since Inception[2]
FUND	**-3.2**	**22.5**	**23.7**	**25.6**	**9.8**	-	**9.3**
BENCHMARK	-0.3	27.8	31.9	26.1	11.5	-	10.3

Calendar Year, as of December 31:

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
FUND	-	-	**-6.2**	**9.7**	**20.4**	**0.8**	**-28.9**	**17.1**	**24.3**	**25.7**
BENCHMARK	-	-	-6.9	12.4	16.2	-3.4	-14.3	6.9	17.3	27.3

[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 Emerging Markets Equity Fund Series F Inception: January 31, 2017

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Benchmarks:

FUND	BENCHMARK
Mawer Emerging Markets Equity Fund	MSCI Emerging Markets Index (net)

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The Funds mentioned in this document are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance on exemptions from registration.

The Fund's MER is made up of the management fee and operating expenses. The Fund's annual management fee is 1.30% of the Fund's value. Because this fund is new, its operating expenses are relatively large in comparison to the fund's assets. Mawer Investment Management Ltd. has committed to subsidize the operating expenses of the Fund from its inception so that the MER is no more than 1.60%; without the subsidy the MER may be higher. Mawer Investment Management Ltd. reserves the right to terminate the subsidy at any time. Management plans to review the subsidy periodically with the intent to remove the subsidy once the MER of the Fund has stabilized. After the subsidized period ends, the actual MER for the Fund may be higher than 1.60%.