

Mawer Canadian Bond Fund, Series A

Q2 2025 | Performance Commentary

Market Overview

The second quarter of 2025 saw elevated volatility as markets were rocked by an escalation in global trade tensions, particularly after the “Liberation Day” tariff announcement by the U.S. on April 2. In response to the ensuing global tariff brinksmanship, risk assets sold off aggressively, though within a few weeks the U.S. administration tempered and partly deferred the initial barrage of tariffs causing markets to recover. Amidst all this, the U.S. Federal Reserve held rates steady throughout Q2, citing ongoing strength in the labor market and only gradual progress on inflation.

The Bank of Canada (BoC) took a pause in its easing policy this quarter, keeping the overnight rates at 2.75% citing firmer than expected inflation, unknown outcomes of ongoing trade negotiations, and stronger than expected Q1 GDP. Inflation came in relatively strong in Canada in Q2 with headline running above the BoC’s Q2 forecasts and core remains elevated.

Canadian universe fixed income returns were negative in the quarter, as tightening corporate credit spreads after the early spike in April and earned income were not enough to offset longer yields moving higher.

Performance Summary

The portfolio performed roughly in line with its benchmark during the quarter.

Our yield curve steepener position continued to add value (shorter bonds outperforming longer bonds).

Our credit related positions were positive contributors as we saw a reversal in performance from last quarter with the higher quality, more liquid names that we own rebounding nicely. The security selection contributions were broad based with Province of Quebec, CPKC Rail, CN Rail, and North West Redwater bonds leading the way.

Looking Ahead

Although the BoC noted that tariffs have not had a direct impact on prices yet, their statement noted a concern about upside risk to future inflation: *Recent surveys indicate that households continue to expect that tariffs will raise prices and many businesses say they intend to pass on the costs of higher tariffs.* Our view is inflation expectations are different today versus Trump 1.0, increasing companies’ ability to pass through higher prices to consumers. This will keep inflation sticky in the short term. The question over the medium term is will growth slow enough to bring prices down and potentially warrant more cuts? On this front the BoC is providing minimal forward guidance as the uncertainty around trade/trade policies continues to be elevated, thus making policy more reactive vs. proactive.

Our view is the BoC will remain on hold until they see more evidence of a growth slowdown (which would lead to lower prices via lower demand). Given the change in the inflationary backdrop—and change in inflation expectations—we think increased employment losses (which translate into income declines) are required before rates are cut. We place a larger probability on growth slowing due to increased uncertainty, therefore we believe continued rate cuts will eventually happen—but for now its wait and see.

Performance Summary¹ (%)
As of June 30, 2025

	YTD	3 Mo.	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	Since Inception ²
FUND	1.2	-0.7	5.8	4.0	-0.8	1.4	4.9
BENCHMARK	1.4	-0.6	6.1	4.3	-0.4	1.9	5.9

Calendar Year, as of December 31:

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FUND	4.0	6.3	-12.0	-3.0	8.7	6.4	0.8	1.3	0.9	3.1
BENCHMARK	4.2	6.7	-11.7	-2.5	8.7	6.9	1.4	2.5	1.7	3.5

¹Performance figures are net of management fees and operating expenses. Periods greater than one year are annualized. Performance figures are in Canadian dollar terms.

²Mawer Canadian Bond Fund Series A Inception: June 14, 1991

Selections from Mawer’s Art of Boring blog and podcast:

[Quarterly Update | Q2 2025 | EP 193](#)

In this episode Canadian bond portfolio manager, Crista Caughlin, and balanced portfolio manager, Steven Visscher discuss Q2’s market and economic activity. Topics covered include “Liberation Day’s” tariff shocks, central bank policies, inflation, and other themes.

[Customizing the Last Mile: AI, Innovation, and Mawer’s Tech Evolution | EP 192](#)

In this episode, Justin Anderson, Mawer’s Chief Technology Officer, sits down to discuss the evolving “build-in vs. build-out” technology framework. Justin explains how Mawer approaches technology decisions—balancing vendor solutions with in-house customization—and shares practical examples from the firm, including proprietary solutions such as trade&MAWER and M42. The conversation explores how advances in AI and large language models are accelerating the shift toward more tailored, efficient solutions. He also offers insights for investors on what to look for in management teams as organizations adapt to rapid technological change.

Disclaimer

Opinions and Forecasts:

This report includes certain statements that are “forward looking information” or “forward looking statements” (collectively, “forward looking information”) within the meaning of applicable securities legislation. All statements, other than statements of historical fact, included in this report that address activities, events or developments that the portfolio advisor, Mawer Investment Management Ltd., expects or anticipates will or may occur in the future, including such things as anticipated financial performance, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations, are forward looking information. The words “may”, “could”, “would”, “should”, “believe”, “plan”, “anticipate”, “expect”, “intend”, “forecast”, “objective”, “will” and similar expressions are intended to identify forward looking information. Undue reliance should not be placed on forward looking information. Forward looking information is subject to various risks described in the Simplified Prospectus, uncertainties, and assumptions about the Fund, capital markets and economic factors, which could cause actual results to vary and in some instances to differ materially from those anticipated by the portfolio advisor and expressed in this report. Material risk factors include, but are not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events. The foregoing list of risk factors is not exhaustive.

All opinions contained in forward looking information are subject to change without notice and are provided in good faith and are based on the estimates and opinions of the portfolio advisor at the time the information is presented. The portfolio advisor has no specific intention of updating any forward looking information whether as a result of new information, future events or otherwise, except as required by securities legislation. Certain information about specific holdings in the Fund, including any opinion, is based upon various sources believed to be reliable, but cannot be guaranteed to be current, accurate or complete and is subject to change without notice.

Benchmarks:

FUND	BENCHMARK
Mawer Canadian Bond Fund	FTSE Canada Universe Bond Index

London Stock Exchange Group plc and its group undertakings (collectively, the “LSE Group”). © LSE Group 2025. FTSE Russell is a trading name of certain of the LSE Group companies. FTSE® is a trademark(s) of the relevant LSE Group companies and is/are used by any other LSE Group company under license. “TMX®” is a trademark of TSX, Inc. and used by the LSE Group under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company’s express

written consent. The LSE Group does not promote, sponsor, or endorse the content of this communication.

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.

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.