

Mawer Emerging Markets Equity 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 partly deferred the initial barrage of tariffs, causing markets to more-than-recover.

Equity market leadership globally rotated back to the 2024 theme of U.S. large-cap technology stock outperformance after they collectively posted generally strong earnings results. In emerging markets, semiconductor-oriented segments such as Taiwan and South Korean performed especially well commensurately. Returns for U.S.-based investors were bolstered by a weaker U.S. dollar. Despite the war between Israel and Iran, the energy sector was a laggard as OPEC announced increased production quotas which weighed on oil prices.

Performance Summary

The portfolio had a terrific quarter, outpacing its benchmark by a significant margin.

Shares of South Korean defense contractor **LIG Nex1** more-than-doubled during the period due to geopolitical uncertainty, expectations for greater defense spending, strong internal execution, and the nature of recent conflicts which have highlighted the importance of LIG Nex1’s core competency in complex precision-guided missile systems.

While technically a detractor from relative performance given its outsized weight in the benchmark, shares of our top holding, advanced semiconductor manufacturer **TSMC**, rose on increasing spending on AI infrastructure while its technological leadership provides the competitive advantage to translate higher demand into genuine wealth creation. Diamond pad conditioner manufacturer **Kinik**, a company in TSMC’s supply chain, and high-end rail kit producer **King Slide Works**, whose products are in demand by hyperscalers, similarly enjoyed strong performance.

Several recent additions to the portfolio performed well too thanks to strong results, most notably acquisitive IT software and services business **Asseco Poland** (introduced in Q1) and South Korean ship engine maintenance and repair company **Hyundai Marine Solution** (introduced in Q2).

Partially offsetting these positives, Kazakhstan’s **Kaspi** (dominant in digital payments, e-commerce, and fintech in its domestic market) and Chinese e-commerce retailer **JD.com** declined over the period. Both companies continued to deliver double-digit year-over-year revenue growth, but lagged consensus expectations for even stronger growth.

Looking Ahead

Despite many equity markets nearing or reaching all-time highs, we are in a period of significant uncertainty as we navigate a complex geopolitical and macroeconomic environment. Escalating tariff and trade tensions cloud the economic outlook and may intensify inflationary pressures. Ultimately, the

secular themes of de-globalization, protectionism, increased geopolitical conflict, stretched government finances, and a multi-polar world continue to gain momentum.

Last quarter, we noted that the degree of policy uncertainty evokes the image of a four-way traffic stop, with each driver glancing at the others, waiting for the next move. This dynamic continues, as businesses delay investment decisions until a more certain future becomes apparent. Consumers face a similar challenge as they debate whether to spend amid uncertainty around how their finances will evolve. Returning to the four-way traffic stop analogy, it appears that, for now, businesses and consumers don't mind waiting if it means avoiding a crash in the intersection.

In times like these, we are reminded of the importance of having strong management teams at the helm of our portfolio companies—teams that we believe are positioned not only to protect in a recessionary scenario but also to capitalize on opportunities as they arise. We believe that maintaining a high-quality, diversified portfolio with prudent risk management is as important as ever, especially as new market dynamics continue to emerge.

Performance Summary¹ (%)

As of June 30, 2025

	YTD	3 Mo.	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	Since Inception ²
FUND	12.3	13.0	18.1	18.6	6.9	-	6.6
BENCHMARK	9.4	6.2	15.0	11.8	6.8	-	6.7

Calendar Year, as of December 31:

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FUND	24.3	17.1	-29.0	0.8	20.4	9.7	-6.2	-	-	-
BENCHMARK	17.3	6.9	-14.3	-3.4	16.2	12.4	-6.9	-	-	-

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 Emerging Markets Equity Fund Series A Inception: January 31, 2017

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.

Finding Hidden Gems in Emerging Markets | EP 190

Join Peter Lampert, Portfolio Manager of Mawer's Emerging Markets strategy, as he takes you on a journey from Polish meat counters to UAE boardrooms, revealing how a disciplined bottom-up approach uncovers extraordinary opportunities in overlooked markets.

Disclaimer

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Benchmarks:

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

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