

Mawer Global 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. 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.

Equity market leadership rotated back to the 2024 theme of U.S. large-cap technology stock outperformance after they collectively posted generally strong earnings results. Easing trade tensions also supported European and Asian equities. Despite the war between Israel and Iran, the energy sector was a laggard as OPEC announced increased production quotas which weighed on oil prices. The performance of healthcare stocks was also generally challenged after a decent start to the year.

Performance summary

The portfolio underperformed its benchmark. It was a difficult and disappointing quarter for the portfolio, with underperformance driven by several stock-specific detractors as well as an underexposure to the bounce-back in market leading U.S. large-cap technology.

UnitedHealth had a rough quarter on several fronts. A portion of its business, Medicare Advantage, has been under pressure from lower reimbursement by the U.S. government while it has seen higher costs due to increased claims. For now, UnitedHealth is holding the line on pricing so as not to lose market share. However, it was also revealed that the company is under criminal investigation for Medicare fraud, replaced its CEO, and pulled 2025 guidance. Despite the more attractive valuation, we cut our position in half during the quarter to manage risk.

White-collar temp agency **Robert Half** and outsourced HR companies **Inspireity** and **Trinet** fell given higher costs, higher health utilization rates, and persistent labor market concerns. Parcel carrier **FedEx** and apparel company **Lululemon** were among those hardest hit by tariff-related concerns. Insurance brokers **Aon** and **Marsh & McLennan** reported weaker than expected earnings. Pricing was not as strong as expected, potentially from insurers shifting focus somewhat from margins to growth (thus lower prices in the market). This isn't great for brokers in the short term given they receive a cut of the insurance premiums, although it may be offset by more insurance sold at lower prices. They remain core portfolio holdings.

On the other hand, many of the top performers in Q2 were the stars of 2024 or recent 2025 additions that also fit a technology focused theme. These include software provider **Microsoft**, communication agency **Publicis**, and connector manufacturer **Amphenol** as well as recent additions such as

semiconductor manufacturer **Taiwan Semiconductor Manufacturing Corporation (TSMC)** and social media platform **Meta**.

The portfolio's returns and the character of its behaviour over the past twelve months haven't met our expectations. The portfolio hasn't proven resilient enough and has suffered from a number of individual setbacks. As readers will know, the combination of poor performance and more importantly the root causes behind this underperformance have prompted us to make a change in personnel. But though we recognize that our execution needs to improve going forward, we remain steadfast in the belief that wealth-creating companies protected by competitive advantages, when appropriately sized and assembled into a well-diversified portfolio that synthesizes the collective wisdom of our broad Research team, is a reliable way to create long-term wealth for our clients with below-market levels of risk.

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	-4.9	-2.3	-0.9	9.8	7.7	9.0	10.9
BENCHMARK	4.4	5.7	15.8	19.6	13.7	11.0	11.8

Calendar Year, as of December 31:

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FUND	10.7	17.1	-11.2	21.3	9.8	20.7	4.3	17.5	-0.4	21.5
BENCHMARK	28.1	18.9	-12.4	17.5	14.2	20.2	-1.3	15.8	3.1	18.9

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 Global Equity Fund Series A Inception: October 22, 2009

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.

[The Long View: Global Equity Positioning in Uncertain Markets | EP 188](#)

In this episode, global equity co-manager, Manar Hassan-Agha, examines how tariff policies have created uncertainty for businesses, particularly impacting capital deployment decisions and supply chains. Manar explains how a focus on asset-light, service-oriented businesses with recurring revenue provides resilience during volatile periods, with limited direct exposure to tariff-vulnerable exports.

Through specific company examples like Admiral Group, UnitedHealth, and a beauty products business, he illustrates how the team evaluates short-term price movements versus long-term intrinsic value, emphasizing the importance of disciplined position sizing and maintaining a balanced, diversified portfolio across geographies and market caps during uncertain times.

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 Global Equity Fund	Oct: 2009: MSCI World (net) Oct 2016: MSCI ACWI (net)

The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties

(including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)

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.