

Mawer Global Small Cap 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 recover.

Easing trade tensions have supported European and Asian equities, which vastly outperformed U.S. equities. And 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 underperformed its benchmark this quarter.

A number of portfolio holdings bounced back after weaker performance in the first quarter including market research firm **Ipsos** and **Donnelley Financial**, whose core business is helping companies with their regulatory filings. Both companies benefitted from a shift in sentiment, albeit for different reasons: Ipsos, given an early resurgence in spending from its technology customers, and Donnelley Financial, given its higher correlation to the economic outlook. Value-added reseller **Atea** also experienced solid organic growth led by a normalization of its sales in hardware products after a downturn following the pulled-forward demand from its clients during the pandemic.

Elsewhere, pharmaceutical company **Fagron** and optical retailer **Synsam** continued on their strength from Q1. Fagron delivered strong results supported by expanded supply capacity and ongoing drug shortages, as the company supplies ingredients that enable pharmacies to compound medications and fill shortages. Synsam delivered good results, reinforcing its market leadership, and its share price responded positively after a private equity shareholder exited its position.

Offsetting these positives, HR outsourcing firm **Insperty** saw its margins negatively impacted by increased healthcare costs, with management noting that they plan to increase prices to offset this trend. On the bright side, the company has been doing stock buybacks, and we believe the Workday partnership will soon bring synergies. Over the long term, we continue to believe that Insperty will benefit from trends of businesses outsourcing HR/payroll management given increasing regulatory complexity. After strong performance in the first quarter, engineering consulting firm **Alten** took a breather as management noted tariff-related uncertainties affected its customers in the manufacturing sector.

Margins of technology consulting firm **Knowit** were pressured by a slight decline in projects from its clients, while professional employer organization **Barrett Business Services** and manufacturer of premium kitchen appliances **De'Longhi** saw their stock sell off on concerns from the "Liberation Day" tariff announcement on April 2. However, the companies have continued to see strong organic growth

and market share gains in their respective industries, and both De'Longhi and Barrett Business Services share prices have recovered since then.

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	8.1	5.3	4.7	8.1	3.8	6.5	9.7
BENCHMARK	2.4	6.5	13.3	14.5	11.4	8.4	7.6

Calendar Year, as of December 31:

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FUND	-3.7	13.9	-17.7	4.8	14.8	24.4	-2.6	20.8	-0.7	29.1
BENCHMARK	17.4	13.7	-12.8	15.1	14.3	18.4	-6.7	15.7	8.3	18.3

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 Small Cap Fund Series A Inception: October 2, 2007

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.

[Navigating Uncertainty: Global Small Caps, Process Innovation, and AI at Mawer | EP189](#)

In this episode, Karan Phadke, portfolio manager for Mawer's global small cap strategy, shares insights on how small caps are navigating trade policy volatility, the importance of proactive management, and Mawer's unique approach to process improvement and AI integration in investment research.

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 Small Cap Fund	Oct 2007: Russell Global Small Cap Oct 2016: MSCI ACWI Small Cap (net) Total Return index

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.