

Mawer New Canada Fund, Series A

Q2 2025 | Performance Commentary

Market Overview

The second quarter of 2025 was marked by a strong rebound in equity markets as global stocks recovered from April's tariff concerns. The market's strength suggested some investor optimism that trade negotiations could eventually yield results. However, the complex interplay of trade policy tensions and renewed geopolitical risks—most notably the conflict in the Middle East—remains at the forefront. Protectionist measures continued to weigh on sentiment, with the expiration of the 90-day tariff reprieve looming in early July and the risk of new unilateral tariffs remaining elevated.

The intermittent nature of tariff threats from Washington, combined with the risk of further escalation in the Middle East, continued to create a challenging environment for global central banks and investors. The Bank of Canada (BoC) held rates steady at 2.75% this quarter, citing stronger-than-expected inflation and GDP, as well as ongoing trade uncertainty.

Against this challenging backdrop, the S&P/TSX Small Cap Index delivered double-digit positive returns this quarter, with strong performance from the financials, industrials, and consumer discretionary sectors. Gold also reached new highs as investors sought safety amid the uncertainty, leading to strong returns for companies related to the precious metal.

Performance Commentary

The portfolio outperformed the S&P/TSX Small Cap Index in the second quarter of 2025. This quarter many of our holdings delivered positive returns.

- **Trisura Group**, a specialty insurance company, posted a strong return as the business showed growth in its U.S. results—an area the management team has been focused on expanding.
- **Kraken Robotics** had a healthy return this quarter benefiting from governments' increased appetite for defence spending. The company provides sensors, robotic systems, and best-in-class battery technology for autonomous underwater vehicles.
- **TerraVest Industries** continued on its impeccable run. The business is pursuing a growth-by-acquisition strategy, and we believe management is doing an excellent job finding acquisitions with adjacent businesses that enhance its product offerings. This fuel tank manufacturer remains one of our highest conviction ideas and is the top weight in our portfolio.
- **Stantec**, a global engineering company, performed well as reported results remained strong despite the risk of a slowdown in U.S. spending. Commercial spending in the U.S. has also remained resilient.

Andlauer Healthcare Group delivered a strong return this quarter after it was announced that the company would be acquired by UPS. We have had three consecutive quarters of announced acquisitions for holdings in our portfolio. While these acquisitions provide a short-term performance

boost, we are disappointed to see so many high-quality business models, such as Andlauer, disappear from our investment universe.

With gold prices reaching all-time highs this quarter, our zero weight in the traditional metals and mining industry was a headwind for the portfolio. However, we were able to offset some of this with a recent initiation in **Sprott**, an asset management company focused on precious metals and critical materials, which provides unconventional exposure to this industry.

Although many of our holdings delivered positive returns this quarter, several underperformed. **Dye & Durham** continued to lag as slower real estate volumes in Canada create headwinds for the business. The company has a new management team that is faced with the task of executing a turnaround for the business. **Pason Systems**, a software provider for oil drilling rigs, faced challenges from a decline in oil prices, which has the potential to impact the number of active drilling operations. **North American Construction Group** has also been affected from uncertain commodity prices and an oil sands customer reducing contractor activity during the quarter. Tariff-related risks impacted results for **Descartes Systems Group**, a software provider for supply chain management. We continue to view this as a high-quality business, and if the macroeconomic environment worsens, they may have opportunities for attractive acquisitions. **Mainstreet Equity** also declined as the company is faced with headwinds in the rental market from an anticipated slower population 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 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 environment 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	13.5	15.0	12.7	10.8	8.0	12.8
BENCHMARK	12.7	11.8	23.1	14.1	15.1	6.9	7.7

Calendar Year, as of December 31:

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FUND	12.5	12.4	-18.7	18.1	19.3	28.8	-10.2	3.9	19.3	1.9
BENCHMARK	18.8	4.8	-9.3	20.3	12.9	15.8	-18.2	2.8	35.5	-13.8

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 New Canada Fund Series A Inception: January 8, 1988

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 Art of Quality Investing: Balancing Discipline and Opportunity](#)

Quality investing focuses on identifying and investing in companies with strong, enduring fundamentals, at the right price. These companies typically possess competitive advantages, maintain dominant market positions, exhibit comfortable financial leverage, generate sustainable free cash flow, and are led by management teams with a history of deploying capital effectively. This article will delve into the characteristics of quality companies, the metrics used to quantify quality, and the durability of quality through market cycles.

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.

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Benchmarks:

FUND	BENCHMARK
Mawer New Canada Fund	Jan 1988: BMO Weighted Small Cap (Blended) Oct 2016: S&P/TSX Small Cap

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.

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