

Mawer EAFE Large Cap Fund, Series A

Q4 2025 | Performance Commentary

Market Overview

International equity markets advanced further in the fourth quarter, capping off a tremendous year in which they materially outpaced their U.S. counterparts. Semiconductor stocks continued to lead the advance in Q4, albeit amid growing skepticism around the financing of AI capex spending. More traditionally value-oriented industries such as banks and mining companies also continued to perform well thanks to steepening yield curves and robust precious metal prices, respectively.

Performance Summary

2025 was a rather excellent year for the portfolio in absolute terms led by investments in several defense contractors (Germany's **Rheinmetall** the standout); **ASML** and other semiconductor-related investments; and the recent introductions of several banks such as **AIB** in Ireland, **Intesa Sanpaolo** in Italy, and **Mitsubishi UFJ** in Japan. In addition, the portfolio was well-prepared for and demonstrated substantial resilience when tariff-related concerns were most acute in the spring.

That said, it was a difficult year for quality-oriented investors in *relative* terms, as evidenced by the ~10% underperformance of the MSCI EAFE Quality Index versus the broader EAFE ... on a calendar year basis, one of the biggest gaps on record. Insurers, miners, construction, and utilities all had standout years, areas in which we have long been relatively underexposed or absent. In terms of what we owned, the biggest drags on performance for the full year are among our best long-term compounders boasting some of the highest return-on-equity metrics in the portfolio: software-related businesses **Wolters Kluwer**, **LSE Group**, **NICE**, and **RELX** suffered from a sentiment shift due to AI-related concerns; pharmaceutical company **Novo Nordisk** pulled back on greater competition; and recurring consumables distributor **Bunzl** on an operational mishap that we believe management has corrected.

For the fourth quarter specifically, positions in defense contractors such as the UK's **BAE**, Germany's **Rheinmetall**, and France's **Thales** declined on the possibility of a diplomatic breakthrough in the Russia-Ukraine war (though it's worth noting that geopolitical developments in early 2026—as we pen this commentary—have already reversed those declines). And detractors included the aforementioned Wolters Kluwer, RELX, and NICE.

Partially offsetting these negatives, Swiss pharma company **Roche** reported strong clinical trial results for a new breast cancer therapy—a nice surprise for high-risk, early-stage recipients with a large market opportunity. And banks **NatWest**, **DBS**, **AIB**, and **Fineco** benefitted from steeper yield curves and healthy capital markets.

Looking Ahead

As 2025 closes, investors find themselves confronting a familiar blend of optimism and doubt. The powerful combination of AI innovation, continued fiscal largesse, and gradually easing monetary policy has sustained both growth and market confidence longer than many thought possible. We should also

give credit to management teams, who have generally navigated the uncertainty of the past year with incredible aplomb.

Yet, beneath the surface, the contours of this expansion are being rewired. While the rules-based global order that has presided since the end of World War II has been slowly waning for some time, the events of early 2026 remove any doubt that we are now in a very different geopolitical era. Nineteenth century concepts of spheres of influence, mercantilism, and power dynamics are much more germane than free trade agreements, multilateral institutions, or the presumption of ever-deeper integration. Trade is increasingly being rerouted through trusted corridors, policy is being used explicitly to steer capital for strategic intent, and supply chains are being redesigned not just for efficiency, but for resilience and control.

For investors, this shift matters less as a source of headline risk and more as a structural re-pricing of advantages and vulnerabilities, albeit likely toward higher risk premia overall. But in important ways, this environment plays to the strengths of genuinely long-term, bottom up investors. A world of rewired trade routes, politicized supply chains, and uneven AI adoption is also a world in which differences in management quality, balance sheet discipline, governance, and capital allocation matter more, not less. Underneath, the fundamental questions remain surprisingly stable: Can this business sustainably create wealth by virtue of competitive advantages? Is it run by responsible stewards who can adapt to shifting fault lines accordingly? Are we being compensated for the risks we are taking? And, is my overall portfolio resilient to a wide range of scenarios?

In a more contested and complex global order, there’s a balancing act between patience and agility. Enduring results will come from patience anchored in first principles, paired with the agility to respond as facts evolve. Markets are sure to present us with surprises in 2026 and beyond, but genuine wealth creation has a reliable way of asserting itself over the long term.

Performance Summary¹ (%)
As of December 31, 2025

	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Since Inception ²
FUND	1.5	15.9	15.9	13.6	7.0	-	8.8
BENCHMARK	3.3	25.1	25.1	17.7	10.5	-	12.3

Calendar Year, as of December 31:

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
FUND	-	-	-	-	-	15.0	-17.1	17.4	7.8	15.9
BENCHMARK	-	-	-	-	-	10.3	-8.2	15.1	13.2	25.1

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 EAFE Large Cap Fund Series A Inception: May 29, 2020



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Benchmarks:

FUND	BENCHMARK
Mawer EAFE Large Cap Fund	MSCI EAFE Index (net)

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