

Mawer Global Balanced Fund, Series A

Q4 2025 | Performance Commentary

Market Overview

Global equities continued to climb in the fourth quarter, but the character of the advance changed as leadership broadened beyond the narrow group of AI-related U.S. mega-cap companies. Canadian equities were strong performers, benefiting from strong gains in gold, and from solid performance in financials.

AI remained the dominant market narrative. What began as a race to secure ever more computing power has gradually shifted toward harder questions about the profitability, capital intensity, and energy needs of the underlying data-centre infrastructure. This evolution, combined with very rich valuations in parts of the technology complex, has raised understandable concerns about an emerging bubble. History offers uncomfortable parallels with past technological booms, such as the late-1990s/early-2000s dot-com bust, which developed over several years. Today, an AI arms race between the United States and China and relatively permissive regulatory attitudes are encouraging continued investment.

Central banks continued to underpin risk assets this quarter. Most central banks either cut rates earlier in the year or are now on hold as inflation has moved closer to target ranges, keeping financial conditions broadly supportive. In Canada, the Bank of Canada lowered its policy rate to 2.25% in late October and held it steady in December, viewing the current stance as broadly appropriate. The U.S. Federal Reserve cut rates twice in the quarter and continue to face a tradeoff between managing inflation and maintaining full employment.

Performance Commentary

The portfolio narrowly underperformed the benchmark in the quarter. The equity holdings modestly underperformed the MSCI ACWI Index (Net) in the quarter, with underperformance in October largely offset by positive relative returns in November and December. Canadian bonds had a slightly negative return as yields rose in Canada; meanwhile, our global credit opportunities portfolio offered a slightly positive return providing modest diversification to our overall fixed income allocation.

The largest positive contributors to the equity portfolio were technology and healthcare stocks. These include technology and advertising platform Alphabet (Google), semiconductor manufacturer Taiwan Semiconductor Manufacturing Company (TSMC), and memory chip producer SK Hynix. After being seen for a time as an AI laggard versus OpenAI, Google's newly released Gemini 3 reestablished the company as a clear AI performance leader, helping its stock buck the negative trend seen in the quarter amongst many of the other hyperscalers. In the case of TSMC and SK Hynix, they are two technology leaders seeing their business quality improve with AI and not simply experiencing a bump in demand.

Swiss pharma company Roche Holding 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. The stock had a favorable reaction to the news. Recently initiated Waters, a leader in biopharma analytical instruments, saw its stock recover after an M&A related sell-off in Q3. Our analysis, in combination with

a management meeting to discuss the transaction, led us to believe the deal attractively-positioned Waters in biologic drug analysis, which complements their existing small molecule business and the market seems to have come around to a similar view.

Gains in our semiconductor stocks mentioned above were partially offset by weakness in Microsoft, Tencent Holding, and Meta Platforms. Concerns that OpenAI is no longer the AI leader has fed into Microsoft weakness, while Meta concerns primarily surround the magnitude of their capex spend. In China, Tencent was negatively impacted for not spending enough! Overall, the market in the short term seems to be voting in preference for direct capex spend beneficiaries over those who control the capex faucet.

Reference data providers Wolters Kluwer and RELX continued to be negatively affected by market sentiment that AI native upstarts would increase competition in their core markets and undercut incumbent pricing. We exited RELX and materially trimmed Wolters Kluwer in the quarter as we share some of these concerns.

Lastly, insurance brokers are seeing a softer market after a persistent hard market which has weighed on Marsh & McLennan and its competitors. We continue to hold a material position in the stock due to its economies of scale, highly recurring revenue streams, and the importance of service provided to their clients while being a small part of the clients' cost structure.

2025 was a challenging year for the global equity strategy and our team. Recent performance was disappointing, with the underperformance stemming largely from an equity portfolio that was too defensive, concentrated, and missing exposure to key areas of the market. Some of the best performing ideas from our broader research platform were not in the global equity portfolio (for example defense, semiconductor manufacturing and related supply chain, and banks) and these were large sources of relative underperformance.

We humbly took the difficult but important step of replacing the lead portfolio manager on the global equity strategy in July 2025 and assigned two of our longest standing and experienced portfolio managers in his place. Our intention is to continue investing in the same manner as we always have—finding great businesses, run by great management teams, that trade at attractive prices—but with improved execution.

After a period of transition in the third quarter which saw elevated turnover levels as the new global equity strategy portfolio management team recalibrated the equity portfolio, we started seeing early positive signs in Q4. Performance has stabilized overall, and while our downside capture during negative periods has remained intact, our upside capture during positive periods for the market has markedly improved, albeit this is over a very short performance history.

We believe these team and portfolio adjustments are starting to bear fruit and signal a potential return to an equity portfolio that is designed to largely keep pace in up-markets and provide meaningful protection during market corrections and periods of volatility. This is a formula we think should lead to attractive portfolio outcomes for clients over time and is our number one focus.

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 poise.

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	0.6	0.1	0.1	7.0	4.3	5.8	7.5
BENCHMARK	1.0	11.1	11.1	14.4	7.5	7.6	8.9

Calendar Year, as of December 31:

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
FUND	-0.6	11.0	3.5	14.1	9.4	12.9	-10.9	13.1	8.3	0.1
BENCHMARK	2.0	9.9	1.3	13.5	12.4	8.1	-11.3	13.9	18.2	11.1

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 Global Balanced Fund Series A Inception: July 3, 2013

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Benchmarks:

FUND	BENCHMARK
Mawer Global Balanced Fund	<p>July 2013: 5% FTSE Canada 91 Day Treasury Bill, 35% FTSE Canada Universe Bond, 60% MSCI World Net (Cdn\$)</p> <p>Aug 2013: MSCI World Net (Cdn \$) returns is used to calculate the blended benchmark from inception. Previously, MSCI World Gross (Cdn \$) was used.</p> <p>Oct 2015: 20% FTSE Canada Universe Bond, 20% FTSE WGBI, 60% MSCI World Net (Cdn\$)</p> <p>Oct 2016: 20% FTSE Canada Universe Bond, 20% FTSE WGBI, 60% MSCI ACWI (net)</p> <p>June 2021: 5% FTSE Canada 91 Day TBill Index, 35% FTSE Canada Universe Bond, 60% MSCI ACWI (Net)</p>

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